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S. Hrg. 108–633

MONEY LAUNDERING AND FOREIGN CORRUPTION: ENFORCEMENT AND EFFECTIVENESS OF THE PATRIOT ACT

HEARING

BEFORE THE

PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

OF THE

COMMITTEE ON
GOVERNMENTAL AFFAIRS
UNITED STATES SENATE

ONE HUNDRED EIGHTH CONGRESS

SECOND SESSION

JULY 15, 2004

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MONEY LAUNDERING AND FOREIGN CORRUPTION: ENFORCEMENT AND EFFECTIVENESS OF THE PATRIOT ACT

THURSDAY, JULY 15, 2004

U.S. SENATE,
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS,
OF THE COMMITTEE ON GOVERNMENTAL AFFAIRS,
Washington, DC.

The Subcommittee met, pursuant to notice, at 9:06 a.m., in room SD–342, Dirksen Senate Office Building, Hon. Norm Coleman, Chairman of the Subcommittee, presiding.

Present: Senators Coleman, Levin, Fitzgerald, and Lautenberg.

Staff Present: Raymond V. Shepherd, III, Staff Director and Chief Counsel; Leland B. Erickson, Counsel; Elise J. Bean, Minority Staff Director/Chief Counsel; Robert L. Roach, Minority Counsel and Chief Investigator; Laura Stuber, Minority Counsel; Brian C. Plesser, Minority Counsel; Christopher Kramer, Minority Professional Staff; Julie Davis, Counsel to the Minority; Clare Diegel, Intern; Zachary Schram, Intern; Ashley Litwin, Intern; and Mary D. Robertson, Chief Clerk.

OPENING STATEMENT OF SENATOR COLEMAN

Senator COLEMAN. This hearing of the Permanent Subcommittee on Investigations is called to order.

Good morning and welcome to today's hearing on Money Laundering and Foreign Corruption. I want to thank Senator Levin for initiating this investigation last year. One of the unique things about the Permanent Subcommittee on Investigations is the ability of each side to initiate its own investigations. And while we do not always see eye to eye, we both value the history of close cooperation in the conduct of each investigation.

Just on a personal note, Senator Levin, to you and your staff, they really have done an extraordinary job in highlighting things that need to be addressed, and it is a great pleasure to be able to work with you and work on these kind of matters.

Furthermore, I would like to point out that this Subcommittee, through the efforts of Senator Levin, has conducted past investigations into money laundering activities using U.S. financial institutions. These hearings provided the foundation for some of the anti-money laundering provisions contained in Title III of the USA Patriot Act. Again I commend Senator Levin for continuing to address this important issue.

This investigation has developed evidence of poor compliance and lax oversight regarding Federal laws. In this case, laws designed to protect the integrity of the international financial system and combat money laundering.

Officials from Riggs Bank will testify that they failed to provide internal controls, sound training, and effective monitoring to guarantee that the bank complied with Federal laws governing the reporting of large financial transfers and suspicious activity. This breakdown led to the following findings by the Subcommittee:

One, until recently Riggs held approximately $750 million worth of accounts connected to Equatorial Guinea. A State Department report on Equatorial Guinea identified poor fiscal management, a lack of transparency, and little evidence that the country's oil wealth has been used for public good. In fact, most of the oil wealth appears to be concentrated in the hands of top government officials.

Despite these concerns, Riggs serviced these accounts with little attention to the bank's anti-money laundering obligations. This resulted in the withdrawal of $35 million from the Equatorial Guinea oil account to various companies, some believed to be owned by the Equatorial Guinea president. Furthermore, Riggs failed to record effective account opening information, a requisite for accurate anti-money laundering reporting. As a result, currency transaction reports for cash deposits of $11.5 million over a 2-year period failed to identify the owner as a high-ranking Equatorial Guinean Government official.

Two, in 1994, Riggs began a significant banking relationship with the former of dictator of Chile, Augusto Pinochet. For 8 years Riggs officials did not verify the source of his wealth, nor did they disclose the existence of these accounts to the OCC despite an OCC request for a list of accounts held by politically exposed persons. Verification of a legitimate source of wealth is fundamental to ensure the U.S. banking system is not used to facilitate the movement of funds stemming from illegal activity.

Three, poor internal controls apparently made it easy for Simon Kareri, the account manager for Equatorial Guinea, to embezzle $1.2 million from that account.

And four, since 1997, Riggs has been cited by the OCC for failure to ensure sound internal controls, inadequate training to identify and monitor suspicious activity, and a lack of independent audits to ensure Bank Secrecy Act compliance. In fact, 10 different examinations between 1997 and 2002 raised these issues over and over again. I am concerned whether bank managers understand the important of anti-money laundering compliance.

Equally important, I am concerned whether the OCC is effectively providing the proper oversight of U.S. financial institutions to ensure that bank managers understand their obligations to comply with anti-money laundering statutes. Clearly, the OCC raised numerous issues with respect to anti-money laundering compliance. Clearly, the bank failed to correct these issues in a timely manner. Although the OCC identified the problems, the problem is that the issues persisted. If the OCC fails to make banks get it, we all bear the consequence.

Why are these findings important? Partly because some of the other accounts at Riggs were owned by Saudi officials, and checks

drawn on certain accounts may have benefitted two of the September 11, 2001 hijackers. Under the leadership of Chairman Collins, the full Committee on Governmental Affairs is currently investigating the history of these accounts to see whether any of the money was used to finance terrorist activities. I commend her diligence in looking into this issue and look forward to the results of her investigation.

In today's world, access to the international financial system is almost mandatory for any large enterprise, whether it is legal or illegal. Crime will always occur. But once it reaches a certain size, the ability to use the international system to make payments, transfer resources, and invest funds becomes critical. Participation in the system facilitates further growth. Exclusion from it imposes large transaction costs. In addition, the spread of terrorism often relies on the ability to transfer large sums of money overseas quickly and anonymously.

As the leaders of the world economy, American financial firms often serve as the gatekeepers to the financial system. While foreign firms may offer access with fewer scruples, they usually lack the financial sophistication, access to resources, and legitimacy that American companies can give to their clients. If American companies face stricter standards than their international competitors, it is at least partly because they play a more critical role.

There are legitimate debates about exactly what regulatory standards the government should impose on U.S. firms. Some have argued that some of the constraints on U.S. banks are counterproductive to our economic and strategic interest because they only succeed in driving transactions to European and Asian banks. These are the sort of debates that our political process ought to engage in.

Indeed, today's third panel is largely devoted to an examination of whether new transparency initiatives would help or hurt the common goal of ensuring that natural resources such as oil, diamonds, or copper foster economic development and prosperity rather than dictatorship, corruption, and war in the world's poorest countries. I look forward to examining the issues with respect to American oil companies that operate in high-risk environments abroad and look forward to an informative discussion on whether transparency initiatives would facilitate economic and political stability as well as increase prosperity in developing countries.

Last, Americans must know that financial institutions operating in the United States will respect and implement banking laws that combat money laundering and suspicious activity. If the private sector does not respect Congress' legislative powers, if management gives implementation of laws such as Know-Your-Customer and the Patriot Act scant attention, then we need a different, more intrusive, type of oversight to make sure they are enforced.

I believe in the primacy of the private sector. But freedom always implies a corresponding responsibility to respect the rules that society imposes on the market. Today's testimony will show that top officials did not always justify their freedom from aggressive oversight with a willingness to respect and implement their social duties.

As always, I look forward to Senator Levin's opening statement and especially his questions. Senator Levin.

OPENING STATEMENT OF SENATOR LEVIN

Senator LEVIN. Mr. Chairman, first thank you for holding this hearing. My particular thanks and special thanks to you for all the support that you and your staff have provided to this investigation. That support has been absolutely invaluable, and it is in keeping with the unique traditions of this unique Subcommittee.

We live in a post-September 11 world, as our Chairman has said. After the attack on America we strengthened our anti-money laundering laws. Osama bin Laden boasted that his modern new recruits knew the "cracks" in the "Western financial systems" like they knew the "lines in their hands." That chilling statement helped fuel a new effort to strengthen our defenses against terrorists, corrupt dictators and others who would use our financial systems against us. Part of that effort was Congress' enactment of the Patriot Act which in Title III strengthened U.S. laws to stop money laundering, foreign corruption, and terrorist financing.

But even before the Patriot Act, we had laws and regulations to stop money laundering. In fact since 1987 the Office of the Comptroller of the Currency (OCC), has required nationally-chartered banks to establish anti-money laundering programs to ensure that those banks are not misused by criminals. The Patriot Act was intended to build on that existing foundation to strengthen our defenses against money launderers.

The problem is that Riggs Bank right here in the heart of the Nation's Capital ignored its anti-money laundering obligations before the Patriot Act and continued to ignore them afterward. The bank did not get serious in part because, in the past, when bank regulators pointed out problems with Riggs' anti-money laundering (AML) controls, if the bank promised to do better, the regulators let it go. The regulators continued to tolerate the bank's weak anti-money laundering program, continued to accept excuses when deficiencies were not corrected, and continued to hold off on tough enforcement measures.

In the meantime, Riggs operated its bank with blatant disregard for its anti-money laundering obligations. Two sets of accounts tell the story.

First, Augusto Pinochet. In 1994, top Riggs officials traveled to Chile and asked General Pinochet, a notorious military leader accused of involvement with death squads, corruption, arms sales and drug trafficking if he would like to open an account at Riggs Bank here in Washington, DC. Mr. Pinochet said yes. The bank opened an account for him personally, helped him establish two offshore shell corporations in the Bahamas called Ashburton and Althorp, and then opened more accounts in the name of those shell corporations both here and in the United Kingdom. General Pinochet eventually deposited between $4 million and $8 million in his Riggs accounts.

In 1998, when General Pinochet was arrested in London on charges of crimes against humanity, and a court issued an order seeking to freeze his bank accounts, Riggs quietly helped him move

money from London to the United States and, needless to say, did not alert law enforcement or the courts to his accounts.

In the year 2000, after a British newspaper alleged that General Pinochet had over $1 million in accounts at Riggs Bank, Riggs altered the name on his personal account, changing it from "Augusto Pinochet Ugarte" to "A.P. Ugarte." When General Pinochet was released from house arrest in London in 2000, and then returned to Chile where he had immunity from prosecution, top Riggs officials again visited him in Chile. From the year 2000 to 2002, Riggs sent him batches of cashiers checks, each for $50,000. Riggs used these checks to send him $1.9 million in all. On several occasions Riggs sent cashiers checks drawn on Riggs' own administrative accounts so that the money could not be traced back to an account number associated with General Pinochet.

In the year 2000, when regulators asked Riggs for a list of accounts controlled by political figures, Riggs provided a short list that omitted any mention of General Pinochet. When regulators stumbled by chance on the Pinochet accounts 2 years later, the bank at first tried to withhold information. Then instead of freezing the funds, Riggs closed the accounts and sent the funds to General Pinochet for him to deposit with another cooperative bank.

The bottom line here is that Riggs actively assisted General Pinochet to evade legal proceedings related to his bank accounts and ignored its duty to safeguard the bank against handling funds that could be construed as the product of money laundering or foreign corruption.

While regulators are to be commended for finding these accounts and getting Riggs to comply with its anti-money laundering obligations, what is difficult to understand or accept is the agency's failure to impose any penalty on Riggs for its misconduct. The evidence indicates that the OCC did not even consider taking an enforcement action in 2002. Worse, the OCC Examiner-in-Charge at Riggs ordered the bank examiners who investigated the Pinochet accounts not to include their closing memorandum or work papers in the agency's electronic database, so that the Pinochet examination results essentially disappeared from Riggs' regulatory record at the OCC. Shortly thereafter, that same Examiner took a job with Riggs Bank.

The second example of accounts opened by Riggs involves an African country, Equatorial Guinea. For the last 5 years Equatorial Guinea has been experiencing an oil boom and large oil revenues. The country is also known for a culture of corruption and human rights violations. In 2003, the U.S. Department of State wrote that there is "little evidence that the Government used the country's oil wealth for the public good. Most oil wealth appears to be concentrated in the hands of top Government officials while the majority of the population remained poor. Most foreign economic assistance was suspended due to the lack of economic reform and the Government's poor human rights record."

Riggs opened its first account for Equatorial Guinea in 1995. Over the next 8 years, Riggs also opened accounts for the President of Equatorial Guinea, his wife, his son, and other high-ranking E.G. officials. Altogether, Riggs opened 60 accounts and certificates of deposit for the E.G. government, E.G. officials and their family

members, and watched the assets grow from $100 million to $700 million, making Equatorial Guinea the bank's largest single customer.

Riggs offered the E.G. officials the same sorts of services that it offered General Pinochet. For example, Riggs helped the E.G. President set up an offshore shell corporation in the Bahamas, called Otong. Riggs then opened three accounts in the name of that offshore shell corporation. Over the next 3 years, from 2000 to 2002, Riggs allowed the E.G. President to make repeated cash deposits—and I emphasize cash deposits—into the Otong account of $1 million, $2 million, and even $3 million at a time. At least one of these deposits was personally brought into the Riggs Bank by the Riggs account manager who handled the E.G. accounts. He carried the funds in a suitcase of plastic-wrapped dollar bills weighing 60 pounds or more. If that kind of cash deposit does not make a bank sit up and ask questions, I am not so sure anything will.

And there is more. Additional hundreds of thousands of dollars in cash were repeatedly deposited into accounts opened for the E.G. President's wife and for her brother, the E.G. Ambassador to the United States. There were substantial withdrawals as well, for expensive homes, cars, and credit card bills.

International wire transfers moved millions of dollars in and out of E.G. accounts and across international lines. They included wires that, over 2 years, took $35 million out of an account holding oil revenues for the people of Equatorial Guinea, and sent the funds to two unknown offshore companies called Kalunga and Apexside. Riggs states in its prepared testimony today that these overseas companies "appear to be controlled by members of the government of Equatorial Guinea."

Riggs learned about the suspicious nature of those companies when, in August 2003, it started analyzing the wire transfer activity in the E.G. oil account and asking questions. That was 6 months after Riggs received a subpoena from this Subcommittee requesting information about the E.G. accounts at the bank. If Riggs had started asking the same questions 3 years earlier, when the wire transfers first started, Riggs would not have ended up facilitating $35 million in suspicious wire transfers.

There were other suspicious transactions as well. Nearly $500,000 in wire transfers went from the E.G. Government's oil account to the personal account of an E.G. official. Another $1 million was wired out of the oil account bound for another bank in an account belonging to the Jadini Holdings, Ltd., an offshore corporation that is under the control of the wife of the Riggs' employee who manages the E.G. accounts.

At the same time all this activity was going on, Federal bank regulators were repeatedly expressing concerns about deficiencies in Riggs' anti-money laundering controls, but doing very little to compel the bank's compliance with the law. OCC examiners pointed out that the bank failed to identify its high risk accounts or monitor for suspicious activity. They warned the bank repeatedly that the background checks on clients were either not being done or had inadequate information. They stated repeatedly that the bank's anti-money laundering training was weak, and the internal

audits needed to ensure a strong anti-money laundering program were not being done.

From 1997 to 2002, bank examiners identified these and other fundamental, longstanding problems with Riggs' anti-money laundering program. In response, the bank repeatedly committed to correcting the deficiencies, but never actually did so. Round after round after round.

In November 2002, media stories began alleging possible connections between certain Riggs accounts associated with Saudi Arabia and two of the September 11 hijackers. Two months later—as our Chairman said, by the way, that is being investigated by the full Committee under Chairman Collins' leadership—2 months later, in January 2003, another media story disclosed the Equatorial Guinea accounts at Riggs, and alleged that E.G. officials were misusing the oil revenues in these accounts for personal gain.

As public attention on Riggs increased, so did the willingness of regulators to impose public enforcement actions on the bank. It still took another year for agencies to impose a $25 million civil fine on Riggs.

There's yet another troubling story here too. While we were reviewing Riggs's bank records for the E.G. accounts, we came across a number of large payments by U.S. oil companies into the accounts of E.G. officials or their relatives. These payments were as high as $250,000 at a time. We investigated and learned that these payments were being made for a variety of reasons, such as land purchases, office leases, and security services. In one instance an oil company paid more than $450,000 over 4 years to a 14-year-old relative of the E.G. President to rent office space.

In another instance, oil companies agreed, as part of their oil production contracts with the E.G. Government, to contribute funds to support E.G. students studying abroad. We were able to document total payments of at least $4 million for this purpose by 6 oil companies. The evidence also indicates that many of the students receiving this financial support were the children of wealthy and powerful government officials in Equatorial Guinea. The funds paid for their travel to the United States, their living expenses while here, and their tuition bills.

In addition to making those types of payments, some oil companies have actually gone into business with E.G. companies that are owned in whole or in part by Equatorial Guinea officials. ExxonMobil, for example, has set up an oil distribution business in Equatorial Guinea. It is 85 percent owned by ExxonMobil and 15 percent owned by Abayak, a company controlled by the President of Equatorial Guinea. Marathon has gone into business with a company called GEOGAM to operate two plants in Equatorial Guinea. GEOGAM is billed as a state-owned company, but Marathon has been told by a GEOGAM insider that the company is only 25 percent owned by the state, and 75 percent owned by Abayak, that same company controlled by the E.G. President.

Africa has become an increasingly important source of oil for the United States and the world. Nigeria, Angola, Gabon and Equatorial Guinea now supply about 15 percent of our oil needs, and that is projected to grow to 20 or 25 percent over the next few years. It is critical to fight corruption in a part of the world with

so much abject poverty. Corrupt leaders are also more vulnerable to violence, terrorism, and armed conflict. Neither our companies doing business abroad, nor our banks here at home should be contributing in any way to that corruption problem.

Five years ago, in 1999, as our Chairman mentioned, this Subcommittee held a hearing on foreign political leaders and their family members who were looting their countries' treasuries and stashing millions of dollars in U.S. banks. Back then, the laundering of money from corrupt foreign activities that took place wholly outside the United States might not have supported a U.S. criminal prosecution. But in 2001, the Patriot Act made it clear that monies obtained from foreign corrupt activities and deposited in U.S. banks could support a U.S. money laundering prosecution. We also tightened the requirements for banks to use due diligence when opening accounts in order to stop foreign dictators and criminals from using U.S. banks for their ill-gotten gains.

The Riggs case history shows we still have a long way to go. The September 11 attack taught us that money laundering is dangerous to this country. We cannot allow our financial systems to be misused by terrorists, corrupt dictators, or other criminals.

The OCC has to do its duty under the law to stop money laundering. Folks at the top of OCC must stop tolerating weak anti-money laundering programs and start using the enforcement tools that they have, including cease and desist orders and civil fines. Federal regulators have to issue the overdue regulations implementing the due diligence requirements in the Patriot Act. They are 3 years late in doing so.

Regulators should also start including regular anti-money laundering assessments in the annual reports that they give banks, instead of treating anti-money laundering issues on an ad hoc basis. Those assessments should be made publicly available so that the banks and regulators have an incentive to improve, and other banks will know who has poor anti-money laundering controls.

Another important change would be for Congress to enact a one-year cooling off period before senior bank examiners can accept a job at the banks that they oversee. We should also pass legislation here at home and work internationally to require oil companies to disclose all the payments that they are making to a country's government officials and their families.

Again, I want to thank you, Mr. Chairman, for your total support of this effort.

Senator COLEMAN. Thank you, Senator Levin.

I would now like to recognize our first panel to today's hearing. I welcome Lawrence Hebert, President and CEO of Riggs Bank; Raymond M. Lund, the former Executive Vice President of the International Banking Group of Riggs Bank; and Ashley Lee, the Executive Vice President and Chief Risk Officer of Riggs Bank.

As I mentioned in my opening statement this morning, this hearing focuses on money laundering and foreign corruption. The purpose of this panel is to examine problems that Riggs Bank had in implementing Federal banking requirements to monitor and detect money laundering and other suspicious activity.

I appreciate your attendance at today's important hearing, and I am anxious to hear your testimony.

Before we begin, pursuant to Rule 6, all witnesses who testify at this Subcommittee are required to be sworn. At this time I would ask you all to please stand and raise your right hand.

Do you swear that the testimony you are about to give before this Subcommittee is the truth, the whole truth, and nothing but the truth, so help you, God.

Mr. HEBERT. I do.

Mr. LUND. I do.

Mr. LEE. I do.

Mr. KARERI. I do.

Senator COLEMAN. Gentlemen, we are using a timing system. Please be aware when the orange light comes on you will have about a minute left. Your full statements will be entered into the record, so I would ask at that point to summarize your testimony. We ask that you limit your oral testimony to no more than 10 minutes. I understand actually there will be a single statement on behalf of the folks from Riggs.

Mr. Kareri, I understand that you are accompanied by counsel. Counsel, please identify yourself for the record and spell your last name for the court reporter.

Mr. SHAPIRO. Mr. Chairman, I am Jonathan Shapiro. That is spelled S-h-a-p-i-r-o.

Senator COLEMAN. Mr. Shapiro, I understand that your client will be asserting his Fifth Amendment rights due to ongoing criminal proceedings?

Mr. SHAPIRO. That is correct, at my advice.

Senator COLEMAN. Thank you.

Mr. Kareri, again, I understand from your counsel that you intend to invoke your Fifth Amendment privilege. I want the record to reflect that this Subcommittee has always taken care to treat respectfully a witness who asserts a Fifth Amendment privilege. That said, I would like to see if I could explore just a few matters with you.

Mr. Kareri, while at Riggs Bank were you the account manager for Equatorial Guinea country accounts and for the personal accounts of the nation's political leaders and their families?

Mr. KARERI. Mr. Chairman, there is nothing I would like to do more than answer your question today. However, I must heed the advice of my counsel and invoke my Fifth Amendment rights under the Constitution and refuse to answer the question.

Senator COLEMAN. Mr. Kareri, one other question. Were you or any of your family members beneficial owners of any private investment companies?

Mr. KARERI. Once again, Mr. Chairman, I must refer to my previous answer.

Senator COLEMAN. Mr. Kareri, you have been asked specific questions about matters that occurred while you were employed at Riggs. In response to each question you have asserted your Fifth Amendment privilege. Is it your intention to assert your Fifth Amendment privilege to any question that might be directed to you by the Subcommittee today?

Mr. KARERI. Yes, it is, Mr. Chairman.

Senator COLEMAN. Given the fact that you are asserting a Fifth Amendment right against self-incrimination to all questions asked of you by this Subcommittee, you are excused.

Mr. KARERI. Thank you very much.

Mr. SHAPIRO. Thank you.

Senator COLEMAN. Mr. Hebert, it is my understanding that you will be presenting a joint statement this morning on behalf of Mr. Lund, Mr. Lee, and yourself; is that correct?

Mr. HEBERT. Yes, Mr. Chairman.

Senator COLEMAN. To reiterate what I said before, please limit your oral statement to 10 minutes. Your entire written testimony will be presented into the record.

With that, Mr. Hebert, you will proceed. I will turn the gavel over to my colleague, Senator Levin, and will be back shortly. You may proceed, Mr. Hebert.

JOINT TESTIMONY OF LAWRENCE I. HEBERT, PRESIDENT AND CHIEF EXECUTIVE OFFICER, RIGGS BANK N.A.; RAYMOND M. LUND, FORMER EXECUTIVE VICE PRESIDENT, INTERNATIONAL BANKING GROUP, RIGGS BANK N.A.; AND R. ASHLEY LEE, EXECUTIVE VICE PRESIDENT AND CHIEF RISK OFFICER, RIGGS BANK N.A.[1]

Mr. HEBERT. Thank you, Mr. Chairman.

Mr. Chairman and Senator Levin, thank you for providing me the opportunity to appear before you today. My name is Lawrence Hebert, and I am President and Chief Executive Officer, a position that I have held since February 14, 2001. I am also a member of the Boards of Directors of Riggs Bank and the Riggs National Corporation, the holding company.

Senator LEVIN [presiding]. Could you talk just a little bit louder, Mr. Hebert?

Mr. HEBERT. Excuse me, Mr. Chairman.

Senator LEVIN. Is that mike on there; is that light on?

Mr. HEBERT. The light is on. I will speak up. Would you like me to begin again?

Senator LEVIN. No, you can keep going.

Mr. HEBERT. As you requested, also joining me here today on the panel are R. Ashley Lee, Executive Vice President and Chief Risk Officer of Riggs, and Raymond Lund, who served as Executive Vice President of Riggs Bank in charge of the International Banking Group until earlier this year.

Riggs has been privileged to serve the banking needs of our Nation's capital for nearly two centuries. During that time, Riggs has served such historical figures as President Abraham Lincoln and American Red Cross founder Clara Barton. Riggs has also assisted in some important historical transactions, such as supplying the gold for the purchase of the State of Alaska. Today, Riggs is the oldest independent bank headquartered in Washington, DC, serving the community with more than 45 locations in the metropolitan area.

Yet, without a doubt, this past year has been the most challenging we have faced. I would like to address with you today some

[1] The prepared statement of Riggs Bank, N.A. appears in the Appendix on page 76.

issues of the past and how we at Riggs have responded to these challenges.

Looking back, it is clear that Riggs did not accomplish all that it needed to. Specifically, with respect to the improvements that were outlined by the Office of the Comptroller of Currency in its examinations, we regret that we did not more swiftly and more thoroughly complete the work necessary to fully meet the expectations of our regulators. For this, the bank accepts full responsibility. At the same time, let me assure you, Riggs takes compliance with laws and regulations very seriously. We are committed to addressing and solving each and every one of our issues and working toward complete and total compliance with all regulatory and other requirements.

Looking forward, we recognize that Riggs will be under close scrutiny. We will be measured against high standards. Our efforts are characterized by the core values of honesty, integrity and responsibility. I can assure you that I and our more than 1,300 employees are doing everything in our power to measure up. Riggs has already taken a wide range of aggressive steps to improve our compliance capabilities.

While we acknowledge that we have more to do, we have significantly bolstered our senior management and added a well-regarded banker to the Riggs National Corporation Board. Lawrence Connell, a respected banker and former regulator is now the Vice Chairman of Riggs Bank. He is taking the lead in all of our regulatory relationships. Anthony Terracciano, a highly-regarded banking executive is now an outside director of Riggs National Corporation and serves as an independent member of our Audit Committee. His experience leading First Fidelity and Dime Bancorp will be extremely valuable to use. And David Caruso, an authoritative expert on bank security and anti-money laundering, now fills the position of Executive Vice President and Director of Compliance and Security. He joined the bank a little over a year ago and has assembled a completely new compliance and security group to address the bank's needs in this area. David's staff of more than 25 includes former FBI and Secret Service officials, who on average have more than 15 years of investigative experience.

In addition, we have taken other significant steps. We have upgraded our entire technology infrastructure, investing nearly $60 million, which will enable us to more effectively and efficiently comply with laws and regulations. We have adopted and amended a host of policies and procedures to improve detection, monitoring and reporting of suspicious activities. We have improved and implemented a comprehensive in-house regulatory compliance training program, which is mandatory for all of our senior management and other relevant personnel. We have reduced our risk exposure by committing to exit or sell a considerable portion of our international businesses, including all high-risk embassy banking relationships that do not meet certain strict criteria. We have engaged several of the Nation's premier experts to assist us in our compliance efforts, including Promontory Financial Group, and we have retained PriceWaterhouseCoopers to provide internal audit services. We are acting forcefully to comply with all Federal rules and regulations, and to cooperate fully with our regulators.

I also want to take the opportunity to clear up some misperceptions that have appeared in the media. First, Riggs has not been accused of money laundering. Our regulators have been critical of our record keeping and our reporting and control systems, and our employees are working aggressively to resolve these issues. Second, Riggs is fully and actively cooperating with all law enforcement efforts. Third, our actions have demonstrated we have terminated, and will continue to terminate, relationships with customers who we believe present undue compliance or other risk to Riggs.

Finally, Riggs is financially strong. The civil money penalties we have paid do not in any way affect our customers. The bank continues to have excellent credit quality, and both Riggs National Corporation and Riggs Bank have more than enough capital to remain well capitalized under all relevant regulatory definitions.

Riggs Bank is proud of the strong history it shares with the city of Washington, DC and with the U.S. Government. For nearly two centuries Riggs has worked hard to build a solid reputation in the city and the banking community for integrity and trustworthiness. I can assure you that we are dedicated to resolving any and all outstanding issues.

Thank you, Mr. Chairman.

Senator LEVIN. Thank you very much, Mr. Hebert. Mr. Hebert, Exhibit 37[1] in your book is your Know-Your-Customer policy adopted by Riggs in January 2001. The policy reads as follows in the introduction. "It is the policy of Riggs and its subsidiaries to conduct business only with individuals, companies, trusts, that we know to be of good reputation, and who to the best of our knowledge, through proper and due diligence, have accumulated their wealth through legitimate and honorable means. Riggs will not accept as a customer any individual, company or trust relationship whom we have any reason whatsoever to believe has obtained funds through illegal or illicit means. Riggs requires that information provided be scrutinized and corroborated to ensure the validity of the information. This information will be used in the determination of whether to accept an individual or entity as a Riggs customer."

That was the policy that Riggs was supposed to be following in servicing and selecting clients, but our own government, the U.S. Government, criticized the lack of transparency in Equatorial Guinea's handling of its oil revenues. This is an excerpt from the U.S. State Department's 2000 report on Equatorial Guinea. It was issued in February 2001, just before you had your luncheon with President Obiang of Equatorial Guinea. This is the U.S. State Department excerpt now. "The investment and other uses of oil revenues lacked transparency despite repeated calls in previous years from international financial institutions and citizens for greater financial openness. Poor fiscal management and lack of public accounting transparency in national finances have undermined the country's economic potential. Little evidence is apparent that the country's oil wealth is being devoted to the public good. The gov-

[1] See Exhibit 37 which appears in the Appendix on page 422.

ernment's human rights record remained poor and continued to commit serious abuses."

That was a public statement of our State Department. Shortly after that report was released, some senior officials and board members of Riggs hosted a luncheon for President Obiang. Did you attend that lunch?

Mr. HEBERT. Yes.

Senator LEVIN. Did anyone discuss this public statement of our government about what was going on in Equatorial Guinea at that lunch?

Mr. HEBERT. No, Senator.

Senator LEVIN. On May 17, you and other senior Riggs officials, including Mr. Allbritton, Chairman of the Board of Riggs, wrote a letter to the President of Equatorial Guinea, and that is Exhibit 12.[1] In that letter you wrote the following: ". . . that we have formed a committee of the most senior officers of Riggs Bank that will meet regularly to discuss our relationship with Equatorial Guinea and how best we can serve you." "This committee," you wrote, "which includes the undersigned, has held its first meeting, and requests you to provide us with any projects that you would like us to review on your behalf and to make suggestions. We believe that our relationship offers a significant opportunity to provide sound financial counseling that will directly benefit the citizens of Equatorial Guinea."

Did that committee meet?

Mr. HEBERT. Yes.

Senator LEVIN. Who attended those meetings?

Mr. HEBERT. The attendees would have been myself, Bob Roane, perhaps Tim Coughlin, Ray Lund, and the former officer in charge of that account. We would have met——

Senator LEVIN. Mr. Kareri too?

Mr. HEBERT. That is who I was referring to, yes, Senator.

Senator LEVIN. I am sorry, I interrupted you. You would have met?

Mr. HEBERT. I would say that committee met periodically throughout the course of 2001. I activated that committee, the purpose of which was to communicate amongst senior management exactly what we understood to be going on with that account, with the relationship. It was a significant relationship. It was growing at a very rapid pace. I was concerned that the size of this account would become too large for the organization, and the purpose of this letter to the president was to specifically indicate that there were senior people in the organization who were paying attention and who were looking into the various aspects of this relationship.

Senator LEVIN. So here we have a highly visible account inside the bank known to the highest levels of the bank, encouraged by the highest levels of the bank, the largest account I believe.

Mr. HEBERT. Yes.

Senator LEVIN. There were roughly 60 actual bank accounts associated with the E.G. government, its political leaders and their relatives. Yet Riggs missed a number of troubling signals about these accounts.

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[1] See Exhibit 12 which appears in the Appendix on page 297.

For example, Exhibit 1b [1] shows cash deposits into the offshore private investment account of the President of Equatorial Guinea. This account was named Otong. Between April 2000 and April 2002, $11 million in cash was deposited into the account. On two occasions there were $3 million deposits in cash estimated to weigh 60 pounds as it was delivered to you. Yet Riggs did not ask the required questions about the source of such large cash deposits until a year and a half later, late in 2003.

Then you look at Exhibits 1c and 1d,[2] and they show large amounts of funds that were transferred from the E.G. oil account to offshore corporations, whose identities, the bank has acknowledged to us, were unknown to the bank, the ownership of these corporations unknown. Transfers from Equatorial Guinea's oil account at Riggs to Kalunga and to Apexside. Between July 2000 and 2001, $8 million was transferred from the oil account of this country to a company called Apexside, that is Exhibit 1d. Between June 2000 and December 2003, $26 million was transferred from the oil account of the country to a company called Kalunga. Riggs has acknowledged to us that it made no inquiries about these transactions when they were made. It was required to do so under anti-money laundering regulations.

Mr. Hebert, when Riggs finally questioned President Obiang and his ministers about the Kalunga and Apexside accounts in early 2004, what happened?

Mr. HEBERT. The president refused to give us—he indicated that these transactions were authorized by the government for payment of goods and services in connection with the development of the country. When we inquired about the specific vendors, they indicated they would not respond to our questions, and we advised them without that response, without the understanding of that information being shared with the bank, that we were going to ask them to close their account immediately.

Senator LEVIN. Why did you not ask those questions when the transfers were made, instead of waiting until the end of 2004, after the subpoena and publicity?

Mr. HEBERT. Well, our systems and our entire information technology process had been under development from shortly after I arrived at the bank. There was no question in my mind that the information technology system in the bank was hampering the ability to provide the compliance necessary for the client base that the bank had. Second, it was very difficult to run a modern bank, so we undertook an extensive project. We spent some $60 million, and 20 months later enacted and converted to a new system over Labor Day of 2003. During that time we also had developed an entirely new platform of compliance policies and procedures, as well as brought—hired one of the big accounting firms to come in and help us conduct internal audit activities.

It wasn't long after I came to the bank that I realized—excuse me—in 2003, that we realized that our compliance in internal auditing areas were lacking in their ability to provide information for senior management to—and for the compliance area to monitor and

[1] See Exhibit 1b which appears in the Appendix on page 213.
[2] See Exhibit 1c and 1d which appear in the Appendix on pages 214 and 215.

manage the risk. And so we undertook a process of remediation and installed a completely new compliance department. We hired an outside firm from New York, a firm populated with national forensic specialists, and KPMG was the firm. It was from that firm that I was able to recruit and hire David Caruso to come in and head up our compliance and help us create. We were working also with the Office of the Comptroller of Currency to create and upgrade our compliance area.

As a result of that activity, from March or April 2003, we then proceeded to enact an upgraded compliance program, and when we converted to our new system, we were able to start monitoring and detecting activity. With that, we generated this information dating back to the date that you have on these charts to 2000, and with that information we were able to put together the issues that you are discussing today and approach the client.

Without the system and without the upgraded Compliance Department, we would have been unable to produce that information and provide the necessary oversight. And that is what we were working with the Office of the Comptroller of Currency on.

Senator LEVIN. First of all, Mr. Hebert, you do not need a computer system to realize suspicious activity when you have 60 pounds of cash being walked into the door.

Mr. HEBERT. Mr. Chairman, I agree with you 100 percent.

Senator LEVIN. What does that have to do with a sophisticated computer system?

Mr. HEBERT. I only heard that information yesterday. I was not aware that they were bringing in 60 pounds of cash or anybody was bringing that much cash into the organization.

Senator LEVIN. Does it take a computer to take a look at something, or to act upon something which is just clearly visible by eyeballing it, that your account statements like these——

Mr. HEBERT. It is my understanding that these——

Senator LEVIN [continuing]. Unidentified companies.

Mr. HEBERT. It is my understanding that these were wire transfers of payments for vendor services from the oil account.

Senator LEVIN. So that you are saying that when those transfers were made, that the bank asked and found out who owns Kalunga?

Mr. HEBERT. No. I am saying after we installed our new systems——

Senator LEVIN. Right, but you could have done what my staff does, right? You have State Department reports of a government who is misusing its oil revenues, violating human rights. You would think that might trigger some kind of an interest in who your client is. And then you see deposits made to companies whose identity and whose ownership is unknown and you do not ask for it at the time. That does not take a computer to carry out Know-Your-Client requirements. What does a computer have to do with that?

Now, August 2000, a million dollars is transferred to some company. Your own policy said find out who that company is, who owns it and what that money is for. But you did not follow your policy at that time, did you?

Mr. HEBERT. No, we didn't. Mr. Chairman, as I said earlier, Bank Secrecy compliance was a challenge in this bank when I first

entered into the bank. The bank did not even have a compliance officer at the time I became President and CEO. They were in the process of recruiting one. We were able to hire a compliance officer in the Summer of 2001, who began to write new policies and procedures, and to start a training program. He reported to management, to the management committees, to the board committees, that he had concluded effective policies and procedures development in the bank, and he had transmitted that information across the bank, that he had trained people, and they were performing their activities.

We made some mistakes. We did not effectively put in a BSA program at that time. We did not have effective compliance leadership.

Upon learning that these policies and procedures were deficient, and upon learning that our internal auditing area was lacking in its ability to track these activities, we took action. I took action.

Senator LEVIN. Mr. Hebert, one of the actions that you took following some additional State Department criticism of Equatorial Guinea, and articles that ran in 2002 and 2003 in the *Los Angeles Times* about human rights abuses in Equatorial Guinea, whether a diversion of oil funds was occurring by political leaders, you arranged a briefing, I believe, for senior management by a man named Bruce McColm; is that correct?

Mr. HEBERT. Yes.

Senator LEVIN. Now, Bruce McColm reported to you about human rights abuses and election activities in that country, and you arranged for him to give a briefing to the board about some very serious allegations. At the time did you know that Mr. McColm was a partner with the President of Equatorial Guinea?

Mr. HEBERT. No, Senator.

Senator LEVIN. It is quite amazing here what you do not know, or did not know, because you bring a man in to give a report, presumably an objective report, to a bank about what is now, again, very visible. You have OCC allegations about real problems with anti-money laundering. You have public reports by the State Department and by the media about the misuse of oil revenues, putting oil revenues that belong to a country into the personal account for the personal benefit of the president of that country. So you have all of this evidence in front of you. You bring in a man, who apparently was paid, not only a partner with the President of Equatorial Guinea, but was given about a half million dollars in fees and expenses to report, so-called, on the presidential elections. He comes and gives you this positive report about elections being fine and human rights abuses declining. And you are saying that you are not even aware of the fact that that man was a partner of the person whom he was reporting on?

Mr. HEBERT. Yes.

Senator LEVIN. Who set up that meeting? How did you happen to pick Mr. McColm?

Mr. HEBERT. I didn't choose Mr. McColm.

Senator LEVIN. Who did?

Mr. HEBERT. That would have been likely in the international area. I would have asked at one of our ad hoc committee meetings, would have discussed the fact that we needed to get outside or

independent verification of what was going on in the country. We asked if we could get somebody to come in who could give us an authoritative report. And that activity would have been handled by the people in the international and embassy area to bring him in.

Senator LEVIN. Now, there was a company that was asking Riggs for some support, and for some advice in building a telecommunications system in Equatorial Guinea; is that correct?

Mr. HEBERT. I didn't know that until we sat down with your staff.

Senator LEVIN. And now you know about that—that Riggs was actually assisting a company that Mr. McColm was a partner with the President of Equatorial Guinea in?

Mr. HEBERT. I didn't know that at the time.

Senator LEVIN. I will come back. Let me call Senator Lautenberg.

OPENING STATEMENT OF SENATOR LAUTENBERG

Senator LAUTENBERG. Mr. Chairman, I am going to leave it to you because I have something else I must do in some timely fashion. I would say that for me, I sit here in amazement to learn about a corporation like Riggs Bank, that is a dominant player in this community, and to see how casually they dismissed the rules, did not pay attention to them, and now are running fast to try to play catch up. Changes in the board of directors, as I hear from Mr. Hebert, and to promise to comply. It is a kind of love, cherish, and obey in a particularly different situation than we normally think of that expression.

Mr. Lee, I would ask one question. You were an examiner at OCC?

Mr. LEE. That is correct, Senator.

Senator LAUTENBERG. You were in charge of the Riggs Bank review at the time that you were still an employee of the Comptroller of the Currency?

Mr. LEE. I left the OCC in October 2002, and I was recused from supervision of the bank in August 2002, so, yes, sir.

Senator LAUTENBERG. You went to work for Riggs when?

Mr. LEE. In October 2002.

Senator LAUTENBERG. October 2002. Was there a memorandum that precluded or excluded some of the memos that were developed in the investigation at that time about what was going on at Riggs?

Mr. LEE. Could you clarify that, Senator? I don't understand.

Senator LAUTENBERG. In the course of the review of the investigation, there were memos that you got from staff as they went through their routine of examining what was going on there. Was there an instruction from you not to permit those memos to be handed out so that they could be seen by other members of the OCC?

Mr. LEE. Senator, at no time did I tell anybody not to distribute the information to anyone in the OCC.

Senator LAUTENBERG. What do you think the reason was, after leading an examination, that Riggs was anxious to have you come to their team?

Mr. LEE. Senator, you'll have to—the exact reason you'll have to ask Mr. Hebert. My feeling at that point, my belief is I had skills in the credit area that would help me help the bank.

Senator LAUTENBERG. Was your examination critical in any way of Riggs procedures?

Mr. LEE. Yes, sir.

Senator LAUTENBERG. Mr. Hebert, what was it about Mr. Lee that you found so attractive?

Mr. HEBERT. Senator, we were in the process of trying to recruit—had been in the process of trying to recruit a loan review officer and insource our loan review process. Ashley Lee retired, or indicated he was retiring from government service in the OCC after 34 years, and that he would no longer be working in the OCC. And I think that was in July 2002. And as we were sitting in our offices talking about staffing this loan review position in August 2002, it was suggested that Ashley Lee might be a candidate because he would no longer be working at the OCC. He was retiring from the OCC, and that because he had been the examiner in charge, he had a good working knowledge of the portfolio and the credit risks that were in the portfolio, and it would be more efficient for us to have someone who had the background. He could come in and hit the ground running right at the beginning, and start to install the policy and oversight procedures that we needed to have in the loan review area of the organization.

Senator LAUTENBERG. Mr. Lee, when you looked at Riggs, were you displeased by their apparent lack of support for the rules as you knew them to be, and did you find that they were operating outside of what you would have expected or hoped that they would be doing? Did you see anything wrong in their processing?

Mr. LEE. Senator, I think that at each exam that we conducted we had a different set of recommendations, and those were communicated to the bank in the form of the annual report of examination or interim memos.

Senator LAUTENBERG. Do you recall what your conclusions were from that examination?

Mr. LEE. That the systems needed improvement, but overall compliance was generally satisfactory.

Senator LAUTENBERG. I thought I heard something differently in the questioning of the Chairman on the reviews that appeared in the press and in general information. Mr. Hebert, you seem to be fairly contrite, apologetic for the way the bank was operating, and admitted lots of mistakes.

Now, Mr. Lee, you did not see things the same way then that Mr. Hebert saw them?

Mr. LEE. Senator, I fully support Mr. Hebert's comments. I think what we saw was a definite need for improvement of certain monitoring systems, and those recommendations, Senator, were detailed in a report, and management was taking corrective action on addressing each and every one of them while I was at the bank.

Senator LAUTENBERG. So you were going to go help them straighten things out. Was there anything that took place in discussions that you had with Riggs Bank that enabled you to feel good about having an association with this bank after they had so challenged the laws of the country? I mean we are talking about this charge of money laundering and the incredible ignorance of what was taking place, the pounds of cash that came in, things of

that nature, that would be so apparent? I would have thought, Mr. Hebert, that one could not escape the misbehavior of the bank.

And the Pinochet review, you had examiners on that job. I am told that they did not include their examination memoranda or supporting work papers in the electronic files. Do you know that to be the case?

Mr. LEE. Senator, I'm glad you brought that up. When I was recused from supervising Riggs by the OCC, the Pinochet investigation was still under way. So what happened afterwards—the normal procedure is to enter work papers at the conclusion of the exam and to issue a report of exam after that investigation, or any exam is concluded.

Since I was out of the bank—I had already been recused and had left the bank as EIC—I have no knowledge as why that did not happen, sir.

Senator LAUTENBERG. No instructions from you to the examiners not to include this important information source to the OCC?

Mr. LEE. Senator, I made no instructions to anybody not to include anything into the OCC records. In fact, Exhibit 7b,[1] states where I had indicated: Please E-mail with exact location where the documents, information relative to Pinochet may be found within the analysis. That analysis is part of EV.

And also, Senator, my point is that normal procedures are expected to be in the EV, and it's expected to be communicated to the bank. Unfortunately, I was not available to see that process through. I was recused from the supervision of the bank and cannot speak to that.

Senator LAUTENBERG. Did those working for you, the examiners, recommend that these memos be included? Are you saying that you did not know why these memos might not have been included in the final report on the examination?

Mr. LEE. I do not know, sir.

Senator LAUTENBERG. Mr. Chairman, it sounds like there is much here to be done. It points out one thing in terms of our responsibilities, that we have to be more diligent. If an organization with the size and the scope that Riggs Bank had can so blatantly ignore the rules that are put out there by the U.S. Government for how one operates with foreign funds or funds that create suspicion, then I think that, Mr. Chairman, we have to reexamine the structure of the law and see where it is that we have missed making the requirements more clear and more telling.

One of the things that we see even today in our operations in this country—and I tried to correct it in an amendment I offered that would say that corporations that have more than 50 percent equity in a foreign subsidiary percent should be sanctioned if they do business with any of the countries that we are identifying—North Korea, Iran, etc. as terrorist states. And we lost that on the floor of the Senate. But it seems to me, Mr. Chairman, that we just have to continue to fight to tighten up these rules because they are so often dismissed or ignored.

Thank you, Mr. Chairman, for doing this. And I thank the witnesses.

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[1] See Exhibit 7b which appears in the Appendix on page 260.

Senator LEVIN. Thank you very much, Senator Lautenberg.

Mr. Lee, on the questions that Senator Lautenberg asked you, there is a real conflict here with some folks at the OCC, who have now given us affidavits, and I want to read to you from those affidavits. This has to do with who gave the order that the Pinochet documents not be part of the database at the OCC, and when the Pinochet review was completed. On both of those issues we now have a conflict of sworn testimony, yours here today, and what is in this affidavit.

The first affidavit which we just received is from Joseph O. Boss.[1] Do you know who Mr. Boss is?

Mr. LEE. Yes, Senator.

Senator LEVIN. And who would he be?

Mr. LEE. He is the expert BSA examiner that was looking into—that was assigned to Riggs that was doing the BSA exam, and also heading up the Pinochet review that was underway when I was recused from the bank.

Senator LEVIN. If you look at Paragraph 6 in the Boss affidavit. "Sometime around mid July 2002, Ms. Trojan, Mr. Lee, and I informally discussed the filing of documents related to this targeted review." The targeted review that they are referring to earlier in the affidavit is the Pinochet review. "Mr. Lee indicated that he wanted no conclusion memo, no work papers, and no other documents in EV," which is the electronic system, "regarding the targeted review." Is that true?

Mr. LEE. I would like to discuss this with my adviser, Senator.

Senator LEVIN. Sure. Could you identify who your adviser is, by the way?

Mr. LEE. Gilbert Schwartz, Senator.

Senator LEVIN. Is he a lawyer?

Mr. LEE. Yes, sir.

[Pause.]

Senator, all I have is Exhibit 7b[2] that discusses the E-mail traffic and where I asked the individuals to put it. Also, in mid July 2002, I was not even in the country, sir. I was in London, and to have an informal discussion would be almost impossible to do that, sir. At that point in time the only discussion that was going on is Mr. Boss was more comfortably keeping the work papers while the review was underway in the field office, or the Office of the Comptroller of the Currency, and I concurred to that. But it's—Senator, it's standard practice that when the exam—by the time the exam is completed, that the documents are entered into EV and that the report, a copy of the report that's issued to the bank should be entered in there also, sir.

Senator LEVIN. Now let me ask my question again. Mr. Boss, in a sworn affidavit which we have just received, states that "Mr. Lee indicated that he wanted no conclusion memo, no work papers, and no other documents in EV regarding the targeted review." Is that true?

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[1] See Exhibit 48a which appears in the Appendix on page 487.

[2] See Exhibit 7b which appears in the Appendix on page 260.

Mr. LEE. I never made any statements to Mr. Boss about not putting documents in—to hold anything out of EV when the exam was completed or any time.

Senator LEVIN. Therefore you deny that you said that?

Mr. LEE. Yes, I do, Senator.

Senator LEVIN. There is another affidavit which we have just received from Lois A. Trojan.[1] Do you know her?

Mr. LEE. Yes, sir, I do.

Senator LEVIN. Who is she?

Mr. LEE. She is an examiner that works for the OCC.

Senator LEVIN. In Paragraph 5 of that sworn document, this is what Ms. Trojan says. "On or about the beginning of July 2002, Messrs. Boss and Lee and I discussed the filing of the work paper documents related to this targeted review. This informal discussion was conducted while we were standing near the cubicles that Mr. Boss and I worked at, and outside of the office of Mr. Lee. During the discussion Mr. Lee instructed Mr. Boss and me to retain the work papers in hard copy form, but not to enter the conclusion memo or other work papers in EV." Is that statement true?

Mr. LEE. Sir, what the discussion was about was Mr. Boss was uncomfortable, or more comfortable holding the work papers at an offsite location, and I concurred with that while the review was underway.

Senator LEVIN. Is it true or not that you instructed Mr. Boss "to retain the work papers in hard copy form, but not to enter the conclusion memo or other work papers in EV," is that true?

Mr. LEE. Senator, I never told Mr. Boss not to enter the conclusion memo or anything into EV. It's normal practice of the OCC that when the exam is completed, that all that information is then put into EV to document the findings. I was recused from the bank during that time and did not see the examination through, so unfortunately was not there to ensure that it got in the EV.

Senator LEVIN. Obviously, we have a very direct conflict on a very critical point here. It is clear in the record what that conflict is.

Now on the second point at issue, and that is when the Pinochet review was completed. If you will look again first at the Boss sworn statement, Paragraph 4. "Ms. Trojan drafted a conclusion memo during the course of the targeted review. I reviewed the first draft of the memo, made a few comments and approved the memo in July 2002. By the time I approved the conclusion memo, I believe that we had completed our information gathering and analysis, and therefore the targeted review. I believe our work on the targeted review was completed around mid July 2002."

Was it completed by mid July 2002?

Mr. LEE. Not to my knowledge. I know there was—as he says, there was one outstanding issue, Senator, and to the best of my knowledge that was still under review, and when I was recused from the bank shortly thereafter, that was still incomplete.

Senator LEVIN. But the one outstanding issue having to do with whether a certain document would be filed with the OCC was not part of that review, was it?

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[1] See Exhibit 48b which appears in the Appendix on page 490.

Mr. LEE. I don't know, Senator.

Senator LEVIN. Now let us take a look at the other affidavit of Ms. Trojan. And here, take a look, if you would, at Paragraph 4. "I drafted, and Mr. Boss reviewed, a conclusion memo during the course of the targeted review."

Now, again, we are talking about a target review of Pinochet so everyone knows what we are talking about, right?

Mr. LEE. I presume so, sir, from this.

Senator LEVIN. "I completed the final version of the conclusion memo on or about July 16, 2002, and provided it to Mr. Boss, along with a summary background narration. I also put hard copies of both documents with the Pinochet workpapers. I believe that we completed our information gathering and analysis, and therefore, the targeted review, by July 16, 2002."

Do you deny that that review was completed by July 16, 2002?

Mr. LEE. Senator, I have no knowledge if that's the case. I was out of the country, and no information was ever given to me that it was complete. Mr. Boss did not give me a final report or his recommendations to submit. My understanding, when I was recused from the bank, was that the review was still underway, Mr. Boss was still working on finalizing all those work papers, and I informed the EIC during our transition meeting that that was still under way.

Senator LEVIN. If you will, look at Exhibit 7b,[1] which you have referred to before. Let me first turn you to Exhibit 7c.[2] Those documents were never put into the database. We have sworn affidavits saying the reason they were not is because you directed that they not be put into the database for that targeted review that was completed in July 2002. But there had been an earlier exam of Pinochet that was finished in April 2002, excuse me, that was not related to Pinochet, that was related to the bank. I ought to just restate that so there is no ambiguity about that. There had been an April 2002 targeted review. Is it target or targeted?

Mr. LEE. Targeted.

Senator LEVIN. Targeted review.

Mr. LEE. Senator, either one works.

Senator LEVIN. There was an April 2002 targeted review of this bank by the OCC which had nothing to do with Pinochet, right?

Mr. LEE. Senator, that is correct.

Senator LEVIN. Instead of putting these documents in the Pinochet review in the OCC database, according to two witnesses with sworn affidavits, you directed that there be a notation that the hard copies existed at the OCC, but that the notation not appear in July or whenever that Pinochet targeted review was completed, but that there be a notation placed in an earlier review unrelated to Pinochet. Why was it put, that notation, in the April 2002 targeted review of the bank? Why did you go back to a completed review to put a notation in about what you said was an uncompleted review?

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[1] See Exhibit 7b which appears in the Appendix on page 260.

[2] See Exhibit 7c which appears in the Appendix on page 261.

Mr. LEE. Senator, I don't remember that occurrence. I think the April 2002 had to do with the anti-terrorist financing. Is that the one in question?

Senator LEVIN. I do not know what it was, but it had nothing to do with Pinochet. It was a targeted review relative to the bank, but nothing to do with Pinochet. Why did you direct that—I am told by my staff that you are correct. But in any event, it had nothing to do with Pinochet.

Why did you—there are people behind you shaking their heads no, but that is not the point. The point is it had nothing to do with Pinochet. It had to do with the bank. And you directed, in July 2002, that a note about a Pinochet-directed exam be placed into a previously completed directed review of the bank. Why would you do that, where it would not be found, it would not be found there, an April 2002 review, having nothing to do with Pinochet?

And now we have two people under oath saying you said do not put anything in the database about this directed review of the Pinochet accounts? In July 2002 you denied that you gave that direction. You deny it was completed when you left, as a matter of fact, but that is not my point. That was my point earlier. My point now is a different one. Why did you direct that a notation about a directed review of Pinochet be placed in an earlier targeted review of that bank which had already been completed? Why did you do that?

Mr. LEE. Senator, I don't remember that, but the——

Senator LEVIN. Let us stop you right there. You say you do not remember that. Let us just go back to the exhibit you referred to, go back to 7B.[1] From Boss to you, July 15, Monday. "Ashley, a quick question. Where in EV did you want to put the reference about Pinochet?" Signed Joe.

Your answer, from Ashley Lee to Joe Boss: "In the April 2002 target." Signed Ashley. Did you sign that?

Mr. LEE. This is an E-mail from me, sir.

Senator LEVIN. So now, why did you do that? A moment ago you said you do not remember. Now here is the E-mail. Why did you tell Joe to put that note about Pinochet into a completed review months earlier that had nothing to do with Pinochet, why?

Mr. LEE. Senator, the issues where the Pinochet accounts were brought up during the April review, and from that a subsequent review was determined to be needed, and that was the follow-up review that specifically targeted the Pinochet issues, so they were not fully developed within the Pinochet files in April——

Senator LEVIN. So you do remember them now?

Mr. LEE. Well, this chain of events, I don't remember saying to put it in the EV, but there is no——

Senator LEVIN. You did not.

Mr. LEE. I just said make sure—the issue here is just have, "Please E-mail the exact location of where the documents"——

Senator LEVIN. I understand that, and that is unclear, I think, a very confusing and inexact thing, but I will get to that in a moment. But that is not the point. The point is that you were the one that directed them to put a notation, a reference about Pinochet

[1] See Exhibit 7b which appears in the Appendix on page 260.

into the April completed examination. And first you said you did not remember. Now you say what?

Mr. LEE. Senator, I don't remember instructing anyone on this, but I do remember that exam of Pinochet was still under review. My instructions was that we would not make any conclusions on the Pinochet events in the April target memo that was going to the bank. And specifically in the memo that went to the bank it says it excludes all reference to Pinochet, which is still under review.

But even that—there again, I think the exit meeting for that April exam was not concluded until July 30, 2002. The final document was not issued until October 2002, the letter, and unfortunately, again, I was out of the bank, and a lot of the chain of events that happened between the issuance of the letter and my—because I was recused from the bank on August 8 and had no way of seeing—did not follow through, or was unable to follow through on the issuance of that letter that went out to the bank, or even to review the EV documents to make sure that they were complete, sir.

Senator LEVIN. Are you aware of the fact that there was no reference, that the documents in question were never part of the database at the OCC?

Mr. LEE. I had been recused from the——

Senator LEVIN. Are you aware of it?

Mr. LEE. No, I'm not, sir.

Senator LEVIN. Are you aware of the fact that nothing was provided to the bank?

Mr. LEE. I only found that out yesterday when I read the Senate's report.

Senator LEVIN. It is the result of what you participated in. That is what happened—a bank you then left to go to work for was never given that report, a highly critical report. And the evidence, the documents show that it was because you directed, according to two sworn affidavits, that you directed that those documents not be put into the database in a way where they would be sent to the bank, and that, as a matter of fact, the notation relating to the Pinochet directed review not appear relative to the July targeted review of Pinochet, but appear in a review of the bank that had nothing to do with Pinochet. That is the clear appearance of your E-mails, of these sworn documents, and the conflict of that is going to have to be worked out by someone else. But there is a sworn conflict here that I will be asking our Chairman to send to the Justice Department because it is very—there is such a clear contradiction here between you and this other testimony and as to what your role was.

My last question of you is, before I go back to Pinochet, did you not think twice about going to work for the bank when you had reviewed accounts at that bank, information about those accounts? You were right in the midst of a review of Pinochet accounts at that bank. Do you think it is appropriate for somebody to leave a government regulatory agency that is supposed to be overseeing a bank, supposed to be requiring a bank to live up to anti-money laundering laws, which they had not lived up to, according to one report after another of the OCC, and then immediately go to work

for that bank? And then, by the way, attend meetings with the OCC, which you did, did you not?

Mr. LEE. Senator, the issues that were brought up were being—in my mind, the OCC's position was that they were receiving 100 percent attention by management in correcting those issues. The Pinochet investigation was in progress. It was still going on. And my movement over to Riggs was not—I had no role involved in BSA AML. It was in credit. That is really my expertise level, and it's in an area that I felt very comfortable with and I feel very comfortable with the bank's involvement in.

Senator LEVIN. Whose idea was it that you go to work for the bank? Who initiated that conversation? Was it you or the bank?

Mr. LEE. The bank did.

Senator LEVIN. So they initiated the offer and the prospect of you going to work for them while you were working at the OCC?

Mr. LEE. Yes, they did, Senator.

Senator LEVIN. I want you also now to complete the record relative to this issue. Take a look at Exhibit 7d.[1] This is a document as to when that notation that was put in the earlier directed review was put in there relative to Pinochet. Again, it was not put in relative to the Pinochet directed review; it was put into the earlier one, April 2002. But when was that put in, this little note that appears in the wrong review. According to Lois Trojan's recent E-mail: "Below is the comment from Don Ewing regarding when my comment"—that would be Lois Trojan's comment—"was put into EV"—that is the database—"regarding Pinochet?"

Apparently the date that he sees is July 17, 2002. That is what the folks at OCC say when that note was put into the database for the wrong review—which is while you were still there; is that correct? You were still there on July 17, were you not?

Mr. LEE. I was still with the OCC involved in Riggs. I was not involved in this exam that was going on by Mr. Boss at that point in time, sir.

Senator LEVIN. On the meetings that you attended after you left the OCC and became a risk officer for Riggs, did they deal with Riggs's efforts to improve its anti-money laundering systems and to address problems identified in the exams that you had supervised as the OCC examiner in charge?

Mr. LEE. Mr. Chairman, during all the—I did attend meetings with the board and also other members of management at which the OCC was present. In all cases I fully complied with all the guidelines for the regulations at all times. There is nothing wrong——

Senator LEVIN. That is your conclusion.

Mr. LEE. There is nothing——

Senator LEVIN. My question is different though. Did you attend meetings after you went to work for Riggs, that dealt with Riggs's efforts to improve its anti-money laundering systems, and did you address during those meetings with the OCC, problems that were identified in examinations that you supervised as the OCC examiner in charge of Riggs? That is my question.

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[1] See Exhibit 7d which appears in the Appendix on page 262.

Mr. LEE. I attended meetings. I never addressed issues that I had brought up as EIC. I did address issues about what we were doing. New matters were definitely addressed as to what bank actions to take in order to reduce risk. My role was that I had no BSA AML responsibility. That does not report to me, so I have no authority or even to make commitments on the side of the bank for AML compliance.

Senator LEVIN. Exhibit 28 is a copy of the OCC's rules for retiring or resigning employees.[1] If you will take a look at Exhibit 28, page 3, it says: "For 2 years after leaving the government a former employee is prohibited from communicating with or appearing before any executive or judicial branch employee on behalf of any other person or particular matter involving specific parties the employee knows or reasonably should know was pending under his or her official responsibility during the last year of his or her Federal employment."

Do you believe you were bound by that policy after you left?

Mr. LEE. I was bound by all the policies of the OCC, sir.

Senator LEVIN. And you feel that that bound you even after you left the OCC?

Mr. LEE. Yes, sir. Yes, I do.

Senator LEVIN. Mr. Chairman, I do have just a couple more questions of Mr. Hebert and Mr. Lund.

Senator COLEMAN [presiding]. Please continue, Senator Levin.

Senator LEVIN. Just a few questions on General Pinochet. It is a pretty sordid tale. A series of non-actions on the part of the bank and actions on the part of the bank which do not comply with your own self-stated policy and with what the regulations were relative to Know-Your-Client at the time.

This is what the summary is. You solicited General Pinochet's business. Senior officers of the board were aware that he was a client. The bank established two offshore shell corporations in a secrecy jurisdiction for Pinochet where his name could not be traced to the entities, those entities being Ashburton and Althorp corporations. Due diligence on General Pinochet's accounts was virtually nonexistent. When you look at the Know-Your-Customer forms for the offshore entities, you just find almost no identifying information whatsoever of any value.

There were no documents that showed Pinochet's source of wealth when he opened his personal account in your bank in 1994. When Pinochet opened an account for one of his offshore corporations, that I referred to, in 1996, the Know-Your-Customer form was not even filled in for 2 years. The original source of wealth was described as "family wealth, high-paying position in public sector for many years." The source used to verify the source of funds was listed as "position and wealth are a matter of public knowledge," and boy, they sure were.

By 1998, there was a Riggs account opened for a second offshore entity called Althorp. The Know-Your-Customer form was not filled in until May 1999. That is a year later, after the account was opened. Original source of wealth is just simply listed "family and salary." No checking out of the source.

[1] See Exhibit 28 which appears in the Appendix on page 373.

You were still trying to obtain documentation of Pinochet source of wealth when the OCC was conducting its exam in 2002, and all that was written there was by the head of Riggs' international private bank component, writing a memo which said the process of collecting definitive documentation of the source of funds "continues." When Riggs tried to move the offshore corporations to another jurisdiction for Pinochet, on behalf of Pinochet, when you tried to move his offshore corporations to another jurisdiction, you were unable to do so because you could not answer the jurisdiction's questions about the source of funds.

You omit the fact, in your Know-Your-Customer forms, that there was ongoing international litigation against Pinochet including efforts to freeze his funds. The identity of Mr. Pinochet is excluded from both the Ashburton and Althorp Know-Your-Client forms, and the fact that he was associated with two offshore corporate accounts was kept in a vault.

Now this one quick question. Mr. Lund, you were head of the international banking group. How could you have allowed all those Know-Your-Customer requirements to be so thoroughly ignored?

Mr. LUND. Senator, I believe that the individuals that were directly involved with the relationship received the proper training from the bank. They knew the requirements, and I believe that I was entitled to rely on internal and external audits to reveal deficiencies in documentation.

Senator LEVIN. Riggs changed the name of Pinochet's personal account from Augusto Pinochet Ugarte—this is in December 2000—to A. Ugarte. Why did you do that?

Mr. LUND. Senator, I don't recall that I was aware that that happened.

Senator LEVIN. When did you become aware of that?

Mr. LUND. I believe I became aware of it when I was interviewed by the staffers here.

Senator LEVIN. Here?

Mr. LUND. Yes, sir.

Senator LEVIN. Is that proper? Was it proper to do that?

Mr. LUND. To change the name, Senator?

Senator LEVIN. Yes. To hide the identity?

Mr. LUND. No, sir.

Senator LEVIN. Thank you. Thank you, Mr. Chairman.

Senator COLEMAN. Thank you, Senator Levin.

Let me follow up a little bit on the Pinochet discussion. By the way, Mr. Lund, what period of time, how long have you been employed with Riggs?

Mr. LUND. Chairman, I joined Riggs in 1988 and left Riggs in March 2004.

Senator COLEMAN. Exhibit 37 [1] is the Riggs Know-Your-Customer policy and procedures, I know Senator Levin has made reference to. You have a copy. Introduction reads: It is the policy of Riggs National Corporation, its subsidiaries including Riggs Bank N.A., to conduct business only with individuals, companies, trusts, beneficial owners and grantors, powers and holders of such trusts that we know to be of good reputation, and who to the best of our

[1] See Exhibit 37 which appears in the Appendix on page 422.

knowledge, through proper and due diligence have accumulated their wealth through legitimate and honorable means.

The date of that policy is June 2000 revision date, and then approved January 2001. Was that a new direction or was that standard practice and standard policy, what is set forth in that Know-Your-Customer compliance manual?

Mr. LUND. Senator—Mr. Chairman, I don't believe it was dramatically different from previous policies.

Senator COLEMAN. The incident about Riggs changing the name of the Pinochet account in December 2000 is after this, but again, this is not new policy. This is, in the industry, in the business this should be standard practice.

Mr. LUND. Yes, Chairman.

Senator COLEMAN. Did you personally open the Pinochet account?

Mr. LUND. Yes, Chairman, I did.

Senator COLEMAN. And you maintain that you were not aware that the name of the account was changed?

Mr. LUND. No, sir, I do not believe so.

Senator COLEMAN. Are you aware of any relationship between Pinochet and the former chairman, Chairman Allbritton?

Mr. LUND. Yes, Chairman. I believe they had a professional business relationship.

Senator COLEMAN. Chairman Allbritton was what, chairman of the board at Riggs?

Mr. LUND. Yes, sir.

Senator COLEMAN. Do you know what period that was?

Mr. LUND. I'm sorry? What period of time?

Senator COLEMAN. Do you know what period when he was chairman, or Mr. Hebert, do you know?

Mr. HEBERT. Mr. Chairman, Joe Allbritton was chairman of the bank until February 2001.

Senator COLEMAN. Does he still have a relationship with the bank?

Mr. HEBERT. He stepped down as the chairman of the board and the CEO and president of the bank, chairman and CEO of the bank on that date.

Senator COLEMAN. Does he still have a relationship with the board?

Mr. HEBERT. Not as of now. He remained on the board until this May.

Senator COLEMAN. And it is correct that the chairman had a relationship with Pinochet?

Mr. HEBERT. I don't know that.

Senator COLEMAN. Do you know if he visited Chile on any occasions to meet with Pinochet?

Mr. HEBERT. I know he went to Chile to call on clients.

Senator COLEMAN. Do you know if—I think the OCC in 2000 asked for all politically exposed persons' accounts in a 2000 exam; is that correct?

Mr. HEBERT. I believe that's correct, Chairman.

Senator COLEMAN. Is it correct that the Pinochet account was not revealed to the OCC at that time?

Mr. LUND. Mr. Chairman, that's my understanding. I don't know who provided the list to the OCC.

Senator COLEMAN. Did the bank ever, Mr. Lund, ascertain a legitimate source of wealth for the Pinochet account?

Mr. LUND. Mr. Chairman, I believe that the senior vice president and the regional manager for Latin America, Carol Thompson, on a number of occasions she had informed me that she had spoken to General Pinochet about his source of wealth, and that she had brought back documentation from Chile to prove his source of wealth.

Senator COLEMAN. If you take a look at Exhibit 8,[1] it purports to be a document from Paul D. Glenn, the Vice President, Director of Compliance, Compliance Department, to Stanley M. Dore, III, Senior Vice President, Risk Manager. In that document, under No. 2, the customer stated intended use of the proceeds for the aforementioned withdrawals were described to the bank, but the bank has no way to confirm the actual use of the funds. No. 3, the bank is unable to document the source of each and every deposit. Does that document reflect a difficulty or inability to confirming sources of deposit, where the wealth came from?

Mr. LUND. Yes, Mr. Chairman.

Senator COLEMAN. Just a practical question. If you are just kind of an average person out there, you know who Pinochet is. You have extraordinary wealth. Did a light not go on at some point in time saying I am concerned about this?

Mr. LUND. Mr. Chairman, I did actually on two occasions seek outside advice from the law firm of Fulbright & Jaworski, to better understand the risk associated with the bank. I was unable to draw a conclusion as to what the facts were related to his wealth, but made sure that my immediate supervisor, Mr. Roane, was aware of the relationship and the risks involved.

Senator COLEMAN. Mr. Hebert, in reference to the Equatorial Guinea account, is it correct that that was the largest account at the bank?

Mr. HEBERT. Yes, Mr. Chairman.

Senator COLEMAN. About $750 million including deposit investment accounts?

Mr. HEBERT. Yes, Mr. Chairman.

Senator COLEMAN. Did the size of the account affect your objectivity in handling and monitoring it?

Mr. HEBERT. No, Mr. Chairman. I was concerned about the size of the account because at some point that account was going to grow beyond the bank's ability to maintain it.

Senator COLEMAN. Again, I hope you understand the difficulty we have sitting here in looking at this account, and looking at the problems associated with it, and it does not take a Ph.D. or a degree in finance or accounting for some red lights to go on and for somebody to think, hey, you know something? There is something amiss here. I think we have an obligation to affirmatively do something about it. It appears from everything that we have seen, that doing something about it was really slow in coming. Would you disagree with that assessment?

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[1] See Exhibit 8 which appears in the Appendix on page 263.

Mr. HEBERT. Mr. Chairman, we were concerned about the size of that account. We were concerned about the account. I inaugurated this ad hoc committee in early 2001 to track the process and the progress of that account. We, upon learning about the article that Senator Levin referred to, got very concerned about the situation in Equatorial Guinea. I did request that we get some additional information from outside the bank regarding the process. Have also followed up with discussions that were indirectly provided by the State Department regarding the election procedures down there, and we also worked with two outside firms to review all of the account activity in the oil accounts to satisfy ourselves that the payments were being made for authorized vendor and authorized government use.

That was also during a critical time of the development of the technology and the construction of what we—our objective was to establish a first-class compliance area, and populating that area with the experienced forensic specialists and investigators which were going to help us satisfy the questions that we had, to determine if there was anything amiss in that account. That activity, actually, that investigational review internally in Riggs Bank started in August 2003, and with the conversion of our technology platform in September, we were able to make tremendous strides to reach back and track the flow of funds, and with the help of the Patriot Act on top of the conversion and on top of the establishment of what we feel is a first class compliance area, we were able to reach not only back into time, but reach across the banking system in America, anyway, and track the flow of funds, which enabled us to actually sight and capture this perpetrated fraud.

Had it not been for the Patriot Act, we would not have been able to reach across the organizations, the banking organizations, and extract that information which enabled us to catch perpetrator fraud, which enabled us to mitigate any loss to the bank, and at the time loss to the customer. We were very concerned about this account.

Senator COLEMAN. Mr. Hebert, let me say I want to give you credit, I want to give Riggs credit that you did put, as I understand, $12 million into a technology upgrade; you hired consultants; you hired compliance experts. The concern I have is it was really late in coming. The Patriot Act is 2001. You indicated that some of these measures took place in August 2003. In March 2004, you and management appointed Tim Coughlin as head of embassy banking. Coughlin tells our staff that he was absolutely shocked by what he found. He indicated to staff that over 85 percent of embassy banking accounts had deficient Know-Your-Customer information, lacked proper verifications, signature cards, and source of wealth verification.

Given the high number of deficient accounts, it seems like the problem was never addressed.

Mr. HEBERT. Well, the problem was supposed to be addressed. I have to tell you that I was shocked. Many people in our organization were shocked and disappointed. We had conducted and inaugurated a policy in October 2003 to begin fully remediating all files in accordance with the new requirements that had been laid out by the Patriot Act. We brought in outside advisers to help us formu-

late those policies and procedures. We enacted those policies and procedures. We conducted training programs with the front line across the platform to educate them, and we also, I might add, from May 2003—April-May 2003, we visited every single official relationship in the embassy business, 160 relationships in Washington. We brought a team of people that handled the accounts, compliance, attorneys, and we sat down with them and we went through with each client the requirements that were put forth for us to maintain in connection with the Patriot Act, the fact that we were going to be raising and elevating our overall compliance.

Previously, prior to the Patriot Act, we had to monitor and, as I said before, we were scrambling to put these systems in place, build the technology platform to maintain the systems. The advent of the Patriot Act, we had to not only monitor, we had to detect. And that created a new level, a new requirement for skill sets in the bank. We needed people who were experienced investigators, experienced and qualified with anti-money laundering investigations and the schemes that have been developed. We had to recruit those people. It took us time to find those people and bring them in and set them afoot.

All of that was going on to the point of the final remediation, we had that devastating news in March that the final remediation process in the embassy area was not where we expected it to be. We had a 9-month——

Senator COLEMAN. March of what year?

Mr. HEBERT. Two thousand and four.

Senator COLEMAN. Two thousand and four. This is when the OCC issued the other consent order with the $25 million fine.

Mr. HEBERT. They did issue that, but before that happened is when we learned about the remediation, before the actual issuance. And we, in the course of that process, determined that we had to completely start over. Notwithstanding all the training and all the process that we installed, the front line had not actually implemented the process. So we started about the business. We brought in approximately a dozen people initially, and then we brought in an additional 50 people who were experienced to help us remediate each and all of those files.

We also at that time determined, for a variety of reasons, that we wanted to exit the high-risk accounts. We were not able to manage that risk. And as a result, we had already taken the decision on Equatorial Guinea. We had already taken the decision on Saudi Arabia. And we indicated—we visited with the OCC, we visited with our board. We made a presentation that called for the exit of 110 official accounts that we deemed as high risk according to a matrix that had been designed by our professional forensic investigators and our compliance group. And factoring in many other components used for OFAC, FinCEN, FATA, Freedom House, and Customs and other elements to produce a ratio that would allow us to weigh in on the risk.

Every time there was a newspaper article or every time there was an event in the world, because we had a relationship with that account, with that embassy, that created a risk that we did not feel comfortable with managing. We could not control the geopolitical

structure, so we determined we would exit those accounts. And we have been under that process since.

Senator COLEMAN. Senator Fitzgerald has been waiting patiently. Just a last comment, and then I will turn to Senator Fitzgerald. And I appreciate your forbearance here.

Mr. HEBERT. I apologize.

Senator COLEMAN. My concern, Mr. Hebert, is that it appears to this Senator that Riggs did not take this stuff seriously until the OCC said that they were going to get serious. In March 2003, I believe they indicated that they were considering another consent order. In July 2003, it is noted—and I think this is Exhibit 39,[1] Minutes of the Joint Regular Board Meeting. I am just going to read this: "Mr. Hebert read part of a letter from OCC that was just now delivered that formally informed the bank that OCC will not deem the bank to be 'in troubled condition' by virtue of the board's execution of the consent order." He said, "This will relieve the bank from providing the OCC prior notice of proposed changes to the Directorate of Senior Management. Mr. Hebert emphasized that the issues with OCC are compliance issues, not safety and soundness issues. Following further discussion, the board accepted and signed the OCC consent order."

I get a sense that, again, it is being underplayed at this stage, and that in May 2004, you get hit with a consent order and a $25 million fine. Now, that is serious.

Mr. HEBERT. It is serious.

Senator COLEMAN. And so that is the perception that we look at here, that this thing went on a long time, and, again, actions have been taken, and I do credit you for those. But it seemed like for an unjustifiably long period of time it did not seem to get folks' attention to the degree that would have corrected the problem.

Mr. HEBERT. Mr. Chairman, on the point about the safety and soundness and compliance, the distinction was for the term of art that is utilized in the industry. Safety and soundness, trouble condition, means that the credit quality or the capital or the liquidity of the organization, or maybe all three, is in jeopardy; and the ability of the bank to manage its assets and liabilities is at risk. Compliance is an equally serious area that management and the board of this bank and any other bank certainly would consider as serious.

That comment was not made to diminish in any way our commitment, our expense. I mean, in the context of what we have done since early 2003, we spent, you are right, $12 million in 2003. We have already spent this year probably close to $15 million, and add to that the technology system, which actually enables us to deliver a quality oversight process of 60. This bank has spent well over $80 million, and I think that is a serious indication of how we take compliance and the ability to comply with all the rules and regulations.

The OCC came to us in early 2003 as a result of the information regarding the Saudi Arabian article. We took that deadly serious. We brought in KPMG to study and analyze the entire account relationship. We also visited that embassy to inform them when we

[1] See Exhibit 39 which appears in the Appendix on page 454.

made the 160 visits in the city to advise them that we would be following higher standards as dictated by the Patriot Act, and they were expected to require to comply and we would hold them to that compliance.

Senator COLEMAN. And, again, in March 2004, it still appeared that 85 percent of the embassy banking accounts were deficient, and that tells us that maybe we have to ramp up some—I am trying to figure out how—and I am going to turn to my colleague now, but it is still troubling that, in spite of all those efforts, that was the condition that Riggs was in in March 2004. Thank you.

Senator Fitzgerald.

OPENING STATEMENT OF SENATOR FITZGERALD

Senator FITZGERALD. Thank you, Mr. Chairman, and all of you, thank you for being here.

I want to get some basic facts straight before I begin my formal questioning. You all are officers of Riggs Bank N.A., the national banking association, which has its headquarters officially in McLean, Virginia, right?

Mr. HEBERT. Yes.

Senator FITZGERALD. There is a separate holding company that owns the bank. What is the name of the holding company, the legal name?

Mr. HEBERT. Riggs National Corporation.

Senator FITZGERALD. Who is the chairman of Riggs National Corporation now?

Mr. HEBERT. Robert Albritton.

Senator FITZGERALD. He still is the chairman of the holding company?

Mr. HEBERT. That is a different Albritton. Robert Albritton.

Senator FITZGERALD. Is that the son?

Mr. HEBERT. The son, yes.

Senator FITZGERALD. OK. Is he the CEO as well of the holding company?

Mr. HEBERT. He is the CEO of the holding company.

Senator FITZGERALD. Is he an officer at all for the bank?

Mr. HEBERT. He is the chairman of the bank, but he functions in a non-executive status.

Senator FITZGERALD. OK. Was he in the bank at all when the Equatorial Guinea and the Augusto Pinochet accounts were being written up by the examiners?

Mr. HEBERT. Was he in the bank?

Senator FITZGERALD. Yes.

Mr. HEBERT. Robert Albritton was a non-executive chairman, so he did not necessarily come into the bank and work on a day-to-day basis. He performed his duties as a member of the board, as the chairman of the board. I was the President and CEO of the bank, and I was in the bank every day.

Senator FITZGERALD. And so you were the President and CEO of——

Mr. HEBERT. I am the President and CEO.

Senator FITZGERALD. You have been since 2001, right?

Mr. HEBERT. February 2001.

Senator FITZGERALD. And you took over from?

Mr. HEBERT. Joe Albritton.

Senator FITZGERALD. The father.

Mr. HEBERT. Yes.

Senator FITZGERALD. OK. Was the junior Albritton involved with any of the account relationships with Chile or Equatorial Guinea?

Mr. HEBERT. No, sir. No, Senator. He did attend a lunch or—a lunch or two. I think it was one lunch with the officers of the bank when we visited with the Equatorial Guinea delegation that came to Washington. I am not aware that he ever visited with any customers from Chile.

Senator FITZGERALD. OK. His father may have been involved, though, possibly.

Mr. Lee, you were the OCC examiner in charge of the Riggs examinations at a certain period of time. Let's start from the beginning. When did you go to work for the OCC?

Mr. LEE. I went to work for the OCC in 1968.

Senator FITZGERALD. In 1968. And have you always been based in this area, or have you been around the country in different spots?

Mr. LEE. Senator, I have been in many spots. I started out in South Carolina, worked in Florida, Georgia, the Midwest, in Cincinnati, Atlanta, and here in Washington for the last 17 years.

Senator FITZGERALD. In Washington for the last 17 years?

Mr. LEE. Yes, sir.

Senator FITZGERALD. OK. When was your first examination of Riggs Bank as part of the OCC examiner crew?

Mr. LEE. I don't recollect exactly. It was probably—it was after 1991.

Senator FITZGERALD. After 1991. And how often would the OCC examine Riggs Bank? Maybe once every couple years, or was it every year?

Mr. LEE. A bank the size of Riggs is fairly—it is standard to do it once a year.

Senator FITZGERALD. Once a year. But it is not such a big bank that they have permanent on-site OCC examiners like a Citibank might have?

Mr. LEE. When I first—it is classified as a mid-size bank, and there is a dedicated examiner to that. When I was with Riggs, when I became EIC, I became dedicated. What that means is that I spent most of my time devoted to Riggs, but I also did other assignments.

Senator FITZGERALD. OK. And when did you become an examiner in charge of an examination? When was the first examination in which you were the examiner in charge?

Mr. LEE. That was in 1998.

Senator FITZGERALD. In 1998. And would you have examined Riggs every year after 1998?

Mr. LEE. I was in charge from 1998 onwards. In the 1998 period I had other duties, and during most of the year I also served as an acting position.

Senator FITZGERALD. But there would have been an examination every year, 1998, 1999, 2000, 2001, right up until you left the OCC in 2002.

Mr. LEE. That is correct, Senator.

Senator FITZGERALD. And you were the examiner in charge on each of those examinations.

Mr. LEE. That is correct, Senator.

Senator FITZGERALD. During that period 1998 to 2002, did your examinations ever write up Riggs Bank for violations of the anti-money laundering laws?

Mr. LEE. I do not remember ever having violations of the anti-money laundering laws during that period of time, sir.

Senator FITZGERALD. You produced written reports from your examinations. Are those available? Can this Subcommittee get copies of your written examination reports? Or does the Committee staff have those?

We have all of those, OK. I am told we have all of those.

Now, in 2002, you decided to go to work for Riggs Bank. Can you tell me exactly how this came about? Were you doing an audit or an examination of Riggs Bank in 2002 as an examiner in charge?

Mr. LEE. I was continually—during this period of time, I was at Riggs, so let me—I have a—if you don't mind, there are a lot of dates involved, and I will read from my time line.

Senator FITZGERALD. Sure.

Mr. LEE. Because I cannot remember all the dates. But surrounding this, it really started in early 2002. I orally notified my Assistant Deputy Comptroller John Noonan, who was my immediate supervisor, that I intended to retire at year-end 2002. Subsequently, I also discussed this intent to retire with Deputy Controller Finke.

In mid-2002, approximately May or June—I am not sure of that—Mr. Noonan and I informed Riggs Bank management during a regular meeting that we had with them of my intent to retire, and Mr. Noonan informed the bank management that the new EIC would be appointed for Riggs when I left.

Subsequent to that, on August 7, 2002, in the late afternoon, following a meeting I had had, Bob Roane asked me——

Senator FITZGERALD. Was your examination for the 2002 examination done by August 7? You told them of your intent to retire in May.

Mr. LEE. The bank was informed of my intent to retire somewhere in the May-June period, yes.

Senator FITZGERALD. OK. And did you tell them the date of your expected retirement?

Mr. LEE. Somewhere around year-end. It would be late in the year. There would be a new EIC.

Senator FITZGERALD. But all during this time was an examination of Riggs continuing?

Mr. LEE. There is a continuing examination of targeted different type examinations all along that period of time, Senator.

Senator FITZGERALD. OK. And you may continue with—you started to say "somewhere around August"?

Mr. LEE. August 7, I was in a meeting, and following that meeting, Mr. Roane asked me if I still planned to retire, and, of course——

Senator FITZGERALD. Who is Mr. Roane?

Mr. LEE. Bob Roane is the executive Vice President and was Chief Operating Officer of the bank.

Senator FITZGERALD. How do you spell that name?

Mr. LEE. R-o-a-n-e.

Senator FITZGERALD. OK.

Mr. LEE. And he had at that point in time oversight for the London operations, and I was summarizing the condition of the London operations with him following an examination in July in London.

Following that meeting, he then asked me if I still planned to retire from the OCC, and I did confirm that with him. Mr. Roane stated that if that is so, he would like to discuss possible employment opportunities with me at Riggs. I informed Mr. Roane that I would not be able to discuss anything until I informed my Supervisory Office of that. This was in the late afternoon of August 7. The exact time I don't remember. It was somewhere around 5 o'clock.

On August 8, approximately 8 a.m., first thing, I called my ADC, John Noonan, and informed him of the conversation I had had with Bob Roane. It was my desire that since I was retiring I would like to pursue this discussion. Mr. Noonan agreed, informed me that we would have to discuss this with our ethics official, who was Jason Redwood. I immediately called Mr. Redwood following my conversation with Mr. Noonan, and Mr. Redwood and I discussed it. He then issued a letter of recusal, which says I could not have any more activity, anything to do with the bank.

I was not in the bank on April 8 because I had already had that conversation with Mr. Roane. I was with the OCC for 34 years. I was proud of all the accomplishments I had.

Senator FITZGERALD. OK. From that time on did you recuse yourself from the ongoing examination of Riggs Bank?

Mr. LEE. Yes, sir, I did.

Senator FITZGERALD. So you were no longer involved with the examination of Riggs Bank from that point in time on?

Mr. LEE. I was no longer involved with Riggs from the OCC's perspective in any capacity, sir.

Senator FITZGERALD. OK. But they continued and they did make you a job offer, which you accepted?

Mr. LEE. Subsequent to that on August 12—August 13, I received a letter, a job offer, which I accepted. That is correct.

Senator FITZGERALD. OK. So from the point at which they offered you the job, you did not take any official action with respect to that OCC examination of Riggs Bank?

Mr. LEE. Senator, I had no action, no involvement with that bank at all after that.

Senator FITZGERALD. OK.

Mr. LEE. Until, of course, I joined Riggs.

Senator FITZGERALD. Well, that clears that up. I just wonder, now the Committee staff has written in their report, "In the case of Riggs, the evidence also indicates that the OCC's examiner in charge appeared to have become more of an advocate for the bank than an arm's-length regulator. In 2001, for example, he advised more senior OCC personnel against taking a formal enforcement action against Riggs because the bank had promised to correct identified anti-money laundering deficiencies."

Is that true?

Mr. LEE. Senator, I never advised against taking any enforcement action. In fact, nobody in the OCC ever advised against taking enforcement action against the OCC. I recommended certain actions that could be taken and how we should address these. And through the collective decision of senior management, an action plan was developed.

Senator FITZGERALD. They also allege that in 2002, you ordered examiners not to include a memorandum or work papers on the Pinochet examination in the OCC's electronic database. Is that true?

Mr. LEE. Senator, I never ordered anyone not to include anything in the database. Several exams were ongoing while I was there, and I think the confusion probably—the April 2002 exam, where the Pinochet issues came up, all that was separated and made into a special review that was ongoing when I left.

Both of those targeted exams, as we are referring to them, Senator, the April exam, the exit—or the review with management occurred on July 30. I attended via telephone from London. That final document was never supplied to me. I was recused from the bank on August 8, so I never closed it out in EV. It was still in progress. The actual letter to the bank was issued to the bank I think in October, well after I left the bank and after I left the OCC and, in fact, was in the employ of the bank at that point in time.

So what happened after I left, Senator, I cannot answer that. You will have to speak to the OCC.

Senator FITZGERALD. One final question. Does anybody who has any unclean hands in your opinion from the anti-money laundering issues that have been raised by this Subcommittee—are any people who may have had anything to do with facilitating those transactions and the failure to file the required reports—are they still at the bank?

Mr. Hebert, maybe you could answer that as President and CEO.

Mr. HEBERT. To the best of my knowledge, everyone who perpetrated a fraud or was involved in any activity that was problematic for us has either been terminated or they are under review right now.

Senator FITZGERALD. OK. And you include in that the younger Mr. Albritton, you say had nothing to do with any of these violations that have been brought to light?

Mr. HEBERT. That is correct.

Senator FITZGERALD. OK. The Albritton family owns about 50 percent of the holding company. Is that correct?

Mr. HEBERT. I think it is 35 or 40 percent.

Senator FITZGERALD. OK. Do they have a super voting stock at all or is it just——

Mr. HEBERT. No.

Senator FITZGERALD [continuing]. Straight common? OK.

Mr. HEBERT. Straight.

Senator FITZGERALD. And the rest is publicly traded?

Mr. HEBERT. Yes. Everything is—it is public stock.

Senator FITZGERALD. OK. But the Albritton family is still in control, and Mr. Albritton, Sr., who may have had something to do with some of these relationships, he may no longer be an executive

officer or chairman of the board, but he is the one who owns most of that stock, isn't he?

Mr. HEBERT. He owns most of the stock.

Senator FITZGERALD. So isn't he still pretty much in the driver's seat?

Mr. HEBERT. No, sir. Senator, from the point at which I became President and CEO of Riggs Bank, I have been directing the activities, managing and dealing with the issues as they come up in the bank. Mr. Albritton is not——

Senator FITZGERALD. But he controls a huge bloc, almost 50 percent, of the stock.

Mr. HEBERT. As a shareholder, he controls 35 or 40 percent of the stock. But that does not reach into the organization on a management or a directive basis.

Senator FITZGERALD. OK. Were there other exams done by the Federal Reserve or the FDIC during this whole period in question? Maybe Mr. Lee would know, or Mr. Hebert, you would know? I am sure the FDIC has been in there.

Mr. HEBERT. The Federal Reserve examines the holding company.

Senator FITZGERALD. The holding company.

Mr. HEBERT. And the OCC examines the bank.

Senator FITZGERALD. Right. What about the FDIC?

Mr. HEBERT. The FDIC has not conducted an examination in the bank.

Senator FITZGERALD. OK. And the Federal Reserve's holding company examinations have not gotten into any of this individual account issue at the bank level.

Mr. HEBERT. The most recent exam by the Federal Reserve addressed issues that we had in Miami, which is an Edge Act corporation that is monitored and the oversight is lodged with the Federal Reserve Bank in Atlanta. And they conduct a regular examination in that organization.

Senator FITZGERALD. They look at all your subsidiaries, don't they?

Mr. HEBERT. Yes.

Senator FITZGERALD. And you have subsidiaries in the Channel Islands?

Mr. HEBERT. Excuse me. They do not look at—the Federal Reserve does not look at the Channel Islands subsidiary. The Channel Islands subsidiary is subject to the Jersey financial services regulation. The OCC—those are subsidiaries of the bank. Jersey is a subsidiary of the bank.

Senator FITZGERALD. Oh, so it is not a subsidiary of the holding company.

Mr. HEBERT. No, sir.

Senator FITZGERALD. OK. How about your brokerage?

Mr. HEBERT. Brokerage business is in the bank and we—it was in the bank. We have outsourced that now.

Senator FITZGERALD. OK. Thank you.

Senator COLEMAN. Thank you, Senator Fitzgerald.

Senator Levin, I believe you had a very line of questioning because I do want to get to the second panel and then the third panel.

Senator LEVIN. Thank you, Mr. Chairman.

Just two things. One is Exhibit 7a,[1] where, again, we have an E-mail from Lois Trojan, who has been previously identified. It has to do with the Riggs conclusion memo, which Mr. Lee said was not in fact done before he left. This memo says, to Joseph Boss, "Joe, here are the two docs"—I am not going to identify the other document because it would be inappropriate to do so. However, the one in question is the conclusion memo. "Here are the two docs. I put hardcopies of both with the work papers."

This is additional clear evidence that the conclusion memo was concluded and put with the working papers instead of into the database and it was done so, according to two sworn statements, at your direction, Mr. Lee. And that is where it stands. But that is, would you not acknowledge—whether you have ever seen this or not, I do not know, but would you not acknowledge that Exhibit 7a shows that a hardcopy of the Riggs conclusion memo was placed into the work papers? Would you agree with that?

Mr. LEE. Senator, if I may, I think, in my interpretation of this, without knowing—seeing the conclusion memo, what that says to me is Lois Trojan put her conclusion memo in the work papers. Each examiner that's looking at a specific area would do a conclusion memo. The overall conclusion memo is done by the examiner in charge of that area, Mr. Boss, and then that comes to me and then that goes into a final report to the bank. None of those latter two documents are what I'm referring to.

Senator LEVIN. An earlier version of it.

Mr. LEE. An earlier version, and it'd be, work could be—he could be getting—if there were 20 people, 20 different conclusion memos. Also, I agree it was probably put as a, as my statement is that I think Mr. Boss was more comfortable keeping the work papers, while the exam was going on, in hardcopy, and in the Office there was never any intent or any order by me to not do that, not to enter that documentation in EV. But the exam was continuing while I was in the bank. I had never gotten a final conclusion memo. And then I was recused, sir, and I cannot address the Subcommittee to tell what happened after that.

Senator LEVIN. Again, paragraph 4, Joe Boss's sworn affidavit, says "I reviewed the first draft of the memo, made a few comments, and approved the memo in July of 2002." He was the chief examiner?

Mr. LEE. He was the examiner who was examining Lois Trojan's work. I never got a final overall conclusion memo and reviewed that. It's my review that——

Senator LEVIN. I just have one question for Mr. Hebert, something which just has been troubling me, and I think the only way to address it is to ask you the question. This relates to President Obiang in Equatorial Guinea.

We got a State Department report, public report, issued in February 2001. Now, this is just before you had lunch with the President of Equatorial Guinea. And this State Department report is highly critical of the Equatorial Guinean Government. It says that "The investment and other uses of oil revenues lack transparency,

[1] See Exhibit 7a which appears in the Appendix on page 259.

despite repeated calls in previous years from international financial institutions and citizens for greater financial openness. Lack of public transparency in national finances has undermined the country's economic potential. Little evidence is apparent that the oil wealth is being devoted to the public good. The government's human rights record remained poor and continued to commit serious abuses."

Within weeks, a month or so after this report is out, you and the leadership of the bank have lunch with this man who everyone knows is a dictator. By the way, in the 2003 and 2004 *Washington Post* editions of Parade magazine, one of the world's 10 worst dictators is President Obiang.[1] He is on the front cover with the other ones, including Castro and, 2003, Saddam Hussein and North Korea's dictator and a few other choice leaders like that. They say about Obiang here that he says on his national radio, state radio, that Obiang is "in permanent contact with the Almighty" and "can decide to kill without anyone calling him to account."

This is a pretty visible guy out here now, OK? Now, you have lunch with him and you are obviously soliciting his business. Then you write a letter May 17, signed Robert Albritton, Larry Hebert, Timothy Coughlin, president of Riggs, and Kareri, the man who was here before. And you say:

"Dear Mr. President, We hope this letter finds you well and rested after your trip to Washington. We would like to thank you for the opportunity you granted us in hosting a luncheon in your honor here at Riggs Bank. We sincerely enjoyed the discussions. We formed a committee of the most senior officers at Riggs that will meet regularly to discuss our relationship. We are confident we can be of great assistance to you by providing you access to the best financial expertise both at Riggs and within the entire financial services industry. We are also confident that, together, we can reinforce your reputation for prudent leadership——"

Mr. HEBERT. Is there an exhibit that you're referring to?

Senator LEVIN. Yes. Exhibit 12.[2]

Mr. HEBERT. Exhibit 12.

Senator LEVIN [continuing]. "For prudent leadership and administration as you lead Equatorial Guinea into a successful future. Thank you for the opportunity to assist you. With gratitude."

Gratitude. How do you write that stuff to a man as abominable as this guy, and known to be abominable? How do you write—how do you, basically, live with yourself? I have to ask you that question.

Mr. HEBERT. Senator, the lunch with the president was a request on my part to meet this person. They had a significant amount of money in the bank. I wanted to see this person, I wanted to talk with him if that was possible. We wanted to put more of the executives in front of this person than had been the case in the past. We wanted to demonstrate to the Equatorial Guinean Government that the senior management of this bank was involved or was observing this account.

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[1] See Exhibit 49 which appears in the Appendix on page 493.
[2] See Exhibit 12 which appears in the Appendix on page 297.

This letter, first of all, the State Department circular, I was not aware of that when we had the lunch or before the lunch. It's prudent on any bank's part to try to meet the people. I was new to the bank. I didn't know these people. They had a lot of money in the account. They had more coming. I wanted to hear this fellow talk about his country, talk about what he was trying to do with all this wealth that was going to continue to grow at an even more rapid rate, based on the information that had been provided to me. And we asked him to come in.

This letter is a letter that is the type of letter that would be written in a diplomatic presentation. We were not passing judgment in this letter on his activities here. I wanted to hear what he was doing with the money, as far as the country—what was all the oil revenue going to. We were presented a booklet that detailed the construction projects that were underway throughout their country, including roads, power generation, and infrastructure. They were also trying to construct, as I understood it, a liquefied natural gas production facility that was supposed to be set up for the employment of his people. The country was, I think, as I recall, in 1995 or 1996, was told they had $5,000 in the bank and they had no——

Senator LEVIN. The oil revenue came in.

Mr. HEBERT. Then the oil revenue just came in——

Senator LEVIN. That is what it is all——

Mr. HEBERT [continuing]. And with that, Senator, it was important, I think, for us to hear what this man would say. The information that you cited here is out there. It was my attempt to try to know the customer.

Senator LEVIN. And after this information became ever more public, you continued to do business with him.

Mr. HEBERT. Well, we watched him closely. We took prudent steps to be very careful with this gentleman. What he did say——

Senator LEVIN. You call him a gentleman?

Mr. HEBERT. Well, I was just——

Senator LEVIN. I call him a dictator.

Mr. HEBERT. I was referring to the letter. Equatorial Guinea—the question that I wanted to focus was there was no way that this country was going to be able to assume or absorb all the wealth. And what were they going to do with this? Where were they going to put it? And what we discussed at this lunch was what was called the Fund of the Future, which he had interest in establishing, which was a direction of funds from the oil productivity into a trust fund that was going to be utilized for support of the Equatorial Guineans in the future, when the oil ran out. It was very similar to what we understood to be the case in Norway, in Kuwait, and also what was set up for the Alaskan Indians.

Senator LEVIN. Norway is totally transparent as to what they do with their oil revenues. This guy publicly is looting his own treasury for personal use——

Mr. HEBERT. At the time——

Senator LEVIN [continuing]. According to our own State Department. You make no effort to find out when all these millions of dollars are transferred out of his government's accounts into private accounts and into companies, in offshore entities that you helped

set up that cannot be tracked. Somehow or other there has to be a conscience in here. There has to be some—are you not troubled?

Mr. HEBERT. I was troubled. That's why we asked him to leave the account, leave the bank.

Senator LEVIN. That was 1994—I mean 2004.

Mr. HEBERT. And that——

Senator LEVIN. After you were pressured by terrible negative publicity, terrible OCC rulings.

Mr. HEBERT. We weren't pressured. We were getting information from whatever source we were able to obtain. And we were applying as rapidly as we could the installation of the oversight compliance and systems. Someone said earlier that a computer is not all that we needed. But we have 20 separate monitoring and detection systems installed as a result. We monitor around 99.6 percent of every dollar that flows through this bank now.

We were unable to do that at this time, so we were not able to track it down. I think we've come a long way, and we certainly worked hard to do that. We would—with the information that we have in the bank now, we would not have had to take so long to find this information and track this down. And I have to just add one thing for the record. The Patriot Act was most beneficial for us, because we were able to stretch across and confer with other banks. The Patriot Act internationally—I know there's work being done on trying to extend that to other countries. We ran into some difficulty trying to track this money once it left the United States.

Senator LEVIN. Mr. Hebert, we know about the Patriot Act. We helped draft the section relative to money laundering. It came out of hearings of this Subcommittee. We are all familiar with that.

The question is, the Patriot Act was 2001. These activities are both before and after the Patriot Act until 2004.

Mr. HEBERT. And we found these activities. We developed this information from our systems. That's what I'm saying.

Senator LEVIN. Thank you. Thank you, Mr. Chairman.

Senator COLEMAN. Thank you, Mr. Hebert. I am going to excuse this panel and thank you for your testimony, gentlemen.

Mr. HEBERT. Thank you very much for giving us the opportunity today.

Senator COLEMAN. I would now like to call the second panel to today's hearing. This panel is comprised of individuals who are either current or former employees of the Office of the Comptroller of the Currency, or OCC, of the U.S. Department of Treasury. OCC regulates and supervises our national banks to ensure a safe, sound, and competitive banking system.

I would like to take this opportunity to welcome Jennifer C. Kelly, the Deputy Comptroller for Mid-Size and Credit Card Bank Supervision at OCC; John Noonan, the former Assistant Deputy Comptroller at OCC; Daniel Stipano, the Deputy Chief Counsel at OCC; and finally, Lester Miller, the Examiner-in-Charge for Riggs Bank at OCC.

The purpose of this panel is to examine the effectiveness of the OCC's oversight of the banking system, specifically as it relates to anti-money laundering statutes, including the recently enacted Patriot Act.

I appreciate your attendance at today's important hearing and am anxious to hear your testimony.

Before we begin, pursuant to Rule 6, all witnesses before this Subcommittee are required to be sworn. At this time, I would ask you to all stand and raise your right hand.

Do you swear that the testimony you are about to give before this Subcommittee is the truth, the whole truth, and nothing but the truth, so help you, God.

Ms. KELLY. I do.

Mr. NOONAN. I do.

Mr. STIPANO. I do.

Mr. MILLER. I do.

Senator COLEMAN. We will be using a timing system for this panel. Again, before the red light comes on you will see lights change from green to yellow. At that point, please conclude your remarks. Your written testimony will be included in the record in its entirety. We ask you to limit your oral testimony to no more than 10 minutes.

Mr. Stipano, I understand that you will be presenting the OCC statement this morning. Please proceed.

JOINT TESTIMONY OF DANIEL P. STIPANO,[1] DEPUTY CHIEF COUNSEL, OFFICE OF THE COMPTROLLER OF THE CURRENCY, U.S. DEPARTMENT OF THE TREASURY, WASHINGTON, DC; JENNIFER C. KELLY, DEPUTY COMPTROLLER, MID-SIZE AND CREDIT CARD BANK SUPERVISION; JOHN NOONAN, FORMER ASSISTANT DEPUTY COMPTROLLER; AND LESTER MILLER, EXAMINER-IN-CHARGE (RIGGS BANK)

Mr. STIPANO. Chairman Coleman, Ranking Member Levin, and Senator Fitzgerald, my colleagues and I appreciate this opportunity to discuss the supervisory and enforcement actions the OCC has taken against Riggs Bank, as well as the challenges that we and the other regulatory agencies face in combatting money laundering and terrorist financing in the United States. I am joined today by Jennifer Kelly, Deputy Comptroller for Mid-size and Credit Card Bank Supervision, and Lester Miller, Examiner-in-Charge at Riggs.

Since the passage of the Bank Secrecy Act in 1970, our Nation's anti-money laundering laws have been vital weapons in the fight against drug trafficking, organized crime, and other illicit activities. Today, in the aftermath of the September 11 terrorist attacks, these laws take on special importance. As the OCC's Deputy Chief Counsel, I can tell you without any hesitation that the OCC is committed to denying terrorists and criminal elements access to our Nation's financial system and to ensuring that law enforcement agencies have the information they need to do their jobs.

Overall, the OCC's BSA compliance supervision has been effective and we have had a number of important successes in this area. Perhaps most importantly, most national banks have strong anti-money laundering programs in place, and some of our largest national banks have programs that are considered among the best in the world. Our examiners have also worked closely with law en-

[1] The prepared statement of the Office of the Comptroller of the Currency appears in the Appendix on page 86.

forcement in major money laundering cases, and we have coordinated with other regulatory agencies to maximize our impact.

The focal point of the OCC's work in the BSA area is the National Anti-Money Laundering Group, an internal task force that was formed in 1997. Among the Group's achievements is the creation of a program to identify high-risk banks for expanded-scope BSA examinations by agency experts. In addition, it has developed training programs and drafted handbooks and guidance for our examiners and for national banks. Our examiners recently provided assistance and training in anti-money laundering techniques to the Coalition Provisional Authority of Iraq, and the World Bank is using our anti-money laundering school as the basis for training bank examiners around the world.

While these are significant accomplishments, we are deeply troubled by the situation we have confronted at Riggs. As Comptroller Hawke has said, Riggs represents a failure of supervision, and we agree that this Subcommittee's interest in Riggs is entirely appropriate. Comptroller Hawke ordered a top-to-bottom review of what went wrong at Riggs and set a September 1 deadline for our Quality Management Division to report back to him. We will provide the Subcommittee with a copy of that report as soon as it is complete.

We will know a great deal more about the situation at Riggs when the review is finished. What I can tell you now, however, is that it is clear that we should have been more aggressive in our oversight of Riggs' BSA and anti-money laundering compliance program. This is not a situation where deficiencies in the bank's systems and controls were undetected. But we should have insisted on remedial steps much earlier and much more forcefully than we did, and we should have taken formal enforcement actions at a much earlier stage in the process. We also should have done more extensive probing and transaction testing of those accounts—as our own BSA examination procedures require. Finally, we did not fully appreciate the risks involved in the bank's embassy banking business and in certain other accounts handled by the bank, as well as the significance of the deficiencies in the bank's systems and controls.

The OCC discovered problems with Riggs' BSA and anti-money laundering program as early as 1997. However, the deficiencies we identified in those early years were not of the same magnitude as the violations that led to our cease and desist orders and civil money penalty in 2003 and 2004. The deficiencies we identified in the late 1990's involved problems with training, with the bank's information systems, with its internal monitoring process, and with its BSA internal audit coverage. Overall, we found that Riggs' program was either satisfactory or generally adequate, which means that it met the minimum requirements under the law for a BSA program. Because the bank's management appeared willing to correct the deficiencies, we addressed them through a series of informal supervisory actions.

After the September 11 terrorist attacks, the OCC escalated its efforts to bring Riggs' compliance program to a level commensurate with the risk profile of its business lines. As part of our supervisory response to the September 11 attacks, we conducted a series of

anti-terrorist financing reviews at large and high-risk banks, including Riggs.

During 2002, we also discovered suspicious transactions involving accounts controlled by the former Chilean dictator, Augusto Pinochet. We took quick action to ensure that the suspicious transactions did not recur in the accounts, and we promptly notified law enforcement. The bank also agreed to close the accounts. Our discovery of the Pinochet accounts was one of several events that year that prompted us to begin a more detailed review of the bank's BSA and anti-money laundering program.

The examination we began in January 2003 focused on Riggs' embassy banking business and, in particular, on the Saudi accounts. The examination lasted for approximately 5 months and involved agency experts in the BSA and anti-money laundering area. It disclosed serious BSA compliance program deficiencies that resulted in the bank's failure to identify and report suspicious transactions occurring in the Saudi Embassy accounts. The findings from the January 2003 examination formed the basis for the July 2003 cease and desist order.

Throughout this examination, we were in regular contact with the FBI investigators. We provided the FBI with voluminous amounts of documents and information on the suspicious transactions a,nd we hosted a meeting with the FBI to discuss these documents and findings. We also provided the FBI with expertise on both general banking matters and on some of the complex financial transactions that were identified.

The OCC began its next examination of the bank's BSA compliance in October 2003. The purpose of this examination was to assess compliance with the order and the USA Patriot Act and to review accounts related to the Embassy of Equatorial Guinea. The examiners found that, as with the Saudi Embassy accounts, the bank lacked sufficient policies, systems, and controls to identify suspicious transactions concerning the bank's relationship with Equatorial Guinea. The findings from this examination, as well as from previous examinations, formed the basis for the OCC's recent civil money penalty and cease and desist actions.

Our decision to impose a civil money penalty on the bank was reached in close consultation with the Financial Crimes Enforcement Network, or FinCEN, which is the administrator of the Bank Secrecy Act and which has specific authority under that statute to assess penalties for BSA violations. The $25 million penalty is the largest-ever monetary fine for BSA violations, and it is particularly large for an institution of Riggs' size. This penalty will serve as a stern warning both to Riggs and to other financial institutions that the OCC and the U.S. Government are seriously committed to BSA compliance.

While we believe that the current regulatory scheme generally works well with respect to banks, there is clearly room for improvement. We are already taking a number of steps to improve our BSA and anti-money laundering supervision. For example, together with the other Federal banking agencies, we recently developed revised examination procedures for several key sections of the USA Patriot Act, and we expect to be issuing a revised version of our BSA handbook by year end. We are making changes to our enforcement pol-

icy to emphasize areas where there is a statutory mandate to take enforcement actions under certain circumstances, such as the BSA area. We recently initiated two programs that will provide stronger and more complete analytical information to assist our examiners in identifying banks that may have high money laundering risk. And we are exploring how we can systematically capture BSA and anti-money laundering criticisms in examination reports so we can track situations where no formal follow-up action has been taken. To this end, our Committee on Bank Supervision recently sent an alert to remind OCC examination staff of the need for vigilance in this vital area.

While these are all significant steps, prevention and deterrence of money laundering and terrorist financing cannot be accomplished by any one agency standing alone. Rather, better coordination and information sharing is needed among all of the agencies involved in the fight against money laundering and terrorist financing, as well as on a cross-border basis. We live in a world where money launderers have become increasingly sophisticated and terrorist financers are particularly adept at engaging in transactions that are not detected by even the most sensitive software monitoring programs. Without greater information sharing, especially from law enforcement and the intelligence agencies to banks and to the bank regulatory agencies, along with data analysis, detecting money laundering and terrorist financing could become an inefficient, ineffective exercise. We are very optimistic, however, that the new BSA Direct and other initiatives being undertaken by FinCEN will make substantial, positive changes in information sharing and data analysis.

The OCC is committed to taking an honest look at what went wrong with our supervision of Riggs and in taking steps to ensure that nothing like this happens again. We will continue to work closely and cooperatively with law enforcement, with our colleagues at the other financial institutions regulatory agencies, and with Members of this Subcommittee to ensure that our Nation's financial institutions are not used as vehicles for money laundering, terrorist financing, or other illicit activities.

Senator COLEMAN. Thank you, Mr. Stipano. And I do want to thank you for your candor in acknowledging the Riggs situation and the way it was handled.

Also, and it is obvious to you and to all of us, but these laws in the post-September 11 world, what you are doing is critically important that you do it. The ability to terrorists to do what they want to do is, in many ways, dependent upon folks either perhaps turning a blind eye or not seeing it, and so this is a national security issue in this way. So again, I appreciate your candor and this kind of acknowledgement on the part of all of us why even going back and figuring out what happened is critically important.

A timing question. When did OCC first become aware that Riggs was involved in handling an account involving the leadership in Equatorial Guinea?

Mr. MILLER. When did we become aware of Equatorial Guinea?

Senator COLEMAN. Yes.

Mr. MILLER. There was a news article in the *L.A. Times,* I believe, and we got word of that.

Senator COLEMAN. What is the date of that?

Mr. MILLER. Approximately January 2003, January 22, I believe.

Senator COLEMAN. And how long did it take you to react to that news article?

Mr. MILLER. David Hunter and I met with Bob Roane to get the bank's side of the story immediately. After that, Dan Stipano said that we needed to look into these accounts, so we put a request letter together and informed our senior staff that we intended to look at the accounts during our review of the Saudi Arabia accounts, which was going on at the time. Because the Saudi review was very extensive, we never had the time to do the Equatorial Guinea review. So we tabled it and told Riggs that we had concerns with the Equatorial Guinea accounts and that they needed to fix them. We also told them that we were going to come back in October to do a full review of those accounts.

Senator COLEMAN. And what is the date of this conversation?

Mr. MILLER. That I don't remember.

Senator COLEMAN. Riggs closed the account, though, in February 2004, about a year after this *L.A. Times* article that you said brought the matter to your attention?

Mr. MILLER. Yes, Mr. Chairman.

Senator COLEMAN. And the Saudi exam was, what, March 2003?

Mr. MILLER. The Saudi exam started on January 6, 2003. After 3 weeks we had found serious issues with the accounts. Of course we knew about the news report alleging terrorist financing activity through the Saudi accounts and we wanted to check that out thoroughly. But we were running out of time and we had to request additional information from the bank. So we left the bank for approximately 1 month so we could restaff and the bank could get the information that we needed to continued our review. We restaffed and came back in March and continued the review.

Senator COLEMAN. Was the bank told, I think it must have been around the time of the Saudi exam, that the results of the exam could lead to a consent order? And do you recall the reaction of the board?

Mr. MILLER. On March 17, we met with Riggs' staff and informed them of all of our concerns with the Saudi accounts. It was kind of a Saudi mini-exit meeting, so to speak. And my supervisor, John Noonan, indicated the severity of the issues, and that we would possibly cite a violation of the Bank Secrecy Act, specifically 12 CFR 21.21, which would require a formal enforcement action.

Senator COLEMAN. I want to get back to the board. I think my colleague, Senator Fitzgerald, raised the issue of the "Allbrighten"—is that how your pronounce that?

Mr. MILLER. Albritton.

Senator COLEMAN. Albritton. Was the wife of Joseph Albritton involved in any board activities?

Mr. MILLER. She is on the board of directors of the bank.

Senator COLEMAN. Do you recall any conversations about the—you had to prepare for the annual board meeting on October 15, 2002?

Mr. MILLER. Yes, Mr. Chairman.

Senator COLEMAN. And surrounding this meeting, did you find that the board management was taking BSA compliance seriously?

Mr. MILLER. It appears so. When I came into the bank, I had to finish the anti-terrorist financing target review and issue a memo to the bank. In that memo, I outlined the steps the bank needed to take to shore up BSA deficiencies. I knew Riggs had very high BSA risk because Mr. Noonan briefed me on that. So I wanted to make sure that the board knew that the BSA issues we raised were serious, that bank management had promised to take corrective action by December 31, 2002, and that we would start an exam in January 2003 to see if the deficiencies had been fixed.

Senator COLEMAN. Do you recall any comment by Mrs. Albritton about the Pinochet account?

Mr. MILLER. I recall she said something to the effect of why did the Pinochet account have to be closed.

Senator COLEMAN. She didn't seem to understand the significance of BSA?

Mr. MILLER. It was not apparent to me.

Senator COLEMAN. Mr. Noonan, in the Spring of 2003, OCC conducted a target BSA. This is the Saudi Arabia exam?

Mr. NOONAN. Yes.

Senator COLEMAN. And during that exam—it is Exhibit 21, so we are going to 2003—you write an E-mail——

[Pause.]

Mr. NOONAN. I am sorry, Senator, you said Exhibit 23?

Senator COLEMAN. Yes, I am looking at Exhibit 23, an E-mail from you to Lester Miller dated March—it is at the bottom of the exhibit. You say, "Clearly Riggs . . ."—I am sorry. I apologize. Exhibit 21.[1]

"Clearly Riggs' management has failed to properly respond to previously identified BSA related issues. And OCC (me) failed to take sufficient steps to ensure that the bank's response was complete, and implemented."

In hindsight, what should the OCC have done different?

Mr. NOONAN. I agree with Mr. Stipano's statement and with the comptroller's previous statements that I should have acted as the Supervisory Office responsible for the supervision of Riggs Bank much earlier. In my recent re-review of the record, I would judge that I should have moved to take more vigorous action, at least in 2001.

Senator COLEMAN. I understand, Mr. Noonan, that during the Pinochet exam in the Summer of 2002, that Riggs Bank questioned the right of your examiners to possess or get information relating to the Pinochet accounts. Is that correct?

Mr. NOONAN. I'm a little confused, and I think there's been some confusion about what was going on when and associated with which activity. If I may give you a little bit of an expanded horizon there. The April 2002 examination, BSA examination, was targeted, among other things, on international private banking. And during that examination, transactions, unusual transactions with respect to Mr. Pinochet were identified by the examiners. We didn't have sufficient information to draw final conclusions on the Pinochet matter, so the examiner in charge of that examination, Mr. Boss, suggested we come back with a more focused review on

[1] See Exhibit 21 which appears in the Appendix on page 336.

Mr. Pinochet's—and that's what happened in June and July, I guess. The reason he needed to come back and do that, it was because he was also scheduled to conduct this anti-terrorist finance examination target at Riggs that Mr. Stipano mentioned earlier.

So there was a series of three exams, if you will. There was the normal Bank Secrecy Act exam targeted on international banking, which was largely conducted in April 2002, followed by the anti-terrorist finance review that was done in lots of banks across the country, followed immediately by a follow-up on the Pinochet matter. So I am not sure that gives you the time horizon of what happened. But what specifically happened in relation to which activity, I don't have——

Senator COLEMAN. Did you have to talk to the bank to get—did the bank hesitate or provide resistance to giving you Pinochet documents?

Mr. NOONAN. I don't recall that it was Pinochet documents, but I do recall—it may have been. I don't recall specifically what account. They did resist. The International Department specifically resisted providing us information. They didn't seem to understand our right to the information. And once we explained it to them and we got counsel talking to counsel, the matter was resolved.

Senator COLEMAN. Let me just focus a little bit on the civil penalty, which—in the end, very significant, but it took awhile to get there. A little bit about—and Ms. Kelly, just kind of looking through my notes, am I correct that for a while you felt that the bank was taking all steps to correct these deficiencies? Did you oppose the CMP when it was first raised?

Ms. KELLY. We were still having discussions about whether a CMP was necessary or not. We were in the early deliberative phase, and I was of the opinion that a civil money penalty was not necessary at that point in the process because of the level of action the bank was taking in response to the discussions we had with them in late March.

Senator COLEMAN. I recall in the earlier panel there was a discussion, I think it was an internal audit that Riggs did, that by 2004, they indicated, about 85 percent of the accounts were still problematic. Can you help me understand that? With all the actions, if they were taking the kind of actions that they were taking, how were they still in that state at that time?

Ms. KELLY. As Deputy Comptroller, I was representing the supervisory office. Our primary objective is to identify the problems and tell the bank what needs to be fixed. At that point in time, we had laid out for them what the problems were. They moved very quickly in response to that. You heard on the earlier panel about all the experts they hired and all the things they were doing. But all along our communications with the bank were that while you seem to be taking the right steps, we are going to be watching you closely to see whether these steps are, in fact, effective in achieving the results we're looking for. So, at any time we always have the possibility of opening a civil money penalty case if those steps aren't effective.

Senator COLEMAN. But even in light of the steps that are being taken, if you just kind of go back to the history—and Senator Levin has done a good job of laying that out in the Pinochet account,

changing names, apparently, as an effort to conceal, to hide from you at one point in time. The mere, kind of on a prima facie basis, the Equatorial Guinea accounts on the face of it—on the amounts of dollars involved, I would think, lack of compliance with kind of basic standards of legitimate-source money—just on the face of it, and dealing with, what, $750 million in assets from Equatorial Guinea.

Ms. KELLY. If I could just clarify, the Equatorial Guinea information was developed in late 2003 and early 2004. The information we were dealing with at the time we had the initial discussions of the civil money penalty was based on the Saudi Arabian exam.

Senator COLEMAN. When was the Equatorial Guinea, when was the knowledge of that account first coming to OCC? Was that January 2003?

Ms. KELLY. Yes, questions were being raised about those accounts, but we hadn't done our investigative——

Senator COLEMAN. And I do not know who to ask the question to. But the trouble is that you do not—again, this is not rocket science. You have a brutal dictator. You have a bad guy. And he has a ton of money in a bank in Washington, DC. And we know he is a bad guy and we know he has the money. What does it take for someone right away to say, we have a problem here, folks, and we expect you to correct it very quickly, and if you are not correcting it, we are going to do something very serious—or simply do it.

Mr. STIPANO. Mr. Chairman, I think that's correct. What I would add, though, is that we don't advise banks what clients to take and what clients not to take. What we expect is that if a bank takes on a client, that they discharge their responsibilities under the law. They need to have a thorough application of a Know-Your-Customer program, and they need to identify and report suspicious transactions. That would have been the goal of our supervision, and that was what they were not doing with respect to Equatorial Guinea.

Senator COLEMAN. Senator Levin.

Senator LEVIN. Thank you, Mr. Chairman.

I want to go back to Exhibit 21 again.[1] First of all, let me add my thanks, Mr. Stipano, to you for your testimony, which is forthcoming, acknowledging mistakes and failures and shortcomings on the part of the OCC. I think it is very important that we start with that and acknowledge that. We want to try to find out why so that it will help reassure us—more importantly, the public—that this is going to be corrected. But nonetheless, your statements are helpful with the open acknowledgements.

But Exhibit 21 is a series of E-mails between one of the examiners—and the Chairman made reference to this, a series of anti-money laundering exams—between those examiners and senior officials at the OCC. Now, the first E-mail was in March 2003. It presents a case for a more comprehensive evaluation of the operation and accounts of the bank. These are some of the evaluations of this bank:

[1] See Exhibit 21 which appears in the Appendix on page 336.

Failure to disclose accounts to the OCC when requested to do so in at least two audit exams;

Resistance by bank management to OCC efforts to obtain information on accounts, in one case denying the existence of and in another case failing to provide documents about the facilitation of highly suspicious cash transactions involving tens of millions of dollars;

Issuing monetary instruments, such as cashiers checks, through suspense accounts, which served to hide the actual source of funds;

Failure to fulfill commitments that Riggs made to correct previously identified anti-money laundering problems—and that seems to me to be a very important part of the history here, is how many previous warnings they had received from the OCC which had been ignored.

Now, Ms. Kelly, you said that they were promising or committing to do some things now in 2003, when you disagreed that there should be a civil monetary penalty.

Ms. KELLY. We have a Washington Supervisory Review Committee that's made up of representatives from across the Office. A case like this goes before that committee, and all points of view are put on the table and discussed. We have a very vigorous deliberative process. Going into that discussion, the supervisory office recommendation, which I supported, was that we didn't feel a penalty was necessary. We wanted to pursue the cease and desist order, and we'd wait and see on the civil money penalty, depending on the success of their corrective efforts.

Senator LEVIN. But there had been a long history here, had there not, of their violations?

Ms. KELLY. I understand that.

Senator LEVIN. Starting in 1998, we have OCC exams saying that the customer, Riggs, files were deficient, particularly in areas of customer identification and source of wealth. That is a 1998 OCC report. We have an interim target memorandum under the Bank Secrecy Act in October 2000, that the documentation of the internal audit is inadequate; the customer profile information form, as required by bank policy, is poor; it is a repeat finding from prior examinations, as noted. Then you have a June 2002 exam saying information is sparse, KYC information on existing account relationships is not being updated. October, again of 2002, the anti-money laundering risk there is considered significant; we changed the bank's overall quantity and aggregate compliance risk to high.

I mean, there is a long history here. And yet when you get a recommendation that comes in from your own examiner basically saying to you, "If not now, when?"—those are her words. What does it take?

And then you have some kind of a matrix. Apparently you made reference to a matrix in your decision not to proceed with a civil monetary penalty. You said a referral is not necessary, according to a point score of 37 and the CMP matrix.

Ms. KELLY. I'm sorry, what exhibit are we referring to now?

Senator LEVIN. Well, it is an exhibit which—for the record, and there is some kind of confidentiality issue involved that you folks

want us to maintain. So I am not going to be able to do any more than refer you to that document.

Mr. STIPANO. Senator, could I attempt to shed some light on the matrix?

Senator LEVIN. How does a matrix come up with, Hey, don't do anything, when you have a 5-year history and you have all of this that we have discussed?

Mr. STIPANO. Let me explain a little bit what the matrix is and what it is not, because I helped to create it. This is a shorthand tool for field examiners who are not normally privy to discussions among senior management in Washington as to the types of factors that we think are important in assessing a civil money penalty and the relative weights that those factors deserve.

The matrix was not designed to address compliance violations, and it was definitely not designed to address BSA violations. It was really designed to address what I would regard as more run-of-the-mill banking violations that are often cited during exams, like lending-limit violations or violations of Regulation O dealing with insider abuse. Unfortunately our civil money penalty policy is not clear on that, and examiners will typically complete the matrix anyway.

In my opinion, the value of that matrix in terms of its weight in this decision-making process is basically zero. I think the top-level score is $100,000. This was not the kind of case where that matrix really mattered.

Senator LEVIN. I am just quoting from Ms. Kelly's statement. Excuse me. Was it Mr. Miller? I am sorry, this was Mr. Miller's document, not Ms. Kelly's. Mr. Miller—and I made reference to you, and it was Mr. Miller's statement in the exhibit that I was reading, that a CMP referral was not necessary according to a point score of 37. So that is where you are saying he should not have referred to that.

Mr. Miller, do you want to defend yourself?

Mr. MILLER. Yes, Senator. I thought we took a serious enforcement action by issuing a cease and desist order on the bank, which puts the bank on notice that if they violate it, they can get fined for that, too. So my thought was that we would ratchet it up and fine them if they did not comply with the cease and desist order. Riggs went from no formal enforcement action and no violations to my crew citing violations and the OCC placing them under a cease and desist order. If they did not comply, then my intent was to fine them.

Senator LEVIN. The law, which has been on the books for some time, says that if the OCC determines that a bank has failed to establish and maintain anti-money laundering procedures and has failed to correct any problem with the procedures which was previously reported to the bank by the OCC, the agency shall issue a cease and desist order. It is not discretionary. It says "shall." Is that correct?

Ms. KELLY. Yes.

Senator LEVIN. And yet, year after year, despite the fact, it seems to me, that these deficiencies were reported to the bank, the cease and desist order was not issued.

Ms. KELLY. Because a violation of the Bank Secrecy Act wasn't cited. Deficiencies were reported, but a violation wasn't cited.

Mr. STIPANO. Senator, I would be of the view that there were repeat criticisms, often in the same area, and I believe that 12 USC 1818(s), which is the statute that you're referencing, says what it means and means what it says. And "Shall" is "shall," and there is no discretion. Had it been applied properly, we would have issued a cease and desist order much earlier than we did.

Senator LEVIN. I see. OK, that is fine. Ms. Kelly, do you agree with that?

Ms. KELLY. Yes, I do.

Senator LEVIN. You just testified as to why a civil fine was not imposed earlier on Riggs. We heard from Mr. Noonan that he would have done it differently if he—looking back, he should have done it differently. Do you agree with that?

Ms. KELLY. That he should have done it differently, or that I should have——

Senator LEVIN. That a civil——

Ms. KELLY. Civil money penalty?

Senator LEVIN. That a CMP should have been imposed earlier?

Ms. KELLY. I'd just like to explain the situation a little bit more. I came into my position in January 2003, just as the Saudi exam was beginning. So I was getting familiar with Riggs. We gave them the information about our findings, and they reacted very promptly. As I explained, my initial recommendation was that I didn't feel a penalty was necessary on top of the enforcement action we were taking. However, after we went to the Washington SRC meeting and had a full discussion of this, the consensus view was that we should proceed with a referral to FinCEN and work with them on a penalty, and I fully supported that, as did the exam team.

Senator LEVIN. Were you here for the testimony earlier this morning?

Ms. KELLY. Yes.

Senator LEVIN. You heard my introduction to the record of affidavits from examiners at the OCC indicating they were instructed by the examiner-in-charge not to put the record of the exam of Pinochet into your system. If that examination and its findings were part of the record, the database, it would have led, probably, to quicker action on the part of the OCC, but that did not happen because they were virtually lost. The bank was never even given a copy of that report, as I understand it.

My question to you would be whether or not you are going to look into that conflict, which was very clear here this morning.

Ms. KELLY. We have a complete review going on right now by an independent group within the OCC.

Senator LEVIN. Including that issue as to whether or not there was a direction by Mr. Lee to the examiners not to put those documents into the database? Is that part of your investigation?

Ms. KELLY. My understanding is they're looking at every aspect of this.

Senator LEVIN. Including that?

Ms. KELLY. I will make sure they're looking at that.

Senator LEVIN. I think my time is up. Thank you, Mr. Chairman.

Ms. KELLY. I'm sorry, did I answer the question? Was there more of the question, or——

Senator LEVIN. There may have been more, but my time is up.

Ms. KELLY. OK. Sorry.

Senator LEVIN. We will get back to it, thank you.

Ms. KELLY. OK.

Senator COLEMAN. Senator Fitzgerald.

Senator FITZGERALD. Thank you. Thank you all for being here.

I want to ask you a little bit about your ethics policies. I have been troubled that, while he seemed like a very nice man and seemed to have followed all of your ethics regulations as I understand them, that Ashley Lee was the examiner in charge of Riggs from roughly 1998 through 2002, and then he went to work for Riggs Bank following the exit exam from the June 2002 examination of Riggs? And as I understand it, that is permissible under the OCC's internal regulations. In fact, you seem to contemplate—in Exhibit 28,[1] there is an ethics bulletin board, and on page 2 of that they talk about what happens when an OCC examiner who is in charge of the loan review at a bank then goes to work for the bank as a loan officer or as a senior loan officer at the bank.

Mr. Lee may not have been compromised in all the time that he was examining Riggs Bank and he may have followed every regulation, but it sure does not look very good. It seems like, if he was not over the line, he was tip-toeing right up to the line. And my question for Mr. Stipano is, should we not tighten those ethics regulations? And a person like Mr. Lee, with his experience, I am sure could find gainful employment from somebody other than a bank that he was examining. Mr. Stipano.

Mr. STIPANO. Senator, this is an issue that troubles me and troubles the Comptroller and others at the very highest levels of the OCC. I know it is the Comptroller's long-held view that an examiner ought not to be able to leave the bank one day as the examiner of the bank and then begin the next day as an employee of the same bank. The problem is that there is no legal bar to doing that presently. There is a Federal criminal statute—it is 18 USC 207—which prohibits an examiner——

Senator FITZGERALD. It prohibits bribery.

Mr. STIPANO. It would prohibit an examiner from appearing before the agency on a matter that was under their supervision while they were with the agency. It's a 2-year ban. And we do have a policy that you have referenced, and the policy, actually, goes further than the statute, but it's just a policy. The policy in essence requires someone who leaves the agency to not appear before the agency unless they've gotten clearance from their appropriate ethics official. I do believe this is an area that is worthy of more attention. It is getting attention at the highest levels of the agency. But there are some legal obstacles to accomplishing what you suggested.

Senator FITZGERALD. You might need a change in statute——

Mr. STIPANO. Yes.

Senator FITZGERALD [continuing]. That we could accomplish for you. We have been wrestling with this issue on a number of fronts.

[1] See Exhibit 28 which appears in the Appendix on page 373.

At the Defense Department there has been a recent issue where a woman in the Pentagon was negotiating with Boeing Corporation, their $20 billion-plus lease of jets, and all of a sudden she goes to work for Boeing. And apparently, because she went to work for a different division of Boeing than the one she was ready to give the $20 billion-plus lease to, it was OK, although Boeing removed her after their internal investigation found that.

However, in the case of Riggs Bank, you still have your former examiner-in-charge there as an executive vice president, you have Mr. Hebert still in the bank, and he was sent several of these memos on—that show up in our exhibits statue about the accounts involving the various potential violations here.

Now, the fact of the matter is the OCC did not really get tough on Riggs Bank until a new examiner-in-charge came in, and that was Mr. Miller. Is that not correct? That is when you started—the cease and desist was put in place under you?

Mr. MILLER. Yes, Senator.

Senator FITZGERALD. And you started to discover troubles almost immediately in 2003. Is that not correct?

Mr. MILLER. Yes, the Saudi examination discovered serious Bank Secrecy Act issues.

Senator FITZGERALD. And that led you to go into all embassy relationships, is that correct?

Mr. MILLER. No, we did an overview of embassy banking, but it is very time and labor intensive to do transactional testing like we did on the Saudi accounts. We started that review in January, and by the end of January, we knew we had to regroup because of the serious problems we were uncovering. Some of these problems were potentially related to national security, and we certainly wanted to examine them fully. Therefore, we sent new request letters to the bank for more information, restaffed and resumed the exam in March. So, in other words, we could only handle that one relationship in detail at that time.

Senator FITZGERALD. Have you done any criminal referrals as a result of your OCC examinations?

Mr. STIPANO. Senator, there are legal restrictions on what we can say about that. What I can tell you is that law enforcement was promptly notified, and we worked very closely with law enforcement on this matter.

Senator FITZGERALD. OK, there is an official form for a criminal referral, is there not?

Mr. STIPANO. Yes, there is.

Senator FITZGERALD. Right. Other than their potential violations of the BSA and the anti-money laundering laws, they have not had other problems in their loan department, at least not severe ones? What is the CAMEL rating of the bank?

Mr. STIPANO. Senator, again, we're under a legal restriction not to disclose that.

Senator FITZGERALD. The CAMEL rating, would that not be publicly available?

Mr. STIPANO. No.

Senator FITZGERALD. OK.

Mr. STIPANO. It would be non-public OCC information.

Senator FITZGERALD. OK. Their examinations would be—their call reports would be available?

Mr. STIPANO. Call reports, yes, sir.

Senator FITZGERALD. OK. That is about it. So I cannot even ask you the CAMEL ratings of the banks.

Mr. STIPANO. It impressed me, though, I must tell you, that you knew about that. [Laughter.]

Senator FITZGERALD. Well, I want to thank you for being here. I would encourage you to think about your ethics guidelines. I am troubled by the appearance here of an examiner-in-charge being hired by the bank and then still being there. And the whole picture troubles me, and I think, at least going forward, the message at Riggs Bank should not be to tolerate anything that is right on the line or near the line. If they are anywhere close to the line, it should be ruled out of bounds, at least—certainly under the circumstances they are in now.

And I thank the Chairman for doing this hearing and compliment the staff on the wonderful job they have done.

Senator COLEMAN. Thank you, Senator Fitzgerald.

Just a short follow-up. I know that Senator Levin has a couple of lines of inquiry. I just want to touch on a couple of things.

Mr. Stipano, I understand that the OCC's Bank Secrecy Act handbook does not contain supplemental material relating to the Patriot Act, although supplemental OCC bulletins have been provided to examiners. Do you feel examiners are up to speed and consistent in their communications to banks over the various requirements under the Patriot Act?

Mr. STIPANO. Let me first talk about the procedures, because we're getting there. We have interagency examination procedures that were last issued in 1997. They're in need of updating. We hope to have that done on an interagency basis by the end of the year. And those procedures will be contained in our new handbook when they come out.

With specific reference to the Patriot Act, we have completed exam procedures which we are presently using, even though they're not in the handbook, for several key sections. Those are Sections 313, 314, and 319(b). We also have draft procedures, which we haven't finalized yet, for Sections 326 and 312. With Section 312, we're awaiting the Treasury Department's issuance of the final regulation, and when that comes out we will do whatever we need to do to finalize our procedures. But we're using them even though they're not in the handbook.

As far as educating bankers, we've done an awful lot. I personally have done an awful lot. In 2002, I participated in a nationwide phone conference that had, I believe, about 5,000 listeners—bankers, compliance officers. The purpose of the phone conference was to educate them on the requirements of the Patriot Act. We participate in many conferences, interagency gatherings, and industry forums. This is a real priority for us. It's sometimes an uphill fight because there's an awful lot for the institutions to have to absorb. But this is something that we do, and I think it's an area, frankly, where we've done well.

Senator COLEMAN. But you indicate, though, that you are, then, still drafting, what is it, Sections 312 and 326?

Mr. STIPANO. Do you mean the exam procedures or the reg?

Senator COLEMAN. The exam procedures.

Mr. STIPANO. The exam procedures for Sections 326 and 312 are drafted, and we are using them. We have not finalized them because we want to do it on an interagency basis.

Senator COLEMAN. Are these the Know-Your-Customer?

Mr. STIPANO. Section 326 is the Customer Identification Rule; Section 312 is the regulation that requires due diligence procedures for foreign correspondent and foreign private bank accounts. But we can't finalize those exam procedures until there's a final rule, and we don't have control over that.

Senator COLEMAN. The Patriot Act changed the landscape, clearly. I was kind of going back over the history: 1999, 140 votes in the House of Representatives to abolish suspicious activity reporting; I believe earlier, when the regs OCC proposed Know-Your-Customer regulations, about 350,000 comment letters filed against the proposal; Senator Levin may have filed the only one in support of the proposal. But we have come a long way. And I do not know if we have time to explore it here, but I would be interested if the Patriot Act needs to be enhanced, if there are things that we should be looking at now based on the experience that you have had. If any come to mind, I would appreciate knowing them.

Mr. STIPANO. There's nothing I can think of off the top of my head, but I believe that the Treasury Department has initiated a process, since we are several years out now, to review where we are with the Patriot Act—what's working, what's not working, what can be improved. And I think that we should encourage those kinds of efforts.

Senator COLEMAN. I would appreciate that.

Last question. It is clear, and we have been through this again and again, a long history of concerns, kind of back and forth, working with the bank, questions about whether they responded aggressively and enough over the course of time, ultimately a very significant civil money penalty. I am one who, I have been around in the government long enough to know when there is a problem, sometimes we overreact. Sometimes we then regulate in a way that gets unintended consequences.

But we have a problem. Clearly, there was a problem here. Talk to me a little—I mean, are tough actions the only way that the OCC can get banks to comply? What is your common practice here, aside from Riggs?

Mr. STIPANO. No. Let me talk a little bit about enforcement and supervision. We went back in preparation for these hearings and did a tally of how many formal enforcement actions we've taken since 1998, to pick a date. The number was 78. These are cease and desist orders or formal agreements or civil money penalties. And that's a fairly large number. We have, in many cases, forced banks, often against their will, to improve their BSA compliance programs, and we've achieved a lot of success that way. There have been some cases, quite honestly, where banks have chosen to leave the national banking system because we insisted on them accepting an enforcement document if they were going to continue to be a national bank.

But I don't think that is the most effective way to get corrective action, and that's not the way we normally do it. Normally what happens is that during the course of an examination if problems are discovered, they're brought to management's attention; a commitment to fix them is obtained; and then the examiner closely monitors what the bank does to make sure they follow through on the commitment. That's the process that started with Riggs.

What happened, though, was that we found the problems, we got the commitments, but the bank either was unable or unwilling to follow through on those commitments, and we gave them more opportunities. In general, it's not efficient to chase after banks with cease and desist orders every time you find a problem. With most banks that are cooperative and capable, you can obtain a lot more in terms of corrective action just informally through the exam process. But once you reach a point where it becomes clear that management is not capable or is not cooperative, then you have to use enforcement.

Senator COLEMAN. But there are, what, 1,700 national banks, 78 formal actions. You said that is a large number in reference to what?

Mr. STIPANO. There are about 2,100 national banks and about 1,700 examiners. The 78 formal actions are based only on BSA in whole or in part. We've taken hundreds of other actions, including actions against individuals. Banks are ultimately run by individuals, and sometimes, the best way to change people's behavior is not to assess the bank but to go after the individuals personally. And we do a good bit of that.

Senator COLEMAN. And Mr. Stipano, I am one who—I do not want to handcuff your discretion to do what you think is the right thing to do to get compliance. I would just—it is not a question, just a comment—reiterate what I said at the very beginning, that these issues now are national security issues, that we deal in a world of grave concern about terrorist financing and the ability of people to use these institutions for destructive means. And so that clearly, with the Riggs situation, we are sitting up here saying we did not act—you did not act fast enough, did not act quick enough, did not do what needed to be done. We want to make sure that does not happen again. And making sure—again, I want to reiterate, I do not want to handcuff discretion, but we need some reassurance up here, the folks who are listening or watching, because that is—I am just going to lay it out there, have them kind of walk through this—it cannot happen again.

Mr. STIPANO. Mr. Chairman, I couldn't agree with you more. September 11 changed my world and changed our world in the regulatory agencies, just like it changed the world of every American. There is no issue that is more serious than this. There is no issue to which we're more committed. What happened at Riggs is unacceptable; it cannot be repeated.

Senator COLEMAN. Thank you. Senator Levin.

Senator LEVIN. Thank you, Mr. Chairman.

Mr. Stipano, Exhibit 27 is the OCC's guide for current employees and it is pretty straightforward.[1] On page 2 of the guidance, enti-

[1] See Exhibit 27 which appears in the Appendix on page 370.

tled Contacts With Former OCC Employees, it says that "when an OCC examiner goes to work for a bank where he or she served as an EIC"—the examiner-in-charge—"within the year preceding his or her departure from the OCC, the current EIC at the bank shall advise the former EIC that he or she will not be permitted to attend meetings with the OCC or otherwise communicate with or appear before the OCC for a period of 2 years following his or her departure, unless approval is granted in writing by the appropriate OCC ethics official prior to the meeting, communication, or appearance."

Now, that is a pretty clear restriction. Mr. Lee acknowledged or said it applied to him. I am not so sure how we enforce it against him after he leaves, but—we may have to change the law to do that.[1] What we do not have to do is change your regulation to apply to your current employees.

Mr. STIPANO. Senator, just to correct the record, it's not a regulation. It's just a policy.

Senator LEVIN. Policy. Well, maybe it should be a regulation. In any event, we ought to strengthen it.

Mr. Miller, you were in a situation where you were at a meeting, or meetings, I believe, with Mr. Lee—is that correct—after he left OCC?

Mr. MILLER. Yes, Senator.

Senator LEVIN. And he should not have been at those meetings under your policy. Is that correct?

Mr. MILLER. Yes. You're right.

Senator LEVIN. And you should not have attended the meetings where he was at, under your policy.

Mr. MILLER. Yes.

Mr. STIPANO. Senator, I'm not sure that's the proper interpretation of the policy.

Senator LEVIN. OK.

Mr. STIPANO. As we read it, the policy puts obligations on the examiner-in-charge who succeeds to the position after the previous one leaves. But it appears to put obligations on that examiner only at the time when the previous examiner leaves. And as far as we can tell, Mr. Miller complied with that.

Mr. Lee got clearance from his ethics officer to be involved in certain types of activities, I think it was loan review. And Mr. Miller was very diligent in communicating what was in bounds and what was out of bounds to the whole examination crew. What happened is that down the road Mr. Lee got a new job. He became head of risk management. And he apparently did not get any additional clearance. We don't read this policy as putting any obligations on Mr. Miller. If the examiner leaves and then somewhere down the line gets a new job, I don't think that it's really his obligation to keep track of what the former examiner does.

Senator LEVIN. But if the issues that are discussed at the hearing or the meeting or in the communication are issues which that examiner previously had connection with, then it seems to me you should cut off contact with that former employee, should you not?

[1] See Exhibit 57 which appears in the Appendix on page 903.

Mr. STIPANO. I think that's a prudent thing to do, but the legal obligation really runs to the former employee, not the current employee.

Senator LEVIN. Well, except the former employee can thumb his nose at it.

Mr. STIPANO. If he does that, then he's running the risk of violating the law.

Senator LEVIN. Violating a policy.

Mr. STIPANO. Oh, no. Because if he's——

Senator LEVIN. If he raises certain issues.

Mr. STIPANO. Yes.

Senator LEVIN. It is a very narrow law. The mere presence at a meeting, unless you can prove very specific, narrow subjects coming up, the mere presence at a meeting is not enough under that law.

Mr. STIPANO. I'm not sure that's true. I'm not the best expert on legal ethics, but I think there's actually an Office of Government Ethics opinion that says that the mere presence could be enough.

Senator LEVIN. All right, then it seems to me that the mere presence of your employee at such a meeting should be stopped.

Mr. STIPANO. I think that——

Senator LEVIN. Once he knows. Well, Mr. Miller, let me ask you. Should you have continued to attend that meeting, or at least have notified Mr. Lee that he should not be raising and discussing subjects that he previously had connections with? Do you feel that you should have done that?

Mr. MILLER. May I outline the process I put in place to try to ensure compliance?

Senator LEVIN. Well, yes, but before you do that, can you answer my question?

Mr. MILLER. I'm sorry, can you repeat it?

Senator LEVIN. Should you have notified Mr. Lee at the meetings he was at that he should not be present raising and discussing subjects which were raised at that meeting?

Mr. MILLER. In hindsight, yes, sir.

Senator LEVIN. Just in terms of time, I do not want to cut you off, but the hour is late. And are policies in place now which would make sure that happens? Is that the bottom——

Mr. MILLER. The actual policy is being revisited at the highest levels of the OCC.

Senator LEVIN. All right. I will leave it at that. Mr. Miller acknowledges that he should not have continued to be at that meeting, he should have notified Mr. Lee he cannot discuss those issues at that meeting. That is good enough for me, timewise, at the moment. And I appreciate your answer. You could give us those policies, when they are revised, to the Subcommittee. I think we would all appreciate that.

In June 2003—June 21, Mr. Noonan, there was a meeting of OCC's top enforcers at the Washington Supervisory Review Committee to consider enforcement action against various banks, and one of those was Riggs. Is that correct?

Mr. NOONAN. June 21, 2003?

Senator LEVIN. One.

Mr. NOONAN. Two thousand and one. That would not have been the Washington Supervisory Review Committee.

Senator LEVIN. District Supervision Review Committee, is that——

Mr. NOONAN. Right.

Senator LEVIN. It is broader than Washington?

Mr. NOONAN. No, it's Northeastern District.

Senator LEVIN. OK, narrower?

Mr. NOONAN. Yes.

Senator LEVIN. OK. Now, Mr. Lee was at that meeting, is that correct?

Mr. NOONAN. He participated by telephone, as I did.

Senator LEVIN. All right. And did he—according to these notes of that meeting, he "concluded that the deficiencies"—the Riggs deficiencies—"did not rise to the level of a violation of 12 CFR 2121." Is that correct?

Mr. NOONAN. That's my recollection, yes, Senator.

Senator LEVIN. Those are the notes of the meeting that say that?

Mr. NOONAN. I believe so, yes, sir.

Senator LEVIN. It seemed to me quite clearly he stated under oath today he did not recommend against enforcement action. But your recollection is that he did recommend——

Mr. NOONAN. My recollection is that he recommended that we did not need to do anything further except monitor them aggressively.

Senator LEVIN. That is the same thing as recommending against enforcement action?

Mr. NOONAN. In a—yes, I guess so.

Senator LEVIN. Common sense?

Mr. NOONAN. It's not a double negative, so, yes. Common sense, yes.

Senator LEVIN. My last question, there is just a clear conflict there which I assume will be part of your investigation as well?

Mr. STIPANO. Yes.

Senator LEVIN. You are shaking your head yes, for the reporter?

The Patriot Act was enacted 3 years ago. One key anti-money laundering provision was the legal requirement that banks use due diligence when opening private banking accounts for foreign clients, especially senior foreign political figures, and those who are opening correspondent accounts for foreign financial institutions. Treasury issued proposed regs in May 2002. They attracted, as our Chairman mentioned, a lot of public comment. And then it issued an interim final rule in July 2002—2 years ago. Basically, the interim rule said a final rule would be issued in 2002, October. It has not been. OCC is part of Treasury. You are part of Treasury, I believe.

Mr. STIPANO. We are a bureau within Treasury, but we're independent, Senator.

Senator LEVIN. You are what?

Mr. STIPANO. We're independent. This is a regulation where Treasury has the pen. They have afforded us opportunities to comment on the drafts of the rules, but that's about it.

Senator LEVIN. Have you inquired as to whether, when—not whether—when this final regulation will be issued? Do you have any information you can give us on that?

Mr. STIPANO. My understanding is that they are very close to issuing a final regulation.

Senator LEVIN. Do you know what the hold-up is?

Mr. STIPANO. I really don't.

Senator LEVIN. I want to add my thanks to the Chairman's for your presence here today, for your testimony. You have indicated that you are going to do better. We are going to be watching carefully to see if that happens in a number of areas, including these regulations, including revised examination procedures, and anti-money laundering assessments in annual reports on examinations that are given to banks. We ought to see to it that that assessment of the money laundering efforts of the bank are assessed and that they are part of the report.

You know, there has been a suggestion that a new agency is needed, that the oversight be taken away from the OCC and given to a new agency whose sole mission is enforcing the anti-money laundering laws. I am not there yet, but I must tell you how you act in the next months, it seems to me, is going to affect a lot of people's judgment on that issue.

And I want to add my thanks.

Senator COLEMAN. Thank you. This panel has been very candid, forthright, and very helpful. And for that we are very appreciative. The panel is excused.

Mr. STIPANO. Thank you.

Mr. MILLER. Thank you.

Senator COLEMAN. I would like to welcome our final panel to today's hearing, Andrew Swiger, the Executive Vice President of ExxonMobil Production Corporation; Albert J. Marchetti, the Vice President of International and Federal Relations at Amerada Hess Corporation; and finally, Steven Guidry, the Central Africa Business Unit leader at Marathon Oil Company. I appreciate all of you being here this morning and look forward to hearing your testimony.

Again, as you are aware, pursuant to Rule 6, all witnesses who testify before this Subcommittee are required to be sworn. I would ask you all to now rise and raise your right hand.

Do you swear that the testimony you give before this Subcommittee will be the truth, the whole truth, and nothing but the truth, so help you, God?

Mr. SWIGER. I swear.

Mr. MARCHETTI. I do.

Mr. GUIDRY. I do.

Senator COLEMAN. You will have an opportunity to have your entire statement be printed into the record in its entirety. We ask that you limit your oral testimony to no more than 5 minutes. You will see the yellow light go on at that point. Please conclude and, as I said, we will get the benefit of the full testimony.

Mr. Swiger, we will have you go first, followed by Mr. Marchetti, and finish up with Mr. Guidry. And after we hear all the testimony, we will proceed to questions.

Mr. Swiger, you may proceed.

TESTIMONY OF ANDREW P. SWIGER,[1] EXECUTIVE VICE PRESIDENT, EXXONMOBIL PRODUCTION COMPANY, HOUSTON, TEXAS

Mr. SWIGER. Mr. Chairman and Members of the Subcommittee, I am Andrew Swiger, and I am the Executive Vice President for ExxonMobil Production Company, a division of ExxonMobil Corporation. I have been with ExxonMobil for 26 years and have held a variety of managerial positions around the world. My current responsibilities include ExxonMobil's global oil and gas production operations, including our subsidiaries in Africa.

I'm pleased to have the opportunity to appear before the Subcommittee today to discuss our standards of business conduct and our operations in Equatorial Guinea.

ExxonMobil has a rigorous formal system of corporate governance. It requires all of our employees to comply with all applicable laws and our company's standard of business conduct. Compliance with the U.S. Foreign Corrupt Practices Act and the anti-corruption laws of other countries is an integral component of ExxonMobil's strong control environment. Let me describe the key elements of this program.

It begins with a clear statement and communication of our foundation policies through all levels of the business all over the globe. We have strong management controls for implementing the policies. There is management accountability for compliance at all levels. The program is supported by training of employees in ethics, including FCPA compliance. There is ongoing monitoring and enforcing policies through management controls and practices, internal and external audit functions, and the involvement of company lawyers, controllers, and other staff groups in business activities. And finally, where necessary, we take swift disciplinary action, up to and including termination, for noncompliance with company policies or applicable laws.

Mr. Chairman, ExxonMobil is committed to being a good corporate citizen wherever we operate worldwide. We maintain the highest ethical standards, comply with all applicable laws and regulations, and respect local and national cultures. These principles and practices apply to our operations in Equatorial Guinea through both our subsidiaries there.

We recognize, to be a good corporate citizen, we must also consider the impact of our business operations on the communities in which we operate. Our community activities include a focus on health, education, clean drinking water, upgrades to local health clinics and schools, and capacity building through training and apprenticeship programs.

The practical realities of doing business in developing countries are challenging. Equatorial Guinea, like many developing nations, has a limited number of local businesses and a small population of educated citizens. As a result, there is a small community of government officials and business owners. Many businesses have some family relations with a government official. Virtually all government officials have some business interests of their own or through a close relative. In such countries it is sometimes necessary to do

[1] The prepared statement of Mr. Swiger appears in the Appendix on page 115.

business with a government official or a close relative of a government official. But it is still expected that we do business ethically and comply with all U.S. and local laws.

We believe that the government and the business community in Equatorial Guinea understand and respect the fact that we have explicit rules about how we conduct our business, and that we stick to them. In cases where we have disputes, we address these through established contractual and legal processes.

With respect to transparency initiatives, ExxonMobil supports transparency initiatives that meet three standards. First, they must apply universally to all businesses seeking to operate in the country. Second, they must protect truly proprietary commercial information. And third, they must respect the sanctity of contracts and local laws. To that end, ExxonMobil has actively participated in the dialogue on the Extractive Industries Transparency Initiative sponsored by the U.K. Department of International Development.

In conclusion, I believe ExxonMobil is widely known for its standards of business conduct, standards that are understood and practiced by employees, under management's guidance, and reinforced by a formal governance system. ExxonMobil demands that every one of its employees, in all business dealings anywhere in the world, not only comply with the law, but also live by a strong creed of corporate ethics. This is not always easy or convenient, but it is the standard to which all ExxonMobil people are held. That is true in Equatorial Guinea and everywhere else in the world that ExxonMobil does business.

Thank you, Mr. Chairman. I will be pleased to respond to the Subcommittee's questions.

Senator COLEMAN. Thank you very much, Mr. Swiger. Mr. Marchetti.

TESTIMONY OF ALBERT J. MARCHETTI,[1] VICE PRESIDENT, INTERNATIONAL AND FEDERAL RELATIONS, AMERADA HESS CORPORATION, NEW YORK, NEW YORK

Mr. MARCHETTI. Thank you, Chairman Coleman, Senator Levin. My name is Al Marchetti, and I'm the Vice President of International and Federal Relations for Amerada Hess Corporation. Amerada Hess welcomes the opportunity to speak to the Congress today about important issues surrounding transparency in global trade and markets.

Amerada Hess is a leading independent energy company engaged in the exploration and production of crude oil and gas around the world. Our operations are headquartered in New York, New Jersey, and Texas, and we employ over 9,000 people in this country alone.

The company goes to considerable lengths to ensure ethical conduct of its business around the globe and full compliance with U.S. laws and the laws in the countries where we operate. Our policies in this regard are contained in the company's Code of Business Conduct and Ethics, which all of our employees receive—in their native language, if necessary. Each of our employees is required to read this code and then sign an acknowledgement that he or she

[1] The prepared statement of Mr. Marchetti appears in the Appendix on page 118.

understands its contents. Amerada Hess recognizes that conducting business in an ethical fashion is not only the right thing to do, but is essential to our goal of becoming the partner, supplier, and neighbor of choice.

With that introduction, let me turn to our business operations in Equatorial Guinea. Amerada Hess started business in Equatorial Guinea in mid-2001, when we purchased Triton Energy Ltd., including its assets in that country. Because I know that some of your questions may pertain to transactions or operations that predate our involvement in Equatorial Guinea, I want to emphasize that we only started doing business in that country 3 years ago. Most of the Triton employees who joined our company in 2001 no longer work for us, and as a result the company is understandably not in a position to address most of the Subcommittee's questions regarding Triton's business practices in Equatorial Guinea.

Amerada Hess has interests in three blocks offshore Equatorial Guinea, and our rights and obligations in the country derive from production sharing contracts, or PSCs, with the government. Under these PSCs, we pay the Equatorial Guinean Government royalties on oil we sell as well as taxes on our profits. Until very recently, the E.G. government, exercising its power under those PSCs, expressly required that we make payments for oil revenues and taxes to accounts at the Riggs Bank in this country. I want to emphasize, however, that those payments were made to government accounts and not the personal accounts of government officials. To my knowledge, all of our payments under these PSCs were properly made to government accounts and were entirely legal and appropriate.

Now let me turn to our company's rigorous and extensive FCPA compliance process. As I mentioned earlier, all Amerada Hess employees must abide by the company's code of conduct, which sets forth our policy respecting the FCPA. We also make available to our employees an international toll-free number and a Web site where they may report—anonymously, if they choose—any alleged breaches of FCPA policy directly to our internal audit and compliance department.

Amerada Hess understands, however, that it is not sufficient to simply state a policy and hope that it's followed. For that reason, we conduct a rolling program of educational seminars for all of our employees on the FCPA, and each of our major operational offices participates in that program at least once a year. In addition, the company's internal auditors visit each of our non-U.S. offices at least once per year to audit compliance with the FCPA policy.

Now, when we began doing business in Equatorial Guinea just 3 years ago, we implemented this policy along with strong internal controls, which are designed to ensure that the business in that country complied with the law. For instance, any payment made by an Amerada Hess employee must be authorized initially by appropriate company management in Equatorial Guinea. However, our internal controls do not permit such payments to be made solely on the authority of employees in Equatorial Guinea. The proposed payments must also be sanctioned by higher management in Houston.

Amerada Hess understands the importance of doing business ethically and honestly, and, Mr. Chairman, we believe these policies and internal control procedures represent best practices in our industry.

Finally, let me discuss briefly our company's views on various privately sponsored and government-endorsed initiatives to improve transparency in global markets. Amerada Hess is a supporter of such initiatives, not only internally, but also as part of industry-wide efforts. We are proud to be a member of the United Nations Global Compact, which brings companies together with U.N. agencies, labor, and civil society to support certain basic principles, including opposition to business corruption and bribes. The company also endorses the Extractive Industries Transparency Initiative, which aims to encourage best practices to publicize government revenues derived from extractive industries.

Mr. Chairman, Senator Levin, Amerada Hess has been pleased to work cooperatively with the Subcommittee and its staff over the last several months to better understand the strengths of our current system and to identify opportunities for reasonable improvements. As you know, I have not been personally involved in the issues that are of interest to the Subcommittee, but I've been pleased to assist your staff in collecting information for your inquiry. And, Mr. Chairman, I'll do my best to answer any questions that you may have or other Members may have.

Thank you.

Senator LEVIN [presiding]. Thank you, Mr. Marchetti. Mr. Guidry.

TESTIMONY OF STEVEN P. GUIDRY,[1] CENTRAL AFRICA BUSINESS UNIT LEADER, MARATHON OIL COMPANY, HOUSTON, TEXAS

Mr. GUIDRY. Thank you, Senator Levin. I am Steven P. Guidry, Central Africa Business Unit Leader for Marathon Oil Company, and I am pleased to appear before the Subcommittee to review Marathon's oil and gas activities in Equatorial Guinea.

Marathon is a fully integrated oil and gas company focused on international growth. We're headquartered in Houston, Texas, and are the fourth-largest U.S.-based integrated oil and gas company and the fifth-largest U.S. refiner and marketer. Marathon currently has operations in 28 States and nine countries, including Equatorial Guinea.

Marathon established a core production area in Equatorial Guinea in January 2002, through the acquisition of CMS Energy's interest in that country. Prior to January 2002, Marathon had no operations in Equatorial Guinea. This acquisition included an interest in the Alba Field and a 45 percent interest in the AMPCO methanol plant, which converts natural gas to methanol. In June 2002, the company strengthened its position through the acquisition of Globex Energy, bringing the company's total working interest in the Alba Field to 63 percent.

Shortly after establishing our presence in Equatorial Guinea in January 2002, we announced plans for the Phase 2A and Phase 2B

[1] The prepared statement of Mr. Guidry appears in the Appendix on page 122.

expansion projects. Phase 2A will increase condensate production, which is similar to a light crude oil, from the Alba Field. Phase 2B will increase liquefied petroleum gas production. In addition, Marathon recently announced the final investment decision for Phase 3, our major liquefied natural gas project, LNG. These LNG shipments are primarily targeted for delivery to the United States, where LNG will be regasified and used to help alleviate growing natural gas supply shortages.

As you are aware, the Gulf of Guinea is a major oil and gas supplier to the U.S. market, and Equatorial Guinea currently ranks as the third-largest producer in Sub-Saharan Africa. The region is poised to play an important role in the U.S. energy security in the years ahead as the United States tries to lessen its dependence on Middle East and North African producers.

Marathon conducts its domestic and international operations in accordance with the highest ethical standards and principles. Our code of business conduct, anti-corruption compliance guidelines, and position on the Extractive Industries Transparency Initiative, which we've submitted for the record, illustrate our commitment to comply with the law and to conduct our business ethically. They also reinforce our values of trust, respect, dignity, and honesty, which we believe are the foundation of good business. Through our Business Integrity Office, Marathon has implemented an integrity help line, a valuable resource and platform for issue discussion and advice regarding ethics and behavior in the workplace, as well as a resource for reporting suspected illegal and unethical activity.

We take compliance with the Foreign Corrupt Practices Act very seriously. The company has issued mandatory guidelines for FCPA compliance and other anti-corruption laws. Employees are surveyed on an annual basis regarding their awareness of and compliance with these guidelines. Annual, live anti-corruption training is required for the U.S.-based and international employees, including those in Equatorial Guinea. FCPA compliance is audited by Marathon on an annual basis.

Marathon also takes very seriously our commitment to the citizens of every country in which we do business. We are pleased that the Government of Equatorial Guinea is working with multilateral institutions such as the United Nations Development Program and the International Monetary Fund to build an economic framework for future development. We would encourage the U.S. Government to do more to assist the Equatorial Guinean Government in its goals to build a prosperous future for its citizens.

To assist in this effort, Marathon and our partners have invested millions of dollars in social programs to enhance the education and health of the citizens of Equatorial Guinea. For example, Marathon, our partners, and the Government of Equatorial Guinea are working together on a multimillion-dollar Roll Back Malaria initiative, that we hope will eliminate malaria transmission on Bioko Island within 5 years. We're also investing heavily in educational initiatives for Equatoguinean students at home and abroad. Marathon and our partners manage a technical training center in Malabo for local citizens interested in working in our facilities, and have made donations of materials and supplies to schools and health centers.

Our operations are the largest employer of Equatorial Guinea currently employing over 1,000 Equatoguineans.

But we know our responsibilities do not stop there. Marathon has endorsed the Extractive Industries Transparency Initiative and is in the process of becoming a signatory to the Voluntary Principles on Security and Human Rights. In the recent press release, the Government of Equatorial Guinea also endorsed the Extractive Industries Transparency Initiative as well as the G8's Initiative on Transparency and Good Governance. We would encourage the U.S. Government and the U.K. Government to work with Equatorial Guinea to promote progress in this area.

In summary, Marathon is committed to playing a positive role as a responsible corporate citizen in the countries and communities in which we operate, and we seek government and non-government partners to share this commitment. This includes respecting local laws, strict adherence to the Foreign Corrupt Practices Act, strict adherence to health, environmental, and safety standards, conducting our business with honesty and integrity, and respecting the quality of life of those impacted by our operations.

Thank you for this opportunity, Mr. Chairman. I would be pleased to answer any questions you might have.

Senator LEVIN. Thank you, Mr. Guidry.

First let me particularly thank Amerada Hess and Marathon for the full cooperation that you have extended to the Subcommittee during our investigation. We have asked for a lot of information on some matters which may not have been too pleasant, but you have responded fully and in a timely fashion. We appreciate it.

ExxonMobil, I am afraid, has not been as forthcoming, to be perfectly straight with you, Mr. Swiger. And we will expect you to provide information that has been requested, just as your two colleagues there, two other companies, have on this panel. And I do not know if you are familiar with what you have given us or not given us, but we will expect the same information and cooperation to the same extent from ExxonMobil as we have received from the other two companies that are represented here today. And I want to give you an opportunity to respond, if you want.

Mr. SWIGER. ExxonMobil takes the work of this Subcommittee extremely seriously. We have been involved in several conversations with the staff. We have responded on a number of occasions with detailed and thorough written submissions, as detailed and as thorough as they possibly can be. We are putting that same level of effort in the most recent request for data from the Subcommittee, which arrived on the eve of the 4th of July holiday. We expect to have that in to the Subcommittee very shortly.

Senator LEVIN. Thank you.

When our staff was reviewing the Riggs Bank documents, it came across a number of large payments which were made by a number of oil companies to Equatorial Guinea officials, family members, and entities controlled by them. There is also evidence of joint business ventures between some companies and individuals in Equatorial Guinea. If you take a look at Exhibit 1g,[1] there is a chart listing a sample of these payments and business ventures.

[1] See Exhibit 1g which appears in the Appendix on page 221.

Mr. Swiger, let me perhaps start with you, about the Mobil Oil Guinea Ecuatorial, a marketing subsidiary of Exxon that conducts retail and wholesale distribution of petroleum products in Equatorial Guinea. You have, I think, told us that ExxonMobil owns about 85 percent of that company and that a 15 percent shareholder in that company is "Abayak"—am I pronouncing that correctly?

Mr. SWIGER. "AH-beyock."

Senator LEVIN. Abayak, which we understand is owned and controlled by the President of Equatorial Guinea. Is that your understanding as to who the ownership and controlling interest in Abayak is?

Mr. SWIGER. It is the First Lady.

Senator LEVIN. How much did Abayak initially pay for its 15 percent share?

Mr. SWIGER. The initial capitalization of Mobil Oil Guinea Ecuatorial was approximately $15,000, $13,000 of which was contributed by ExxonMobil for its 85 percent share, and about $2,300 by Abayak.

It is a small marketing company. It supplies to industry, has a couple of retail outlets in the country.

Senator LEVIN. All right. Did Abayak approach Exxon about this venture, or did Exxon initiate it?

Mr. SWIGER. I'm not familiar with how it was initiated.

Senator LEVIN. Are there any other technical assets that Abayak brought to that venture?

Mr. SWIGER. I'm not aware of any.

Senator LEVIN. Now, in Exxon's guidebook on the Foreign Corrupt Practices Act, it lists a number of red flags in a transaction that suggest a need for greater scrutiny and for implementation of specific safeguards. Two of the listed red flags are the following: That the third party has a close personal or family relationship or a business relationship with a foreign official or a relative of a foreign official; and that the only qualification of the third party—that the third party brings to the venture is influence over foreign officials.

Do they not exist here, those red flags, in that relationship?

Mr. SWIGER. These red flags do exist in that relationship, but they—the business venture is a commercial venture. It is fully transparent and is recorded accurately in our books.

Senator LEVIN. Mr. Guidry, your company has formed a business venture in E.G. with a company called GEOGAM. Is that the way to pronounce it, "geo-gam"?

Mr. GUIDRY. That is the correct pronunciation.

Senator LEVIN. GEOGAM owns a 20 percent interest in a liquid petroleum gas facility which is owned 52 percent by Marathon. GEOGAM received, I think, $87,000 in dividends from this venture in 2002. GEOGAM has a 10 percent interest in a methanol plant, in which Marathon has a 45 percent interest, and they have received about $3 million from that operation. It is our understanding that, although GEOGAM is billed as a state-owned company, that the state actually owns 25 percent of it and that the President of Equatorial Guinea's company, Abayak, owns the other

75 percent of GEOGAM. So does Marathon know that GEOGAM is partially owned by Abayak?

Mr. GUIDRY. Let me begin, Senator Levin, if I can, to clarify for the record. Marathon did not form any joint venture with GEOGAM. The relationship between GEOGAM and the facilities that exist in Equatorial Guinea was originally entered into by CMS, our predecessor. At the time that we purchased CMS Energy's assets in Equatorial Guinea, it was clear to us that GEOGAM was a 100 percent—an entity owned 100 percent by the government. It wasn't until the Summer of 2002 that it became, that there was some suggestion that perhaps GEOGAM was owned by a private interest.

Senator LEVIN. That private interest being the president?

Mr. GUIDRY. According to what is now an ex-employee of GEOGAM, yes. In conversation they mentioned that it was their understanding that GEOGAM was owned 75 percent by Abayak and 25 percent by the state.

Senator LEVIN. Now, is that troubling to you, that you are in partnership with that president?

Mr. GUIDRY. What that did for us is it triggered a red flag for us. And in accordance with our anti-corruption guidelines, we immediately then brought that to the attention of our attorneys and had that reviewed in detail and were able to establish that what we would do point forward is to treat GEOGAM as though it was in fact owned in part or in whole by a government official. And so we've conducted our operations and our dealings with GEOGAM under that assumption.

Senator LEVIN. And how does that change the way in which you operate?

Mr. GUIDRY. We just work to ensure that any business dealings that we have with GEOGAM are arm's length, that in no way do we show any favor to GEOGAM than we would in any other circumstance.

Senator LEVIN. Are you concerned about being a business partner, in effect, with this dictator?

[Pause.]

Mr. GUIDRY. We recognize that—and we've read the State Department reports and we recognize that—the reputation that exists. And we feel that our presence in the country, we think, does—goes a great distance toward improving conditions in Equatorial Guinea. And we feel that, through our presence, we have—to the extent that we have influence, we think we can have a positive effect on the conditions that exist in Equatorial Guinea.

Senator LEVIN. So that you have made a corporate decision that being a partner with somebody like this particular president, with all of the issues which you have heard about, including the use of oil revenues that are supposed to be the state's for his own personal accounts, is something that you can—you are comfortable with?

Mr. GUIDRY. I think in this circumstance what we're comfortable with is the fact that we operate within all applicable laws and that, where we can influence circumstances in Equatorial Guinea, we're going to work to improve civil society in Equatorial Guinea through our presence there.

Senator LEVIN. Is that the only way you can be in the country, is being a partner with him?

Mr. GUIDRY. I don't think——

Senator LEVIN. Is that a condition of your being present in the country?

Mr. GUIDRY. Of Marathon's presence?

Senator LEVIN. Yes.

Mr. GUIDRY. No, it was not a condition of us entering into Equatorial Guinea.

Senator LEVIN. Is it a condition of your entering into Equatorial Guinea, Mr. Swiger?

Mr. SWIGER. It is not, Senator.

Senator LEVIN. Does it trouble you that you have a business partner like this dictator?

Mr. SWIGER. Business arrangements we have entered into have been entirely commercial, have been at market-based rates, arm's length transactions, fully recorded on our books. They are a function of completing the work that we're there to do, which is to develop the country's petroleum resources and, through that and our work in the community, make Equatorial Guinea a better place.

Senator LEVIN. Make it what?

Mr. SWIGER. A better place.

Senator LEVIN. Do you know the total number of dividends, by the way, which Abayak has been paid by that company that you are a partner?

Mr. SWIGER. The dividend total for the shareholders over the past 6 years is slightly over $200,000. Abayak's share is $32,000, I believe.

Senator LEVIN. That is for a $2,300 investment?

Mr. SWIGER. The initial investment of $2,300 and of course $13,000 for ExxonMobil.

Senator LEVIN. You say "initial investment"; was there a subsequent investment?

Mr. SWIGER. That includes the initial investment and a subsequent cash call.

Senator LEVIN. How much was that?

Mr. SWIGER. I do not know the split between the two.

Senator LEVIN. OK. Was it a condition of—you are saying that you entered into a partnership agreement, basically, with Abayak without it being required? Part of the deal?

Mr. SWIGER. I do not know the initial formation details for that venture.

Senator LEVIN. So it may have been a condition?

Mr. SWIGER. I do not know the details.

Senator LEVIN. OK. Mr.—is it "marketti" or "marshetti"? I am sorry.

Mr. MARCHETTI. "Marketti."

Senator LEVIN. "Marketti." You have also had a business relationship with some of the family of the E.G. president, apparently a 14-year-old—is that a son or a cousin or—who owns the lease, or who has a lease with you?

Mr. MARCHETTI. I'm familiar with the lease you're speaking about, sir——

Senator LEVIN. You say you are?

Mr. MARCHETTI. I am familiar with the lease.

Senator LEVIN. It was a Triton lease?

Mr. MARCHETTI. That was a Triton lease and predates our acquisition of the company. What we do know from looking at the records is that particular piece of real estate's title was held in the name of the president's son, and he was represented by his mother in the negotiations. But that's the extent of our knowledge of it, Senator.

Senator LEVIN. Were you there when a court ordered the stopping of those payments? Was it Hess that was there at that time, or was that Triton?

Mr. MARCHETTI. I'm not sure which company was there when it happened. Apparently there was a dispute over ultimate ownership of the property and which was eventually resolved.

Senator LEVIN. One of the issues which has come up is how much of the student payments which are made by the oil companies, payments for tuition, room, board, stipends, travel expenses to the United States and so forth have gone to the family of the officials of Equatorial Guinea, children of both the high-ranking officials and of their relatives.

Mr. Guidry, at least a few of the students that you have been funding are related to the president, that Marathon's been funding? Is that accurate?

Mr. GUIDRY. That still remains an uncertainty. Based on our investigation of that issue during 2003, we concluded that, through our investigation, that there was enough evidence suggesting they might be, that we terminated that support.

Senator LEVIN. Were you able to get a straight answer on the question of whether the students were related to the president or not?

Mr. GUIDRY. No, we were not.

Senator LEVIN. Mr. Marchetti, relative to Hess payments for support of students studying in the United States or Canada, do you know how many of those students were related to high-ranking E.G. officials?

Mr. MARCHETTI. No, Senator, I don't. The payments that we make to support the education of Equatoguinean citizens are done pursuant to our production sharing contract obligations, and we, effectively, pay those and don't really have anything to do with where that money is spent and who it's spent on.

Senator LEVIN. Have you inquired as to how much of payments you are making go to students who are the relatives of the high-ranking officials?

Mr. MARCHETTI. To my knowledge, Senator, I don't know.

Senator LEVIN. Well, that is not my question. I know you do not know, but have you made an inquiry about that?

Mr. MARCHETTI. I don't know if we've made inquiries, is what I'm saying.

Senator LEVIN. Oh, I see. OK.

I think this is a very troubling issue. You have all indicated, I think, all of you, that you support greater transparency. When it comes to Equatorial Guinea, there sure is not much, to put it mildly. I mean, our own State Department has made it clear that we do not have transparency in that country. So you are now in a situ-

ation where you are basically in partnership with either the dictator or his family. And it seems to me that, as Americans, we have to be troubled by that.

I understand what you are saying about business, and I understand your hopes that maybe somehow or other that your presence there will benefit the people. But according to these State Department reports, it is not the people that are benefiting from the oil revenue. And that ought to trouble our oil companies. I do not think you are going to be able to satisfy yourself and rationalize your presence based on the benefits to the people of a poverty-stricken country that, according to our State Department, are not the beneficiaries of the oil, but rather most of it goes into the pockets of a dictator.

So in terms of transparency, you all say you support the international efforts to get greater transparency. We would ask that you report to us, if you would, on your efforts as individual companies to support the transparency efforts in the international community. It may be the only hope we have other than self-control and deciding that we are just not going to do business with dictators.

You know, we are very, very critical, and rightly so, of people who did business with Saddam Hussein. And it seems to me it is proper. When you have human rights violations to the extent that they existed in Iraq, we had sanctions, embargoes; we told our companies they could not deal with him. We have a dictator here who is, according to the reports that you can read and I can read, with the State Department, someone who is a human rights violator and who runs a country as though it is his own private fiefdom. And that is something which, until either international or domestic laws are changed, you are going to have to deal with both in terms of your conscience and in terms of your business needs.

I know you are all in a competitive business and other companies do it; maybe you are going to do it, too. But I have to tell you, I do not see any fundamental difference between dealing with an Obiang and dealing with a Saddam Hussein. They are both dictators, they are both human rights violators.

We would ask you to give us the information that we are waiting for, in the case of ExxonMobil, and that all three of your companies seriously support the efforts that maybe may do a little good in terms of transparency—we are all for them—and that you would just let this Subcommittee know what actions you take, since you all indicate support for those efforts, what actions you in fact take to support those efforts.

With that, unless any of you want to add a comment, we will stand adjourned.

[Whereupon, at 1:19 p.m., the hearing was adjourned.]

APPENDIX

PREPARED STATEMENT OF SENATOR RICHARD SHELBY

Mr. Chairman, I commend you for holding this hearing on the effectiveness of the Federal regulatory system in enforcing this Nation's laws against money laundering. As you know, the Committee on Banking, Housing and Urban Development, which I chair, has held a number of hearings on this topic, including a June 3, 2004 hearing that focused on Riggs Bank. In the course of these hearings, it has become apparent that serious systemic problems underlie the repeated failure of Federal regulatory agencies to detect violations of the Bank Secrecy Act and other anti-money laundering statutes, and to vigorously enforce those laws when violations are finally uncovered. Clearly, corrective actions are warranted.

The issues of BSA enforcement and terrorist financing are not trivial sideshows in the war on terrorism. They are central to the goal of winning that war as soon as possible in order to avert the truly catastrophic terrorist attack we all fear may be on the horizon. Soon after the terrorist attacks of September 11, 2001, President Bush announced his signing of Executive Order 13224, which freezes the financial assets of terrorists and their supporters, and denies them use of the U.S. financial system. In so doing, he vowed to "starve the terrorists," stating that "money is the life-blood of terrorist operations." That would seem to make compliance with and enforcement of anti-money laundering and related laws a very high priority. Unfortunately, the Riggs case, the subject of today's hearing, indicates that is not always the result.

More than 6 years passed after the first detection of Riggs' failure to comply with the Bank Secrecy Act until the imposition of record fines for that pattern of noncompliance. Even in the wake of the September 11 terrorist attacks, there was a noticeable lack of urgency both in how Riggs conducted business and in how its Federal overseer performed its mission. Comptroller of the Currency Hawke has stated flatly that Riggs constituted a failure of supervision by his agency. That acknowledgment of failure on the part of the Office of the Comptroller of the Currency is a start. It will not be enough, however, if Riggs is treated like an anomaly. Additional examples of lax compliance and supervision have emerged that indicate a wider problem, and failure to adopt a systemic approach will most certainly lead to failure in the war on terrorism.

But this hearing is about not just money laundering. It is about the nexus between money laundering and foreign corruption. The Asian financial crisis of 1997 taught us the enormous economic, social and political ramifications of failing to address foreign corruption. That the so-called "Asian flu" did not, in the end, seriously affect the economy of the United States is a testament to the size and resilience of our economy. The savings-and-loan, mutual fund and accounting scandals that have occurred, however, leave little doubt that the ramifications of such occurrences can be significant. Without transparency and integrity in the financial systems of developed and developing countries alike, the economic foundation upon which global stability, such as it is, rests will surely falter. Money laundering and related financial crimes can weaken a financial system. When such activities occur within the context of a corrupt economic and/or political system, the results can be devastating.

Mr. Chairman, I again commend you for holding this hearing, and look forward to the testimony of the witnesses.

WRITTEN STATEMENT OF

RIGGS BANK N.A.

to the

PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

of the

COMMITTEE ON GOVERNMENTAL AFFAIRS

of the

UNITED STATES SENATE

July 15, 2004

I. Introduction.

Riggs Bank has been privileged to serve the banking needs of our nation's capital for nearly two centuries. During that time, Riggs has served such historical figures as President Abraham Lincoln and American Red Cross founder Clara Barton. Riggs also has assisted in some important historical transactions, such as supplying the gold for the purchase of the State of Alaska. Today, Riggs is the oldest independent bank headquartered in Washington, D.C., serving the District and the surrounding metropolitan area with more than 45 branch locations.

Without a doubt, this past year has been among the most challenging in the Bank's long and storied history. We will address today some of those challenges and how the Bank is moving to address them, and will address questions raised in the letter from Chairman Coleman and Senator Levin.

Looking back, it is clear that Riggs did not accomplish all that it needed to. Specifically, with respect to the improvements that were outlined by the Office of the Comptroller of the Currency ("OCC") in its examinations, Riggs deeply regrets that it did not more swiftly and more thoroughly complete the work necessary to meet fully the expectations of its regulators. For this, the Bank accepts full responsibility. Looking forward, Riggs is acting forcefully to comply with all federal rules and regulations and is cooperating as fully as possible with all appropriate agencies and congressional committees looking into these matters. Riggs recognizes the seriousness of the Bank Secrecy Act ("BSA") and other challenges confronting it, and it is committed to devoting all necessary resources, including money, technology, and personnel, to meet these challenges.

II. Regulatory Examinations.

The Bank is examined regularly by its principal federal regulator, the OCC. Riggs National Corporation, the Bank's holding company, is examined by the Federal Reserve. Over the past six to seven years, OCC examiners have commented on various aspects of BSA and anti-money laundering efforts by the Bank. The Bank took actions in response, but, regrettably, did not fully meet the OCC's expectations. At the end of 2002 and the beginning of 2003, the Bank was facing a number of challenges, including keeping pace with evolving corporate governance standards following the Sarbanes-Oxley Act and addressing the strategic direction of the Bank. One of our highest priorities, however, was an adequate anti-money laundering compliance program tailored to the risk profile of the Bank. By the end of 2002, the areas on which the Bank needed to focus its efforts had been relatively well defined by management and OCC comments, and management was working to address those areas.

By the OCC's examination in early 2003, examiner comments had become increasingly critical. The OCC was concerned that the Bank's efforts were falling behind and made clear that the Bank needed to take rigorous action. That led, as you know, to the July 2003 Consent Order, which is discussed in greater detail below.

III. The Bank's response to the Orders issued by the OCC and Federal Reserve, and the imposition of civil monetary penalties earlier this year; the Bank's anti-money laundering policies and procedures.

The business and regulatory environment in which the Bank operates changed dramatically over the past several years. The Bank's core businesses gave rise to unique challenges, requiring key resources and expertise to address those challenges. Technology is a key element of the success of compliance programs, and Riggs needed a new technology platform. The OCC noted flaws in the Bank's BSA compliance program and was critical of

Riggs for not implementing remediation efforts as promptly as the Bank or the OCC would have preferred. The changed environment post-September 11 went to the core of the Bank's business. In hindsight, the Bank did not appreciate sufficiently the complexity of the challenges it faced.

In July 2003, the Bank entered into a Consent Order with the OCC in which the Bank agreed to address a number of issues, including maintaining a Board level BSA Compliance Committee; employing an independent, external management consultant to analyze the Bank's compliance with the BSA; determining whether any changes were needed regarding the Bank's BSA Officer and supporting staff; developing, implementing, and ensuring the Bank's adherence to a written program of policies and procedures to provide for BSA and Office of Foreign Assets Control ("OFAC") compliance and for the appropriate identification and monitoring of transactions that pose greater than normal risks for compliance with the BSA; reviewing and evaluating the level of service and ability of the internal audit function; and developing, implementing, and thereafter ensuring Bank adherence to a comprehensive BSA training program.

In light of concerns voiced by OCC examiners in the Spring of 2003 and in response to the July 2003 Consent Order, the Bank has taken a number of steps, including the following actions:

- In April 2003, the Bank formed a Board-level BSA Compliance Committee. The BSA Compliance Committee meets jointly with the Riggs National BSA Compliance Committee. The Committee provides oversight of the Bank's BSA and anti-money laundering activities and provides monthly written progress reports to the OCC.

- The Bank established a new Compliance and Security Department ("CSD") led by the newly created position of Executive Vice President and Director of Compliance & Security. This department is responsible for implementing the Bank's enhanced BSA compliance program.
- Since June 2003, the Bank has launched more than 20 new programs to improve the detection, monitoring and reporting of suspicious activity, including the use of Assist//ck software, the Interactive Customer Identification Program, and the Security & Investigations referral process. In addition, the Bank has implemented additional monitoring and reporting methodologies, new BSA training programs and new BSA risk scoring models for new accounts.
- In September 2003, the Bank rolled out a new technology platform, the largest infrastructure initiative ever undertaken at the Bank, at a cost of $60 million. This new platform provides the technological foundation for the advanced BSA systems and capabilities being implemented at the Bank.
- The Bank established an Officers' Risk Management Committee as part of the Bank's efforts to enhance risk management oversight. The Committee has the responsibility to ensure the effective consideration of risks affecting the Bank.

However, OCC examinations conducted in early 2004 noted that, despite the Bank's efforts, the Bank did not fully satisfy the 2003 Consent Order. As a consequence, the Bank currently is subject to additional regulatory orders and has paid a civil money penalty.

In accordance with the May 2004 OCC Consent Order and the Federal Reserve Order, Riggs's has developed staffing plans, including adding new positions that have been filled or are actively being recruited, to support the Bank's compliance, audit, risk management, and business

needs. The Bank also has engaged consultants to review its current staffing resources. As required by the 2004 OCC Consent Order, Riggs also has developed an action plan to evaluate whether "information required by the Bank Secrecy Act and its implementing regulations is appropriately documented, filed, and maintained." These steps include:

- ensuring that information required under the Bank's compliance policies related to the BSA is appropriately documented, filed, and maintained;
- reviewing the accuracy of previously filed Suspicious Activity Reports ("SARs") and Currency Transaction Reports ("CTRs");
- reviewing specified high risk accounts, including high risk Embassy Banking and International Private Banking accounts, to ensure that SARs have been filed as appropriate between January 1, 2001, and April 30, 2004; and
- correcting any material inaccuracies or omissions in this information.

In addition, the Bank has devoted considerable resources to its internal audit program, which has undergone substantial change over the past year. During the summer of 2003, in response to regulatory concerns about the effectiveness of the Bank's internal audit department, the Bank retained a nationally-recognized accounting firm to provide outsourced internal audit services for the second half of 2003 and for the year of 2004. Unexpectedly, that firm did not live up to the expectations of the Bank or its regulators. As a result, the Bank retained a new outsourced internal audit provider in June 2004 -- a well respected, nationally recognized firm with vast experience and expertise. The Bank has kept the OCC fully informed throughout this process.

In response to the Federal Reserve's concerns about one of the Bank's subsidiaries, Riggs International Banking Corporation ("RIBC"), Riggs has decided to close all the accounts at

RIBC and to liquidate RIBC -- a process that is currently underway. Currently, RIBC is not accepting new customers and is performing only very limited transactions for existing customers, and the Bank expects that closing of accounts will be completed by August 20, 2004. RIBC also has adopted written policies and procedures to ensure that this closing process is carried out with proper attention paid to, among other things, the identification, investigation, and reporting of suspicious activity.

As the above steps demonstrate, Riggs takes the issues of anti-money laundering, BSA, and USA Patriot Act compliance very seriously. In addition to the improvements described above, the Bank also has taken other steps, including the following:

- The Bank has terminated a number of high-risk Embassy Banking relationships, including Equatorial Guinea, and is in the process of closing others.
- The Bank has significantly bolstered its senior management, and Riggs National has added a new member to its board:
  - Lawrence Connell, a respected banker and former regulator, is now the vice-chair of Riggs Bank. He is taking the lead in all of our regulatory relationships;
  - Anthony Terracciano, a highly regarded banking executive, is now an outside director of Riggs National Corporation. His experience leading First Fidelity and Dime Bancorp will be extremely valuable to us; and
  - David Caruso, an authoritative expert on bank security and anti-money laundering, now fills the position of executive vice president and

Director of CSD. He joined the Bank a little over a year ago and has assembled a new compliance and security group to address the Bank's needs in this area. David's staff of more than 25 includes former FBI and Secret Service officials, who on average have more than 15 years of investigative experience.

- The Bank has engaged several of the nation's premier experts to assist us in our compliance efforts, including Promontory Financial Group.
- The Bank has retained PricewaterhouseCoopers to provide outsourced internal audit services.
- The Bank has retained technology consultants, Crowe Chizek, to assist the Bank in optimizing the use of its new technology infrastructure for purposes of BSA-related compliance.

The Bank has completed and filed the responses due to date under the OCC and Federal Reserve Orders of May 2004.

IV. Accounts of Augusto Pinochet, Ashburton Company, Ltd., and Althorp Investment Ltd.

The Subcommittee has asked us to comment on the accounts of Augusto Pinochet Ungarte and his wife. They became clients of Riggs Bank in 1994. At that time, Mr. Pinochet was the Commander in Chief of the Chilean Armed Forces. Mr. Pinochet and his wife initially opened a depository account in the United States. Later, they opened investment accounts through Riggs Bank & Trust Company in the Bahamas in the name of two personal investment companies: Ashburton Company Limited and Althorp Investment Limited. Later, the Pinochets opened accounts in the London branch of Riggs Bank.

The Bank verified source of wealth and "know your customer" information related to the Pinochet accounts through inspection by the banker responsible for interfacing with the client. As part of enhanced due diligence, that same banker later obtained copies of source of wealth information, and the Bank retained outside counsel to gather information relating to the Spanish proceedings instituted against Mr. Pinochet.

In 2002, the OCC conducted a target examination into the accounts associated with the Pinochets. The OCC ultimately informed the Bank that it had concerns regarding certain activities. The Bank retained outside counsel to address certain issues relating to those accounts and then the Bank terminated its relationship with these clients.

V. Accounts of the Government of Equatorial Guinea, its officials and their family members.

The Subcommittee has asked us to comment on the accounts of the Government of Equatorial Guinea and related persons. The Government of Equatorial Guinea became a client of Riggs Bank in 1995. Over the years, the Bank established official accounts for the country's treasury department and finance ministry, as well as personal accounts for its President, his wife and other governmental officials. Following the discovery of oil in Equatorial Guinea, the country selected Riggs to serve as the principal commercial bank for the government, in which capacity Riggs acted as the recipient and custodian of the government's oil receipts. Those funds, wired from major international oil concerns, were deposited into Riggs accounts held in the name of the Government of Equatorial Guinea and under the joint control of several members of the Government of Equatorial Guinea.

In 2003, Riggs undertook an intensive review of all transactions in the Equatorial Guinea oil account using new tools authorized by the recently enacted USA Patriot Act, improved technology systems, and enhanced compliance personnel. In late 2003, the OCC began a

targeted examination into the accounts associated with Equatorial Guinea. The OCC was critical of the Bank with respect to these accounts. An investigation by the Bank revealed that Simon Kareri, the bank officer with authority over Equatorial Guinea accounts, had apparently diverted funds from two such accounts for his own benefit. The Bank terminated Mr. Kareri and handed the findings of its internal review over to federal criminal investigative authorities.

In addition, the reviews of the Equatorial Guinea accounts by the OCC and Riggs disclosed a small number of transfers of funds from the Equatorial Guinea oil account to overseas firms that appeared to be controlled by members of the Government of Equatorial Guinea. The Government of Equatorial Guinea refused to provide specific information as to the purpose or ultimate beneficiary of those payments, other than to say that such transfers were appropriate and authorized. On the basis of such lack of cooperation with Riggs' investigation, Riggs terminated all relationships with Equatorial Guinea and persons affiliated with the Government of Equatorial Guinea.

Riggs is cooperating closely with investigations into Equatorial Guinea bank accounts pursued by this Subcommittee and is making every effort to enhance its systems and processes to address the OCC's examination comments.

VI. Conclusion

Riggs Bank is proud of the strong history it shares with the city of Washington, D.C., and with the United States Government. For nearly two centuries, Riggs Bank has worked hard to build a solid reputation in the city and the banking community for integrity and trustworthiness. Riggs can assure you that it is dedicated to resolving any and all outstanding issues.

For Release Upon Delivery
9:00 a.m., July 15, 2004

TESTIMONY OF

THE OFFICE OF THE COMPTROLLER OF THE CURRENCY

Before the

PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

of the

COMMITTEE ON GOVERNMENTAL AFFAIRS

of the

U.S. SENATE

July 15, 2004

Statement required by 12 U.S.C. 250:

The views expressed herein are those of the Office of the Comptroller of the Currency and do not necessarily represent the views of the President.

I. INTRODUCTION

Chairman Coleman, Ranking Member Levin, and members of the Subcommittee, the Office of the Comptroller of the Currency (OCC) appreciates the opportunity to appear before you today to discuss the challenges the OCC – and other financial institutions regulators – face in combating money laundering in the U.S. financial system, and how we are meeting those challenges. This testimony addresses in detail the enforcement actions in this area we have recently taken against Riggs Bank, N.A. (Riggs or Bank) and other matters in which the Subcommittee has expressed an interest.

The OCC's commitment to ensuring that the banks under its supervision have the necessary controls in place and provide requisite notices to law enforcement to ensure that banks are not used as vehicles to launder money for drug traffickers or other criminal organizations is longstanding. The tragic events of 9/11 have brought into sharper focus the related concern of terrorist financing. Together with the other federal banking agencies, the banking industry and the law enforcement community, the OCC shares the Subcommittee's goal of preventing and detecting money laundering, terrorist financing, and other criminal acts and the misuse of our nation's financial institutions.

The cornerstone of the federal government's anti-money laundering (AML) efforts is the Bank Secrecy Act (BSA). Enacted in 1970, the BSA is primarily a recordkeeping and reporting statute that is designed to ensure that banks and other financial institutions provide relevant information to law enforcement in a timely fashion. The BSA has been amended several times, most recently through passage of the USA PATRIOT Act in the wake of the 9/11 tragedy. Both the Secretary of the Treasury, through the Financial Crimes Enforcement Network (FinCEN), and the federal banking agencies, have issued regulations implementing the BSA, including regulations requiring all banks to have a BSA compliance program, and to file reports such as suspicious activity reports (SARs) and currency transaction reports (CTRs).

Due to the sheer volume of financial transactions processed through the U.S. financial system, primary responsibility for compliance with the BSA and the AML statutes rests with the nation's financial institutions themselves. The OCC and the other federal banking agencies are charged with ensuring that the institutions we supervise have strong AML programs in place to identify and report suspicious transactions to law enforcement, and that such reports are, in fact, made. Thus, our supervisory processes seek to ensure that banks have systems and controls in place to prevent their involvement in money laundering, and that they provide the types of reports to law enforcement that the law enforcement agencies, in turn, need in order to investigate suspicious transactions that are reported.

To accomplish our supervisory responsibilities, the OCC conducts regular examinations of national banks and federal branches and agencies of foreign banks in the United States. These examinations cover all aspects of the institution's operations, including compliance with the BSA. Our resources are concentrated on those institutions, and the areas within institutions, that have the highest risk. In cases of noncompliance, the OCC has broad investigative and enforcement authority to address the problem.

Unlike other financial institutions, which have only recently become subject to compliance program and SAR filing requirements, banks have been under such requirements for years. For example, banks have been required to have a BSA compliance program since 1987, and have been required to file SARs (or their predecessors) since the 1970s. Not surprisingly, most banks today have strong AML programs in place, and many of the largest institutions have programs that are among the best in the world. There are now approximately 1.3 million SARs in the centralized database that is maintained by FinCEN. While the USA PATRIOT Act further augmented the due diligence and reporting requirements for banks in several key areas, one of its primary objectives was to impose requirements on nonbanking institutions that had long been applicable to banks.

The OCC's efforts in this area do not exist in a vacuum. We have long been active participants in a variety of interagency working groups that include representatives of the Treasury Department, FinCEN, law enforcement, and the other federal banking agencies. We also work closely with the FBI and other criminal investigative agencies, providing them with documents, information, and expertise on a case-specific basis. In addition, when we are provided with lead information from a law enforcement agency, we use that information to investigate further to ensure that BSA compliance systems are adequate.

We continue to work to improve our supervision in this area and we are constantly revising and adjusting our procedures to keep pace with technological developments and the increasing sophistication of money launderers and terrorist financers. For example, along with the other federal banking agencies, the OCC recently developed examination procedures to implement several key sections of the USA PATRIOT Act, and we expect to be issuing a revised version of our BSA Handbook by year end. We have also recently initiated two programs that will provide stronger and more complete analytical information to assist our examiners in identifying banks that may have high money laundering risk. Specifically, we are developing a database of national-bank filed SARs with enhanced search and reporting capabilities, and we also are developing and will implement nationwide, a new risk assessment process to better identify high-risk banks. Additionally, we are exploring with FinCEN and the other banking agencies better ways to use BSA information in our examination process to better identify risks and vulnerabilities in the banking system.

Recent events surrounding Riggs have heightened interest in how the banking agencies, and the OCC in particular, conduct supervision for BSA/AML compliance. Together with FinCEN, the OCC recently assessed a record $25 million civil money penalty (CMP) against Riggs. The OCC also imposed a supplemental cease and desist (C&D) order on the Bank, requiring the institution to strengthen its controls and improve its processes in the BSA/AML area. Along with the prior C&D order we issued against the Bank in July 2003, these and other actions we have taken have greatly reduced the Bank's current risk profile.

However, with the benefit of hindsight, it is clear that the supervisory actions that we previously took against the Bank were not sufficient to achieve satisfactory and timely compliance with the BSA, that more probing inquiry should have been made into the Bank's high risk accounts, and that stronger, more forceful enforcement action should have been taken sooner. While we do not believe that Riggs is representative of the OCC's supervision in the BSA/AML area, we are

nonetheless taking a number of steps to guard against a repeat of this type of situation. In this regard, the Comptroller has directed that our Quality Management Division commence a review and evaluation of our BSA/AML supervision of Riggs and make recommendations to him on several issues concerning our approach to and the adequacy of our BSA/AML supervision programs generally, and particularly with respect to Riggs.

II. BACKGROUND AND LEGAL FRAMEWORK

In 1970 Congress passed the "Currency and Foreign Transactions Reporting Act" otherwise known as the "Bank Secrecy Act," which established requirements for recordkeeping and reporting by private individuals, banks and other financial institutions. The BSA was designed to help identify the source, volume and movement of currency and other monetary instruments into or out of the United States or being deposited in financial institutions. The statute sought to achieve that objective by requiring individuals, banks and other financial institutions to create a paper trail by keeping records and filing reports of certain financial transactions and of unusual currency transfers. This information then enables law enforcement and regulatory agencies to pursue investigations of criminal, tax and regulatory violations.

The BSA regulations require all financial institutions to submit various reports to the government. The most common of these reports are: (1) FinCEN Form 104 (formerly IRS Form 4789) – Currency Transaction Report (CTR) for each payment or transfer, by, through or to a financial institution, which involves a transaction in currency of more than $10,000; and (2) FinCEN Form 105 (formerly Customs Form 4790) – Report of International Transportation of Currency or Monetary Instruments (CMIR) for each person who physically transports monetary instruments in an aggregate amount exceeding $10,000 into or out of the United States. Bank supervisors are not responsible for investigating or prosecuting violations of criminal law that may be indicated by the information contained in these reports; they are, however, charged with ensuring that the requisite reports are filed timely and accurately.

The Money Laundering Control Act of 1986 precludes circumvention of the BSA requirements by imposing criminal liability for a person or institution that knowingly assists in the laundering of money, or who structures transactions to avoid reporting. It also directed banks to establish and maintain procedures reasonably designed to assure and monitor compliance with the reporting and recordkeeping requirements of the BSA. As a result, on January 27, 1987, all federal bank regulatory agencies issued essentially similar regulations requiring banks to develop procedures for BSA compliance. The OCC's regulation requiring that every national bank maintain an effective BSA compliance program is set forth at 12 C.F.R. § 21.21 and is described in more detail below.

Together, the BSA and the Money Laundering Control Act charge the bank regulatory agencies with:

- overseeing banks' compliance with the regulations described, which direct banks to establish and maintain a BSA compliance program;
- requiring that each examination includes a review of this program and describes any problems detected in the agencies' report of examination; and

- taking C&D actions if the agency determines that the bank has either failed to establish the required procedures or has failed to correct any problem with the procedures which was previously cited by the agency.

The Annunzio-Wylie Anti-Money Laundering Act, which was enacted in 1992, strengthened the sanctions for BSA violations and the role of the Treasury Department. It contained the following provisions:

- a so-called "death penalty" sanction, which authorized the revocation of the charter of a bank convicted of money laundering or of a criminal violation of the BSA;
- an authorization for Treasury to require the filing of suspicious-transaction reports by financial institutions;
- the grant of a "safe harbor" against civil liability to persons who report suspicious activity; and
- an authorization for Treasury to issue regulations requiring all financial institutions, as defined in BSA regulations, to maintain "minimum standards" of an AML program.

Two years later, Congress passed the Money Laundering Suppression Act, which primarily addressed Treasury's role in combating money laundering. This statute:

- directed Treasury to attempt to reduce the number of CTR filings by 30 percent and, to assist in this effort, it established a system of mandatory and discretionary exemptions for banks;
- required Treasury to designate a single agency to receive SARs;
- required Treasury to delegate CMP powers for BSA violations to the federal bank regulatory agencies subject to such terms and conditions as Treasury may require;
- required nonbank financial institutions to register with Treasury; and
- created a safe harbor from penalties for banks that use mandatory and discretionary exemptions in accordance with Treasury directives.

Finally, in 2001, as a result of the 9/11 terror attacks, Congress passed the USA PATRIOT Act. The USA PATRIOT Act is arguably the single most significant AML law that has been enacted since the BSA itself. Among other things, the USA PATRIOT Act augmented the existing BSA framework by prohibiting banks from engaging in business with foreign shell banks, requiring banks to have due diligence procedures concerning foreign correspondent and private banking accounts, and to have procedures to identify customers at account opening. The USA PATRIOT Act also:

- provides the Secretary of the Treasury with the authority to impose special measures on jurisdictions, institutions, or transactions that are of "primary money-laundering concern;"
- facilitates records access and requires banks to respond to regulatory requests for information within 120 hours;
- requires regulatory agencies to evaluate an institution's AML record when considering bank mergers, acquisitions, and other applications for business combinations;
- expands the AML program requirements to all financial institutions; and

- increases the civil and criminal penalties for money laundering.

The OCC and the other federal banking agencies have issued two virtually identical regulations designed to ensure compliance with the BSA. The OCC's BSA compliance regulation, 12 C.F.R. § 21.21, requires every national bank to have a written program, approved by the board of directors, and reflected in the minutes of the bank. The program must be reasonably designed to assure and monitor compliance with the BSA and must, at a minimum: (1) provide for a system of internal controls to assure ongoing compliance; (2) provide for independent testing for compliance; (3) designate an individual responsible for coordinating and monitoring day-to-day compliance; and (4) provide training for appropriate personnel. In addition, the implementing regulation for section 326 of the PATRIOT Act requires that every bank adopt a customer identification program as part of its BSA compliance program.

The OCC's SAR regulation, 12 C.F.R. §21.11, requires every national bank to file a SAR when they detect certain known or suspected violations of federal law or suspicious transactions related to a money laundering activity or a violation of the BSA. This regulation mandates a SAR filing for any potential crimes: (1) involving insider abuse regardless of the dollar amount; (2) where there is an identifiable suspect and the transaction involves $5,000 or more; and (3) where there is no identifiable suspect but the transaction involves $25,000 or more. Additionally, the regulation requires a SAR filing in the case of suspicious activity that is indicative of potential money laundering or BSA violations and the transaction involves $5,000 or more.

III. OCC'S BSA/AML SUPERVISION

The OCC and the other federal banking agencies are charged with ensuring that banks maintain effective AML programs. The OCC's AML responsibilities are coextensive with our regulatory mandate of ensuring the safe and sound operation of the national banking system. Our supervisory processes seek to ensure that institutions have compliance programs in place that include systems and controls to satisfy applicable CTR and SAR filing requirements, as well as other reporting and recordkeeping requirements to which banks are subject under the BSA.

The OCC devotes significant resources to BSA/AML supervision. The OCC has nearly 1700 examiners in the field, many of whom are involved in both safety and soundness and compliance with applicable laws including the BSA. We have over 300 examiners onsite at our largest national banks, engaged in continuous supervision of all aspects of their operations. In 2003, the equivalent of approximately 40 full time employees were employed in BSA/AML supervision. The OCC also has three full time BSA/AML compliance specialists in our Washington D.C. headquarters office dedicated to developing policy, training, and assisting on complex examinations. In addition, the OCC has a full-time fraud expert in Washington D.C., who is responsible for tracking the activities of offshore shell banks and other vehicles for defrauding banks and the public. These resources are supplemented by dozens of attorneys in our district offices and Washington D.C. headquarters office who work on compliance matters. In 2003 alone, not including our continuous large bank supervision, the OCC conducted approximately 1,340 BSA examinations of 1,100 institutions and, since 1998, we have completed nearly 5,700 BSA examinations of the 2,100 institutions that we supervise.

The OCC monitors compliance with the BSA and money laundering laws through its BSA compliance and money laundering prevention examination procedures. The OCC's examination procedures were developed by the OCC, in conjunction with the other federal banking agencies, based on our extensive experience in supervising and examining national banks in the area of BSA/AML compliance. The procedures are risk-based, focusing our examination resources on high-risk banks and high-risk areas within banks. During an examination, examiners use the procedures to review the bank's policies, systems, and controls. Examiners test the bank's systems by reviewing certain individual transactions when they note control weaknesses, have concerns about high-risk products or services in a bank, or receive information from a law enforcement or other external source. In large and mid-size bank examinations, OCC procedures require that examiners engage in transaction testing and conduct a review of individual transactions.

In 1997, the OCC formed the National Anti-Money Laundering Group (NAMLG), an internal task force that serves as the focal point for all BSA/AML matters. Through the NAMLG, the OCC has undertaken a number of projects designed to improve the agency's supervision of the BSA/AML activities of national banks. These projects include the development of a program to identify high-risk banks for expanded scope BSA examinations and the examination of those banks using agency experts and expanded procedures; examiner training; the development of revised examination procedures; and the issuance of policy guidance on various BSA/AML topics.

Over the years, the NAMLG has had many significant accomplishments including:

- publishing and updating numerous guidance documents, including the Comptroller's BSA Handbook, extensive examination procedures, numerous OCC advisories, bulletins and alerts, and a comprehensive reference guide for bankers and examiners;
- providing expertise to the Treasury Department and the Department of Justice in drafting the annual U.S. National Money Laundering Strategy;
- providing expertise to the Treasury Department, FinCEN and the other federal banking agencies in drafting the regulations to implement the PATRIOT Act; and
- developing state-of-the-art training programs for OCC and other federal and foreign regulatory authorities in training their examiners in BSA/AML supervision.

To deploy its resources most effectively, the OCC uses criteria developed by NAMLG that targets banks for expanded scope AML examinations. Experienced examiners and other OCC experts who specialize in BSA compliance, AML, and fraud are assigned to the targeted examinations. The examinations focus on areas of identified risk and include comprehensive transactional testing procedures. The following factors are considered in selecting banks for targeted examinations:

- locations in high-intensity drug trafficking areas (HIDTA) or high-intensity money laundering and related financial crime areas (HIFCA);
- excessive currency flows;
- significant international, private banking, fiduciary or other high-risk activities;

- unusual suspicious activity reporting patterns;
- unusual large currency transaction reporting patterns; and
- funds transfers or account relationships with countries known for drug trading or known as bank secrecy havens.

Other responsibilities of the NAMLG include sharing information about money laundering issues with the OCC's District offices; analyzing money laundering trends and emerging issues; and promoting cooperation and information sharing with national and local AML groups, the law enforcement community, bank regulatory agencies, and the banking industry.

NAMLG has also worked with law enforcement agencies and other regulatory agencies to develop an interagency examiner training curriculum that includes instruction on common money laundering schemes. In addition, the OCC has conducted AML training for foreign bank supervisors and examiners two to three times per year for the past four years. Over 250 foreign bank supervisors have participated in this training program. Recently, the World Bank contracted with the OCC to tape our international BSA school for worldwide broadcast. The OCC has also partnered with the State Department to provide AML training to high-risk jurisdictions, including selected Middle Eastern countries. And we consistently provide instructors for the Federal Financial Institutions Examination Council schools, which are now patterned after the OCC's school. In total, the OCC's AML schools have trained approximately 550 OCC examiners over the past five years.

OCC's Enforcement Authority

Effective bank supervision requires clear communications between the OCC and the bank's senior management and board of directors. In most cases, problems in the BSA/AML area, as well as in other areas, are corrected by bringing the problem to the attention of bank management and obtaining management's commitment to take corrective action promptly. An OCC Report of Examination, or an OCC Target Letter (used for large or mid-size banks), documents the OCC's findings and conclusions with respect to its supervisory review of a bank. Once problems or weaknesses are identified and communicated to the bank, the bank's senior management and board of directors are expected to promptly correct them. The actions that a bank takes, or agrees to take, to correct deficiencies documented in its Report or Target Letter are important factors in determining whether more forceful action is needed.

OCC enforcement actions fall into two broad categories: informal and formal. In general, informal actions are used when the identified problems are of limited scope and magnitude and bank management is regarded as committed and capable of correcting them. Informal actions include safety and soundness plans, commitment letters, memoranda of understanding and matters requiring board attention in examination reports. These generally are not public actions.

The OCC also uses a variety of formal enforcement actions to support its supervisory objectives. Unlike most informal actions, formal enforcement actions are authorized by statute, are generally more severe, and are disclosed to the public. Formal actions against a bank include C&D orders, formal written agreements, safety and soundness orders and CMPs. C&D orders and formal agreements are generally entered into consensually by the OCC and the bank and require the

bank to take certain actions or refrain from taking certain actions to correct identified deficiencies. The OCC also may take formal action against officers, directors and other individuals associated with an institution (institution-affiliated parties). Possible actions against institution-affiliated parties include removal and prohibition from participation in the banking industry, CMPs and C&D orders.

To ensure that the OCC's bank supervision and enforcement policies are applied effectively and consistently, and to advise the appropriate Senior Deputy Comptroller for bank supervision on enforcement cases and issues, a core group of representatives from Bank Supervision Operations, Bank Supervision Policy and Legal review all enforcement actions against large banks, and non-delegated mid-size and community banks, as well as all non-delegated actions against individuals. This group, known as the Washington Supervision Review Committee (WSRC), meets on a weekly basis to review and discuss proposed enforcement actions against these banks and individuals. The WSRC plays an advisory role in the OCC's enforcement process and the ultimate decision on whether or not to take action rests with the Senior Deputy Comptroller for Mid-Size and Community Bank Supervision or the Senior Deputy Comptroller for Large Bank Supervision. The WSRC reviews the majority of the enforcement actions taken by the OCC, including, all cases involving BSA enforcement, all cases that are unique or highly visible, and those cases involving referrals to the Department of Justice, HUD and the SEC. Similar groups comprised of representatives from each of the OCC's four district offices advise the District Deputy Comptrollers on enforcement cases and issues. These District Supervision Review Committees (DSRCs) also meet once a week and review certain enforcement actions that have been delegated by the Comptroller for district action.

In recent years, the OCC has taken numerous formal actions against national banks to bring them into compliance with the BSA. These actions are typically C&D orders and formal agreements. The OCC has also taken formal actions against institution-affiliated parties who participated in BSA violations. From 1998 to 2003, the OCC has issued a total of 78 formal enforcement actions based in whole, or in part, on BSA/AML violations. During this same time period, the OCC has also taken countless informal enforcement actions to correct compliance program deficiencies that did not rise to the level of a violation of law.

Significant BSA/AML Enforcement Actions

The OCC has been involved in a number of cases involving serious BSA violations and, in some cases, actual money laundering. Some of the more significant cases involved the Bank of China (New York Federal Branch), Broadway National Bank, Banco do Estado do Parana (New York Federal Branch), and Jefferson National Bank. There are also may other examples where the OCC identified BSA non-compliance or, in some cases, actual money laundering, took effective action to stop the activity, and ensured that accurate and timely referrals were made to law enforcement.

Bank of China, New York Federal Branch

In May 2000, OCC examiners conducting a safety and soundness examination discovered serious misconduct on the part of the branch and its former officials, including the facilitation of

a fraudulent letter of credit scheme and other suspicious activity and potential fraud and money laundering. The misconduct, which resulted in significant losses to the branch, was subsequently referred to law enforcement. In January 2002, the OCC and the Peoples Bank of China entered into companion actions against the Bank of China and its U.S.-based federal branches. The bank's New York branch agreed to pay a $10 million penalty assessed by the OCC and the parent bank, which is based in Beijing, agreed to pay an equivalent amount in local currency to the People's Bank of China, for a total of $20 million. The OCC also required that the branch execute a C&D order which, among other things, required it to establish account opening and monitoring procedures, a system for identifying high risk customers, and procedures for regular, ongoing review of account activity of high risk customers to monitor and report suspicious activity. The OCC also took actions against six institution-affiliated parties.

Broadway National Bank, New York, New York

In March of 1998, the OCC received a tip from law enforcement that this bank may be involved in money laundering. The OCC immediately opened an examination which identified a number of accounts at the bank that were either being used to structure transactions, or were receiving large amounts of cash with wire transfers to countries known as money laundering and drug havens. Shortly thereafter, the OCC issued a C&D order which shut down the money laundering and required the bank to adopt more stringent controls. The OCC also initiated prohibition and CMP cases against bank insiders. In referring the matter to law enforcement, we provided relevant information including the timing of deposits that enabled law enforcement to seize approximately $4 million and arrest a dozen individuals involved in this scheme. The subsequent OCC investigation resulted in the filing of additional SARs, the seizure of approximately $2.6 million in additional funds, more arrests by law enforcement, and a referral by the OCC to FinCEN. In November 2002, the bank pled guilty to a three count felony information that charged it with failing to maintain an AML program, failing to report approximately $123 million in suspicious bulk cash and structured cash deposits, and aiding and assisting customers to structure approximately $76 million in transactions to avoid the CTR requirements. The bank was required to pay a $4 million criminal fine.

Banco do Estado do Parana, Federal Branch, New York, N.Y (Banestado).

In the summer of 1997, the OCC received information from Brazilian government officials concerning unusual deposits leaving Brazil via overnight courier. The OCC immediately dispatched examiners to the branch that was receiving the majority of the funds. OCC examiners discovered significant and unusually large numbers of monetary instruments being shipped via courier into the federal branch from Brazil and other countries in South America, as well as suspicious wire transfer activity that suggested the layering of the shipped deposits through various accounts with no business justification for the transfers. The OCC entered into a C&D order with the federal branch and its head office in Brazil in January 1998 that required controls over the courier and wire transfer activities and the filing of SARs with law enforcement. The OCC also hosted several meetings with various law enforcement agencies discussing these activities and filed a referral with FinCEN. Shortly thereafter, the Brazilian bank liquidated the branch. In May of 2000, the OCC assessed a CMP against the branch for $75,000.

Jefferson National Bank, Watertown, New York

During the 1993 examination of this bank, the OCC learned from the Federal Reserve Bank of New York that the bank was engaging in cash transactions that were not commensurate with its size. OCC examiners subsequently discovered that several bank customers were depositing large amounts of cash that did not appear to be supported by the purported underlying business, with the funds being wired offshore. The OCC filed four criminal referral forms (predecessor to the SAR) with law enforcement pertaining to this cash activity and several additional criminal referral forms pertaining to insider abuse and fraud at the bank. The OCC also briefed several domestic and Canadian law enforcement agencies alerting them to the significant sums of money flowing through these accounts at the bank. Based upon this information, law enforcement commenced an investigation of these large deposits. The investigation resulted in one of the most successful money laundering prosecutions in U.S. government history. The significant sums of money flowing through the bank were derived from cigarette and liquor smuggling through the Akwesasne Indian Reservation in northern New York. The ring smuggled $687 million worth of tobacco and alcohol into Canada between 1991 and 1997. The case resulted in 21 indictments that also sought the recovery of assets totaling $557 million. It also resulted in the December 1999 guilty plea by a subsidiary of R.J. Reynolds tobacco company and the payment of a $15 million criminal fine. The four criminal referral forms filed by the OCC in the early stages of this investigation were directly on point and pertained to the ultimate ringleaders in the overall scheme. These money laundering cases were in addition to the C&D order entered into with the bank, the prohibition and CMP cases that were brought by the OCC, and the insider abuse bank fraud cases that were brought by law enforcement against some of the bank's officers and directors. Seven bank officers and directors were ultimately convicted of crimes.

OCC Cooperation with Law Enforcement and Other Agencies

As the above cases illustrate, combating money laundering depends on the cooperation of law enforcement, the bank regulatory agencies, and the banks themselves. The OCC participates in a number of interagency working groups aimed at money laundering prevention and enforcement, and meets on a regular basis with law enforcement agencies to discuss money laundering issues and share information that is relevant to money laundering schemes. For example, the OCC is an original member of both the National Interagency Bank Fraud Working Group and the Bank Secrecy Act Advisory Group. Both of these groups include representatives of the Department of Justice, the FBI, the Treasury Department, and other law enforcement agencies, as well as FinCEN and the federal banking agencies. Through our interagency contacts, we sometimes receive leads as to possible money laundering in banks that we supervise. Using these leads, we can target compliance efforts in areas where we are most likely to uncover problems. For example, if the OCC receives information that a particular account is being used to launder money, our examiners would then review transactions in that account for suspicious funds movements, and would direct the bank to file a SAR if suspicious transactions are detected. The OCC also provides information, documents, and expertise to law enforcement for use in criminal investigations on a case-specific basis.

The OCC has also played an important role in improving the AML and terrorist financing controls in banking throughout the world. For the past several years, the OCC has provided

examiners to assist with numerous U.S. government-sponsored international AML and terrorist financing assessments. We have a cadre of specially trained examiners that has provided assistance to the Treasury Department and the State Department on these assessments in various parts of the world, including South and Central America, the Caribbean, the Pacific-rim nations, the Middle East, Russia and the former Eastern Bloc nations. In this regard, the cadre has participated in terrorist financing investigations, assessed local money laundering laws and regulatory infrastructure, and provided training to bank supervisors.

The OCC also has provided direct assistance to the Coalition Provisional Authority (CPA) of Iraq. Four OCC examiners recently returned from working in Iraq as technical assistance advisers to the CPA's Ministry of Finance and helping their counterparts at the Central Bank of Iraq develop a risk-based supervisory system tailored to the Iraqi banking system. The OCC examiners assisted in the development of a law addressing money laundering and terrorist financing, drafting of new policy and examination manuals to implement this law, and they have provided extensive AML training to Iraqi bank regulators.

OCC Cooperation with FinCEN and the FinCEN Referral Guidelines

In the BSA area, the OCC's CMP authority is concurrent with that of FinCEN. In cases involving systemic noncompliance with the BSA, in addition to taking our own actions, the OCC refers the matter to FinCEN. The referral guidelines developed by FinCEN (or its predecessor unit within the Treasury Department) provide that the examiner should assess all of the facts and circumstances surrounding the violations, whether the violations represent an isolated incident caused by human error, and whether the deficiencies are indicative of significant noncompliance with the BSA and/or systemic weaknesses in the institution's BSA compliance program. The examiner is instructed to consider whether the violations are the result of blatant, willful or flagrant disregard of the requirements of the BSA; whether there is a pattern of noncompliance with one or more sections of the regulations; whether the violations result from inadequate policies, procedures or training programs; and whether they result from a nonexistent or seriously deficient compliance program. The guidelines also provide that first time violations may or may not be appropriate for referral depending on the circumstances and, normally, isolated incidences of noncompliance should not be referred. The guidelines also set out mitigating factors that should be considered by the examiner, including, the implementation of a comprehensive compliance program, voluntary reporting by the institution of violations discovered, and positive efforts by the bank to assist law enforcement. The Comptroller's BSA handbook also contains an abbreviated version of these referral guidelines and sets forth a number of factors that an examiner should consider in making a referral to FinCEN.

In the case of Riggs, the OCC and FinCEN worked together extensively on the CMP that was recently taken against the bank.

IV. POST 9/11 ACTIVITIES AND THE IMPLEMENTATION OF THE USA PATRIOT ACT

In the immediate aftermath of the 9/11 terror attacks, the OCC participated in a series of interagency meetings with bankers sponsored by the New York Clearinghouse to discuss the

attacks and their impact on the U.S. economy and banking system, and provided guidance to the industry concerning the various requests from law enforcement for account and other information. The OCC was also instrumental in working with the other banking agencies to establish an electronic e-mail system for law enforcement to request information about suspected terrorists and money launderers from every financial institution in the country. This FBI Control List system was in place five weeks after 9/11 and was the precursor to the current system established under section 314(a) of the USA PATRIOT Act, which is now administered by FinCEN. At the same time, the OCC established a secure emergency communications e-mail system for all national banks through the OCC's BankNet technology.

In October 2001, Congress passed the USA PATRIOT Act. The OCC has been heavily involved in the many interagency work groups tasked with writing regulations to implement the USA PATRIOT Act over the past few years. To date, these work groups have issued final rules implementing sections 313 (foreign shell bank prohibition); 319(b) (foreign correspondent bank account records), 314 (information sharing), and 326 (customer identification).

The OCC also provided input into the drafting of the interim final rule implementing section 312 (foreign private banking and correspondent banking). Section 312 requires banks to have due diligence procedures (and, in some cases, enhanced due diligence procedures) for foreign private banking accounts, including the accounts of senior political figures, and foreign correspondent accounts, and to detect and report transactions that may involve the proceeds of foreign corruption. Section 315 of the USA PATRIOT Act also addresses foreign corruption and includes this particular offense as an underlying money laundering crime or "specified unlawful activity" that could trigger the criminal money laundering provisions if the proceeds from the "specified unlawful activity" are involved in a financial transaction. Specifically, section 315 expands the term "specified unlawful activity" to include, with respect to a financial transaction occurring in whole or in part in the U.S., an offense against a foreign nation involving bribery of a public official, or the misappropriation, theft, or embezzlement of public funds by or for the benefit of a public official.

The OCC also took the lead in developing the current 314(a) process for disseminating information between law enforcement and the banks. The OCC worked with the interested regulatory and law enforcement agencies, and drafted detailed instructions to banks concerning the 314(a) process and the extent to which banks are required to conduct record and transactions searches on behalf of law enforcement. The OCC also took the lead in drafting a frequently asked questions (FAQs) document to provide further guidance as to the types of accounts and transactions required to be searched, when manual searches for this information would be required, and the timeframes for providing responses back to law enforcement. Under the new procedures, 314(a) requests from FinCEN are batched and issued every two weeks, unless otherwise indicated, and financial institutions have two weeks to complete their searches and respond with any matches.

Throughout this process, the OCC continually assisted FinCEN in maintaining an accurate electronic database of 314(a) contacts for every national bank and federal branch, provided effective communications to the industry through agency alerts concerning the 314(a) system,

and participated in quarterly interagency meetings with fellow regulators and law enforcement agencies to ensure that the process was working effectively and efficiently.

The OCC also took the lead in drafting the interagency Customer Identification Program (CIP) regulation mandated by section 326, which mandates the promulgation of regulations that, at a minimum, require financial institutions to implement reasonable procedures for: (1) verifying the identity of any person seeking to open an account, to the extent reasonable and practicable; (2) maintaining records of the information used to verify the person's identity, including name, address, and other identifying information; and (3) determining whether the person appears on any lists of known or suspected terrorists or terrorist organizations provided to the financial institution by any government agency. The OCC is also the primary drafter of interagency FAQs concerning the implementation of the CIP rules. A second set of interagency FAQs will be issued shortly.

In order to assess USA PATRIOT Act implementation by the industry, in the summer of 2002, the OCC conducted reviews of all of its high-risk banks (generally large banks and federal branches) to assess their compliance with the processes and regulations issued under the USA PATRIOT Act up to that time, to ascertain the effectiveness of the banks' anti-terrorist financing systems, and to evaluate the industry response to terrorist financing risk. Although, at that time, many of the USA PATRIOT Act regulations had not yet been finalized, we felt it was important to ascertain the level of bank compliance with and understanding of the new requirements. The purpose of these reviews was to discern the types of systems and controls banks had in place to deter terrorist financing, and follow up with full-scope AML exams in institutions that had weaknesses. As a result of these reviews, the OCC was able to obtain practical first hand knowledge concerning how banks were interpreting the new law, whether banks were having problems implementing the regulations or controlling terrorist financing risk, and which banks needed further supervision in this area.

On October 20, 2003, the OCC issued interagency examination procedures to evaluate national bank compliance with the requirements of sections 313 and 319(b), and section 314(a). The procedures were designed to assess how well banks are complying with the new regulations and to facilitate a consistent supervisory approach among the banking agencies. OCC examiners are now using the procedures during BSA/AML examinations of the institutions under our supervision. The procedures allow examiners to tailor the examination scope according to the reliability of the bank's compliance management system and the level of risk assumed by the institution. An interagency working group is currently drafting examination procedures concerning section 326. The OCC is also the primary drafter of these procedures and we expect that they will be issued shortly.

The OCC is currently using draft examination procedures to assess compliance with section 312 of the USA PATRIOT Act by national banks. These examination procedures are not final because the section 312 regulation has not yet been finalized and published by the Treasury Department. The OCC will coordinate with the other federal banking agencies to issue final interagency examination procedures upon publication of the final regulation. The draft procedures currently in place, among other things, require OCC examiners to evaluate bank policies and procedures to ensure that they are reasonably designed to detect and report instances

of money laundering and foreign corruption through foreign private and correspondent banking accounts. The draft procedures also require that examiners test a sample of accounts of senior foreign political officials. The OCC made the section 312 draft procedures available to its large bank examiners in November 2003 and they were provided to mid-size and community bank examiners in February 2004.

The OCC evaluates national bank compliance with section 315 of the USA PATRIOT Act through its section 312 draft examination processes and the OCC's SAR regulation. Banks that identify suspicious transactions involving foreign private and correspondent banking accounts are required to file SARs in accordance with the SAR regulation.

The OCC is currently conducting USA PATRIOT Act examinations in all of its large and high-risk banks and expects all of these examinations to be completed by the end of 2005. USA PATRIOT Act examinations of all other national banks and federal branches of foreign banks will be completed by December 2006.

OCC Outreach and Industry Education

As previously stated, the primary responsibility for ensuring that banks are in compliance with the BSA lies with the bank's management and its directors. To aid them in meeting this responsibility, the OCC devotes extensive time and resources to educating the banking industry about its obligations under the BSA. This has typically included active participation in conferences and training sessions across the country. For example, in 2002 the OCC sponsored a nationwide teleconference to inform the banking industry about the USA PATRIOT Act. This teleconference was broadcast to 774 sites with approximately 5,400 listeners.

The OCC also provides guidance to national banks through: (1) industry outreach efforts that include roundtable discussions with bankers and industry wide conference calls sponsored by the OCC; (2) periodic bulletins that inform and remind banks of their responsibilities under the law, applicable regulations, and administrative rulings dealing with BSA reporting requirements and money laundering; (3) publications, including the distribution of comprehensive guide in this area entitled Money Laundering: A Banker's Guide to Avoiding Problems; (4) publication and distribution of the Comptroller's BSA Handbook which contains the OCC's BSA examination procedures, and the Comptroller's Handbook for Community Bank Supervision which provides guidance on BSA/AML risk assessment; and (5) periodic alerts and advisories of potential frauds or questionable activities, such as alerts on unauthorized banks and FinCEN reporting processes. In addition, senior OCC officials are regular participants in industry seminars and forums on the BSA, the USA PATRIOT Act, and related topics.

Current Supervisory Initiatives

The OCC's BSA/AML examination approaches for national banks differ somewhat depending largely on the size of the institution and its risk profile. In large banks (generally total assets greater than $25 billion) and mid-size banks (generally total assets of $5 - $25 billion), OCC examiners focus first on the banks' BSA compliance program. These banks are subject to our general BSA/AML examination procedures that include, at a minimum, a review of the bank's

internal controls, policies, procedures, customer due diligence, SAR/CTR information, training programs, and compliance audits. We also evaluate BSA officer competence, the BSA program structure, and the bank's audit program, including the independence and competence of the audit staff. While examining for overall BSA compliance, examiners typically focus on suspicious activity monitoring and reporting systems and the effectiveness of the bank's customer due diligence program. In the case of large and mid-size bank examinations, OCC procedures require that examiners engage in transaction testing and conduct a review of individual transactions.

Additional and more detailed procedures are conducted if control weaknesses or concerns are encountered during the general procedures phase of the examination. These supplemental procedures include:

- transaction testing to ascertain the level of risk in the particular business area (*e.g.*, private banking, payable upon proper identification programs (PUPID), nonresident alien accounts, international brokered deposits, foreign correspondent banking, and pouch activity) and to determine whether the bank is complying with its policies and procedures, including SAR and CTR filing requirements;
- evaluation of the risks in a particular business line or in specific accounts and a determination as to whether the bank is adequately managing the risks; and
- a selection of bank records to determine that its recordkeeping processes are in compliance with the BSA.

For community banks (generally total assets under $5 billion), examiners determine the examination scope based on internal and external audit and the risks facing the institution. For low-risk banks, examiners evaluate changes to the bank's operations and review the bank's BSA/AML compliance program. For banks with higher risk characteristics and weak controls, additional procedures are performed, including review of a sample of high-risk accounts and additional procedures set forth above. Examiners also perform periodic monitoring procedures between examinations and conduct appropriate follow-up activities when issues are identified.

Use of CTR and SAR Data in the Examination Process

All banks are required by regulation to report suspected crimes and suspicious transactions that involve potential money laundering or violate the BSA. In April 1996, the OCC, together with the other federal banking agencies and FinCEN, developed the SAR system, form, and database. This system provides law enforcement and regulatory agencies with online access to the entire SAR database. Based upon the information in the SARs, law enforcement agencies may then, in turn, initiate investigations and, if appropriate, take action against violators. By using a universal SAR form, consolidating filings in a single location and permitting electronic filing, the system greatly improves the reporting process and makes it more useful to law enforcement and to the regulatory agencies. As of December 2003, banks and regulatory agencies had filed over 1.3 million SARs, with national banks by far the biggest filers. Nearly 50% of these SARs were for suspected BSA/money laundering violations.

The OCC also uses the SAR database as a factor in identifying high-risk banks and high-risk areas within banks. Year-to-year trend information on the number of SARs and CTRs filed is used to identify banks with unusually low or high filing activity, relative to their own historical patterns or to peer institutions. While no conclusions or inferences can be drawn from this type of comparative analysis, standing alone, it may be indicative of broader patterns within the bank's BSA/AML program. Examiners also review SARs and CTRs to identify accounts to include in the examination sample. Accounts where there have been repetitive SAR filings, significant cash activity, or activity that is inconsistent with the type of business of the customer, would be examples of the types of accounts that would be selected for this examination sample.

V. RIGGS BANK SUPERVISION AND ENFORCEMENT

The following is a summary of the OCC's supervision and enforcement efforts with respect to the deficiencies in Riggs' BSA/AML compliance program. Since this matter involves an open bank and open investigations, there are limitations on what can be said without disclosing confidential supervisory information and potentially compromising future criminal, civil and administrative actions. With that caveat, we have tried to set out below, in as much detail as possible, a description of the OCC's supervision of this institution in the BSA/AML area, dating back to 1997.

The OCC first identified deficiencies in Riggs' procedures in the late 1990's. At that time, we recognized the need for improved processes at Riggs and for improvements in the training in, and awareness of, the BSA's requirements and in the controls over their BSA processes. Prior to 9/11, the OCC visited the bank at least once a year and sometimes more often to review the Bank's BSA/AML compliance program.

Over this timeframe, OCC examiners consistently found that Riggs' BSA compliance program was either "satisfactory" or "generally adequate," meaning that it met the minimum requirements of the program regulation, but we nonetheless continued to identify weaknesses and areas of its program that needed improvement in light of the business conducted by the bank. We addressed these weaknesses using various informal, supervisory actions. Generally, this involved bringing the problems to the attention of Bank management and the board and securing various commitments to take corrective action.

During this period, it was clear that the Bank's compliance program needed improvement, but we determined that the program weaknesses did not rise to the level of a violation of our regulation or constitute a pervasive supervisory concern. The OCC identified problems with the Bank's internal audit coverage in this area, its internal monitoring processes, and its staff training on the BSA and customer due diligence requirements. Repeatedly, management took actions to address specific OCC concerns but, as is now clear, the corrective actions taken were not sufficient to achieve the intended results. The Bank took numerous steps to respond to OCC criticisms, but failed to ensure that it maintained a comprehensive and adequate compliance program, especially with regard to high-risk areas. Due to the lack of an effective and proactive management team, additional weaknesses and deficiencies were identified by the OCC over this time period, but bank follow-up on these weaknesses ultimately proved to be ineffective and the problems persisted longer than they should have.

In July 2000, the OCC conducted a targeted examination of the Bank's International Private Banking Division and, as a part of this examination, we reviewed the Bank's processes for completion of CTRs, the comprehensiveness of training, policies and procedures and the BSA audit program. We also specifically requested from the Bank a list of accounts where the Bank's private banking and fiduciary customers are politicians, export/import business owners, money changers, private investment corporations, financial advisors, offshore entities, or money managers (where an intermediary is acting on behalf of customers). Upon completion of the examination, the OCC found that Bank's BSA compliance "satisfactory" and recommended that the Bank improve monitoring of high-risk customers, improve customer profiles, expand BSA training and improve internal audit.

As various changes occurred in the regulatory expectations for banks relative to BSA compliance and related issues over this period of time, our scrutiny of the bank was adjusted accordingly. For example, when the Financial Action Task Force and FinCEN identified "uncooperative" countries, we conducted an examination at Riggs that specifically focused on account relationships with those countries and determined that the bank did not have extensive transaction activity with any of the countries on the list. In addition, the Treasury Department, the State Department and the federal financial institutions regulatory agencies issued their guidance on "politically exposed persons" (PEPs) in January 2001 (Interagency Guidance), and, as a result, the OCC's focus on the risks associated with the Riggs' embassy banking business began to increase and our supervisory activities were heightened accordingly. However, at that time, the Kingdom of Saudi Arabia was not viewed as a country that posed a heightened risk of money laundering or terrorist financing, and Equatorial Guinea had just begun to reap the financial benefits of the discovery of large oil reserves in the mid-1990s.

Post 9/11 Private Banking Review and the Pinochet Accounts

After 9/11, the OCC escalated its supervisory efforts to bring Riggs' compliance program to a level commensurate with the risks that were undertaken by the Bank and we then believed that we were beginning to see some progress in this regard. The Bank was beginning the process of implementing a major computer system conversion that would address many of the shortcomings in the existing information systems. However, Bank management had to adjust the timeline repeatedly. This caused significant delays in the implementation date, pushing it from the original target of year-end 2002 to September 2003. Thus, the Bank was not able to fulfill many of the commitments that it made to the OCC to correct our concerns pertaining to their BSA compliance program.

In April 2002, as part of the OCC's review of the Bank's overall BSA compliance program, the OCC conducted a review of Riggs' International Private Banking Department and discovered that the Bank had established personal and private investment company accounts for deposed Chilean dictator Augusto Pinochet. These accounts had not been disclosed to us in response to our July 2000 request to the Bank for a list of customer accounts where the Bank's private banking and fiduciary customers are politicians. In our initial review, we found that Mr. Pinochet had received ten sequentially numbered $50,000 cashiers checks from foreign private investment accounts that he owned. As a result, the OCC immediately conducted a targeted

examination into transactions and accounts related to Mr. Pinochet. We subsequently found that Mr. Pinochet held personal NOW and money market accounts in Riggs' London branch, as well as two foreign private investment companies – Ashburton Company, Ltd. and Althorp Investment Ltd. These companies engaged in transactions involving 8 – 10 sequential cashiers checks each payable to Mr. Pinochet and/or his wife for $50,000 each, totaling in the aggregate between $400,000 to $500,000. The OCC identified four separate series of sequential cashiers check transactions that involved the Pinochets and their private investment companies over a 20-month time period involving approximately $1.9 million in funds.

The OCC concluded that, among other things, the Bank had: (1) failed to include the Augusto Pinochet accounts in its lists of PEP accounts that were previously requested by the OCC; (2) failed to file a SAR on the suspicious sequentially numbered cashiers checks that were received by the Pinochets and deposited into accounts in a Chilean Bank, or on the movement of funds out of Spain and the United Kingdom that coincided with legal efforts in those countries to seize his assets under international conventions and treaties; and (3) failed to document the source of Mr. Pinochet's assets held at the Bank.

The Bank informed the OCC that they did not consider Mr. Pinochet to be a PEP since he was no longer involved in the affairs of Chile. However, the Bank's interpretation of the PEP guidance was incorrect and they should have been monitoring Pinochet's accounts as "high risk" PEP accounts, should have been taken steps to confirm the sources and uses of funds through these accounts, and should have filed SARs on the unusual transactions flowing through the accounts from the Pinochet private investment trusts. The Bank closed the Pinochet account and Pinochet's related private investment company accounts, and agreed to implement the enhanced due diligence procedures for PEP accounts consistent with the Interagency Guidance issued in January 2001.

Shortly after these issues were discovered, the OCC specifically brought the Pinochet accounts to the attention of the Department of Justice and the Department of the Treasury. Because the Bank had taken corrective action to address the Pinochet matter by closing all of his accounts and agreeing to further corrective action (implement enhanced due diligence procedures, significant issues related to high risk individuals brought to attention of the Board Directors), the OCC did not take formal enforcement action as a result of this matter. However, we considered the Pinochet matter to be indicative of broader problems with the Bank's BSA/AML program, and it was a factor leading to our conclusion that a more comprehensive examination of the bank's high-risk areas was required.

Immediately after completing the targeted examination into the Pinochet accounts, the OCC commenced a broader anti-terrorist financing review at Riggs in July 2002. As previously described, this was part of a coordinated review of all large and high-risk banks. During this review, OCC examiners concluded that the Bank's BSA/AML risk was significant due to the nature of its Embassy Banking and International Private Banking Divisions' business, and the fact that controls were not fully developed. Further, we noted that there was a large volume of higher risk accounts that Bank management had not adequately reviewed. The OCC raised the Bank's risk rating from "increasing" to "high" and took a series of steps to emphasize to the Bank the critical importance of managing these activities appropriately.

The examination report dated October 7, 2002 informed Bank management that Riggs, as the dominant financial institution serving embassies both in the U.S. and abroad, faced significant challenges in achieving compliance with the requirements of the USA PATRIOT Act. It noted that Bank management had identified approximately 1,200 higher-risk accounts and was affirmatively taking steps to improve controls in this area. The examination report also noted that Bank management had agreed to designate all accounts opened in the Embassy Banking department as "high-risk," subject to heightened scrutiny. At this time, the OCC informed the Bank that we would be performing a BSA/AML targeted examination during the 1st quarter 2003. This would provide the Bank with a reasonable amount of time to implement these new directives and to ensure that the Bank's efforts in this area were sufficient and effective.

January 2003 Examination and the Saudi Embassy Accounts

As a result of the OCC's anti-terrorist financing review findings and other internal assessments, plus published accounts of suspicious money transfers involving Saudi Embassy accounts, our concerns regarding Riggs BSA/AML compliance were further heightened. The OCC significantly expanded the scope of the targeted BSA/AML examination that had already been scheduled for the 1st quarter 2003, developed an action plan for significant issues at the Bank, and we commenced a comprehensive BSA compliance examination of Riggs in January of 2003. The OCC's examination lasted for approximately five months and involved agency experts in the BSA/AML area.

The focus of this examination was Riggs' Embassy Banking business, and, in particular, the accounts related to the Embassy of Saudi Arabia. Due to its Washington D.C. location, its extensive retail branch network, and its expertise in private banking, Riggs found Embassy Banking to be particularly attractive and had developed a market niche. In fact, at one time, 95% of all foreign embassies in the U.S., and 50% of the embassies in London conducted their banking business with Riggs.

During the course of the 2003 examination, the OCC cooperated extensively with investigations by law enforcement into certain suspicious transactions involving the Saudi Embassy relationship. These transactions involved tens of millions of dollars in cash withdrawals from accounts related to the Embassy of Saudi Arabia; dozens of sequentially-numbered international drafts that totaled millions of dollars that were drawn from accounts related to officials of Saudi Arabia, and that were returned to the bank; and dozens of sequentially-numbered cashier's checks that were drawn from accounts related to officials of Saudi Arabia made payable to the account holder.

During the examination, we met with the FBI on a regular basis and provided the FBI with voluminous amounts of documents and information on the suspicious transactions, including information concerning transactions at the bank that the FBI previously was not aware of. The OCC also hosted a meeting with the FBI to discuss these documents and findings. Throughout this process, we provided the FBI with important expertise on both general banking matters and on some of the complex financial transactions and products that were identified.

During the five month examination, OCC examiners were also in regular contact with representatives from the Federal Reserve, which regulates the Bank's holding company and Edge Act subsidiary. Following the examination, we also contacted officials at the Treasury Department, the Federal Reserve, and the FBI and informed them of the Bank's problems and the pending enforcement action.

July 2003 C&D order and CMP Referral to FinCEN

The findings from the January 2003 examination formed the basis for the July 2003 C&D order entered into with the bank. The OCC also identified violations of the BSA that required a referral to FinCEN under FinCEN's referral guidelines. Because FinCEN also has authority to enforce the BSA, the OCC then decided to postpone any final decision on a CMP action until FinCEN had an opportunity to review the case and the agencies could coordinate their actions appropriately.

Although we originally intended to include a review of the Equatorial Guinea Embassy accounts during the January 2003 examination, we decided that a separate examination of these accounts was warranted; this was done in the Fall of 2003. However, from early 2003, Bank management was on notice of our concerns and was aware of our expectations with respect to the Equatorial Guinea accounts.

The July 2003 C&D order, one of the most comprehensive BSA/AML-related orders ever issued by any of the banking agencies, directed the Bank to take a number of steps to correct deficiencies in its internal controls in the BSA/AML area and to strongly consider staffing changes. Among other requirements in this action, the OCC directed the bank to:

- Hire an independent, external management consultant to conduct a study of the Bank's compliance with the BSA, including training, SAR monitoring, correcting deficiencies, and conducting a risk assessment for compliance with the BSA throughout the Bank.
- Require the consultant to evaluate the responsibilities and competence of management.
- Require the consultant's report to address, among other things, the responsibilities and competence of the Bank's BSA officer, and the capabilities and competence of the supporting staff in this area.
- Determine whether any changes were needed regarding the Bank's BSA officer and staff.
- Adopt and implement detailed policies and procedures (including account opening and monitoring procedures) to provide for BSA compliance and for the appropriate identification and monitoring of high-risk transactions.
- Ensure effective BSA audit procedures and expansion of these procedures.
- Review and evaluate the level of service and ability of the audit function for BSA matters provided by any auditor.
- Ensure Bank adherence to a comprehensive training program for all appropriate operational and supervisory personnel to ensure their awareness and their responsibility for compliance with the BSA.

The OCC continued to monitor the Bank and its compliance with the requirements of the C&D order throughout the summer. A formal referral to FinCEN was made June 16, 2003, and the OCC also continued to coordinate with FinCEN on the BSA referral that was made.

Coordination with FinCEN

By the summer of 2003, senior OCC officials were in regular contact with FinCEN concerning the CMP processes and ongoing supervisory processes. The OCC provided regular, ongoing cooperation, information and assistance to FinCEN concerning the OCC's proposed CMP action and the referral that was filed with FinCEN. Specifically, the OCC provided FinCEN with copies of the Bank's examination reports, monthly progress reports and consultant reports that were required pursuant to the C&D Orders, as well as information on SAR filings. We also conducted briefings with FinCEN on the Saudi Embassy accounts and role of law enforcement and we arranged for FinCEN representatives to meet with the OCC examiners who were involved in the supervisory and compliance examinations of the Bank.

When the CMP was ultimately assessed upon completion of the 2004 examination and the Equatorial Guinea findings (discussed immediately below), the OCC and FinCEN had worked extensively on both the legal and supervisory issues underlying the charges. Concurrent 15-day letters were sent by both agencies to the Bank Bank's Board of Directors informing them that CMPs were being considered against the Bank, and providing them with an opportunity to respond to the charges.

The OCC and FinCEN worked together in analyzing the responses provided by the Bank and reached a shared conclusion on the final dollar amount of the assessment. The OCC and FinCEN ultimately issued concurrent CMPs against the Bank that were satisfied with one single payment to the Treasury Department.

October 2003 Examination and the Equatorial Guinea Accounts

The OCC began its next examination of the bank's BSA compliance in October 2003. The purpose of this examination was to assess compliance with the C&D order and the USA PATRIOT Act, and to review accounts related to the Embassy of Equatorial Guinea. The Bank had made progress in complying with the order and in improving its AML program. It also finally had implemented the long planned system upgrade that significantly improved the information available to Bank staff and management to monitor account activity and identify suspicious activity. Notwithstanding these steps, however, there were significant areas of noncompliance identified by our examination.

The examiners found that, as with the Saudi Embassy accounts, the Bank lacked sufficient policies, procedures and controls to identify suspicious transactions concerning the Bank's relationship with Equatorial Guinea, which was the Bank's largest depository relationship. The Bank failed to implement controls or monitor the ongoing activity in these accounts despite various indicators in early 2003 that should have alerted it to the high-risk nature of the relationship, including publication of a newspaper article alleging official corruption and Riggs' receipt of a subpoena requiring documents regarding the relationship. The Bank also failed to

identify, evaluate, and report on suspicious activity occurring in the accounts owned by the government of Equatorial Guinea involving transactions by and for the benefit of PEPs, including: (1) cash deposits into the account of a private investment company owned by a PEP who is a government official, totaling $11.5 million over a two-year period; and (2) wire transfers, totaling hundreds of thousands of dollars, from a government account to the personal account of another government official who had signature authority over the government account.

The Bank also failed to discover that its own relationship manager for these accounts had signature authority over two accounts within the relationship, failed to follow Bank SAR processes concerning suspicious transactions on a timely basis, and did not properly monitor the accounts as high risk accounts. Examples of the relationship manager's suspicious transactions with respect to this relationship include:

- Alteration of a check from the account of a PEP who is the relative of an Equatorial Guinea government official; and
- Over $1 million in wire transfers from accounts owned by the government of Equatorial Guinea into the account of a private investment company that was owned by the relationship manager at another U.S. bank.

The findings from this examination, combined with previous examination findings, made it clear to the OCC and FinCEN that a large CMP against the Bank was warranted.

May 2004 CMP and C&D order

Along with the assessment of a $25 million CMP against Riggs for violations of the BSA and its implementing regulations, and for failing to comply with the requirements of an OCC C&D order that was signed by the bank in July 2003, the OCC also initiated a separate C&D action dated May 13, 2004 to supplement the C&D we had issued in July 2003. The second C&D order directed the Bank to take a number of additional steps to correct deficiencies in its internal controls, particularly in the BSA/AML area. Among other requirements in this separate action, the OCC directed the Bank to:

- Ensure competent management and staffing to achieve compliance with both Orders and successfully implement the bank's planned strategic shift from international business into retail.
- Determine whether management or staff changes are needed and whether management skills require improvement.
- Develop a plan to evaluate the accuracy and completeness of the Bank's books and records, and develop a methodology for determining that information required by the BSA is appropriately documented, filed and maintained.
- Adopt and implement comprehensive written policies for internal controls applicable to the Bank's account relationships and related staffing, including the Embassy and International Private Banking Group. Among other requirements, the policies must mandate background checks of all relationship managers at least every three years and

must prohibit any employee from having signature authority, ownership or custodial powers for any customer account.

- Develop and implement a policy that permits dividend payments only when the Bank is in compliance with applicable law and upon written notice to the OCC.
- Adopt and implement an internal audit program sufficient to detect irregularities in the Bank's operation, determine its level of compliance with applicable laws and regulations and provide for testing to support audit findings, among other requirements.

These actions were based on a finding that the Bank had failed to implement an effective AML program, and as a result, did not detect or investigate suspicious transactions and had not filed SARs as required under the law. The Bank also did not collect or maintain sufficient information about its foreign bank customers. In particular, the OCC found a number of problems with the Bank's account relationship with foreign governments, including Saudi Arabia and Equatorial Guinea. Riggs failed to properly monitor, and report as suspicious, transactions involving tens of million of dollars in cash withdrawals, international drafts that were returned to the bank, and numerous sequentially-numbered cashier's checks.

The OCC will continue to closely monitor the corrective action that the Bank takes in response to the Order and we are prepared to take additional actions where warranted.

In retrospect, as we review our BSA/AML compliance supervision of Riggs during this period, while we identified the BSA deficiencies at the Bank, we should have been more aggressive in our insistence on remedial steps at an earlier time. We also should have done more extensive probing and transaction testing of accounts. Our own BSA examination procedures called for transactional reviews in the case of high-risk accounts, such as those at issue here, yet until 2003, that was not done at Riggs in the Saudi Embassy and the Equatorial Guinea accounts. Clearly, the types of strong formal enforcement action that we ultimately took should have been taken sooner. But, this is not a case where the deficiencies in the bank's systems and controls were not recognized, nor was there an absence of OCC supervisory attention to those deficiencies. Yet, we failed to sufficiently probe the transactions occurring in the Bank's high-risk accounts and we gave the bank too much time, based on its efforts to fix its own problems, before we demanded specific solutions, by specific dates, pursuant to formal enforcement actions. As described below, we have reevaluated our BSA/AML supervision processes in light of this experience and we will be implementing changes to improve how we conduct supervision in this area. The Comptroller has also directed that our Quality Management division undertake an internal review of our supervision of Riggs. These steps are outlined more fully below.

VI. The OCC's Ethics Requirements and Policies

Attention has been focused recently on the fact that in August 2002, the former OCC examiner-in-charge of Riggs (Riggs EIC) retired from the OCC after 34 years as a bank examiner and thereafter joined Riggs initially as a loan review manager, and later became the executive vice president and chief risk officer. Certain post employment choices made by former government employees may result in conflicts of interest and the appearance of conflicts of interest, and, as a result, there are government-wide ethics rules addressing these issues. The OCC also has put in place additional procedures to safeguard against conflicts of interest in the post-OCC

employment setting. However, neither the government-wide ethics rules, nor our supplemental standards, prohibit examiners, upon the termination of their employment, from working for a bank they had been responsible for examining in their immediately preceding position. We recognize such situations create issues of appearance as well as the potential for conflicts of interest and the OCC currently is considering implementing additional measures in this area. We are awaiting the results of the OCC Quality Management Division's review of this and other issues arising from the Riggs situation and the results of the review also underway by the Treasury Department's Office of Inspector General, before making final decisions.

Government-wide Ethics Rules and Regulations

The Standards of Ethical Conduct for all federal employees require those who seek employment in any way, such as sending a resume or expressing an interest in a job opening, to stop work on matters related to the prospective employer. 5 C.F.R. § 2635.602. In addition, a criminal statute prohibits employees from negotiating for employment with any individual or company while working on a particular matter related to that individual or company. 18 U.S.C. § 208. Thus, the prohibition in the statute and the regulation is not against seeking employment with any particular company, but in seeking employment while at the same time working on a matter involving that company.

All former federal employees are subject to the post-employment ethics statute, 18 U.S.C. § 207. The following are the three sections of the post-employment statute that most affect former OCC employees:

- The "permanent prohibition" provides that former OCC employees generally may not call, attend meetings with, or otherwise appear before the OCC or any other government agency on behalf of a bank or other company to discuss with intent to influence decisions, applications, examination reports, or other particular matters involving the bank or company, if they personally and substantially participated in or worked on these matters while they were employed at the OCC. 18 U.S.C. § 207(a)(1).

- The "supervisors' prohibition" provides that for two years following their departure from the federal government, former OCC employees may not call, attend meetings with, or otherwise appear before the OCC or any other government official on behalf of a bank or other company to discuss with intent to influence decisions, applications, examination reports, or other particular matters pending under their official supervision or responsibility during their last year of federal employment. 18 U.S.C. § 207(a)(2).

- The "one-year cooling-off period" provides that for one year following their departure from the government, a senior OCC official may not call, attend meetings with, or otherwise appear before the OCC on behalf of a bank or other party with intent to influence on any matter. This prohibition applies to OCC employees with a base salary (excluding geographic pay) equal to or greater than the applicable threshold ($136,757 as of January 2004). 18 U.S.C. § 207(c).

Additional OCC Ethics Procedures

To ensure that departing employees are fully aware of their post-OCC ethics obligations, OCC ethics officials conduct pre-exit interviews with departing employees, provide them with a copy of the ethics restrictions, and discuss the applicability of these restrictions to the specific future plans of the departing employee. The OCC also informs departing employees that they may contact OCC ethics officials at any time in the future should any questions or issues arise. The OCC also provides guidance for its current employees who have contacts with former OCC employees.

In implementing these ethics laws and regulations, the OCC's ethics guidance consistently reminds OCC examiners and other employees that, as soon as they contact, or are contacted by, a bank or other company about employment, they must stop any work they are doing at the OCC that involves that company and may not accept any new assignments involving that company.

OCC employees are regularly advised in ethics issuances and ethics training that they should exercise special caution in this area, because apparently insignificant actions can inadvertently have immediate and significant effects, resulting in possible criminal prosecution. They are warned that a brief conversation with a bank official or the sending of a resume can constitute "seeking employment" and can require the employee's recusal from a bank. They are advised that an examiner or other employee who is contacted by a bank about employment, or seeks employment with the bank, during an examination must immediately terminate his or her participation in that examination. Our guidance stresses that this immediate recusal is required even if the employment discussions were initiated by the bank. And even if the examiner immediately terminates such discussion, he or she must advise his or her supervisor that an employment contact was made during an examination.

When an OCC employee is scheduled to leave the agency, the employee's ethics official is advised of the departure and conducts an exit interview, which includes a discussion of the employee's future employment plans and how the ethics post-employment rules are likely to apply to the employee.

Additional procedures that are not required by the regulation have been implemented by the OCC and are applicable when an employee is leaving the OCC to work for a bank. These additional procedures - the Bank Employment Questionnaire and the Workpaper Review – are designed to provide additional safeguards against conflicts of interest.

The OCC's ethics procedures require any examiner or other financial disclosure filer who is planning to work for a bank after leaving the OCC to complete a Bank Employment Questionnaire that requires the employee to disclose among other things:

- The date the employee first discussed prospective employment with the bank;
- The date when the employee last worked on matters related to the bank;
- Whether the employee at the time of, or at any time prior to, his or her resignation was involved in the examination or other supervision of the bank or any affiliate of the bank; and

- With whom within the OCC and the bank the offer of employment was discussed.

OCC procedures further require that a workpaper review be conducted if an examiner worked on the last examination of the bank. A workpaper review is conducted on the work products of departing OCC examiners who worked on the most recent examination of the bank where they accept a position. The review is conducted by an independent commissioned National Bank Examiner.

The examiner conducting the workpaper review determines: (1) whether the judgments and decisions made by the departing employee are reasonable and supported; (2) whether any examiner judgments were unduly detrimental or beneficial to the bank or the OCC; and (3) whether there was any evidence of undue influence over the employee's work or the employees staff's work if the departing employee was in a supervisory role.

In the event of an unfavorable conclusion, a secondary review is conducted. If the secondary review supports conclusions from the workpaper review, the Deputy Comptroller, District Counsel and Ethics Counsel will determine if the following actions should be taken: (1) referral to the Inspector General; (2) re-examination of the institution; and/or (3) re-examination of the area of the bank upon which the conclusions were based.

The OCC's ethics program is periodically reviewed by the Office of Government Ethics. In the most recent review in 2000, the agency received an Outstanding Ethics Program Award for outstanding achievement in developing and managing the ethics program.

Application of Ethics Rules to the Riggs EIC

The Riggs EIC was subject to these pre- and post-departure ethics statutes and regulations, and agency procedures were carefully and promptly followed in the period leading up to his retirement from the OCC. Upon unilaterally being approached by the Bank concerning the possibility of employment with the Bank, the Riggs EIC promptly contacted his immediate supervisor and his ethics official, and received a recusal letter informing him that he was prohibited from participating in any matters involving Riggs Bank. A copy of this recusal letter was sent to his supervisor.

Upon acceptance of a position with the Bank, the Riggs Bank EIC completed the OCC's Bank Employment Questionnaire, the OCC ethics official issued a memorandum to the Riggs EIC reviewing the post-employment rules and a workpaper review was conducted by an independent examiner who found that there was no evidence of potential conflicts of interest. This workpaper review by the examiner was then reviewed both by the Northeast District Deputy Comptroller and the appropriate ethics official. Both of these individuals concurred with the recommended conclusion of the independent examiner.

VII. Improvements Undertaken to Improve BSA/AML Supervision

While we believe that our overall supervisory approach to BSA/AML compliance has been rigorous and is working well, we are committed to ongoing evaluation of our approaches to

BSA/AML compliance and to appropriate revisions to our approach in light of technological developments, and the increasing sophistication of money launderers and terrorist financers, as well as to address aspects of the process where shortcomings were evidenced in the Riggs situation. Recent and current initiatives include the following:

- As previously mentioned, together with the other federal banking agencies, we recently developed revised examination procedures for several key sections of the USA PATRIOT Act and we expect to be issuing a revised version of our BSA Handbook by the end of the year.

- Together with the other federal banking agencies, we issued an Interagency Advisory providing guidance to the banking industry concerning the acceptance of accounts from foreign governments, foreign embassies and foreign political figures. In conjunction with this Interagency Advisory, the Department of the Treasury issued a Statement of Policy on Accepting Accounts from Foreign Governments, Foreign Embassies and Foreign Political Figures.

- We plan to develop our own database of national bank-filed SARs with enhanced search and reporting capabilities for use in spotting operational risk including in the BSA/AML area. This database will be compatible with the OCC's supervisory databases and will enable us to: (1) generate specialized reports merging SAR data with our existing supervisory data, (2) sort SAR information by bank asset size and line of business, and (3) provide enhanced word and other search capabilities.

- We are developing and will implement nationwide, a new risk assessment process to better identify high-risk banks. This system will use standardized data on products, services, customers, and geographies to generate reports that we will use to identify potential outliers, assist in the allocation of examiner resources, and target our examination scopes (e.g., particular products or business lines).

- We are exploring with FinCEN and the other agencies better ways to use BSA information in our examination process, so that we can better pinpoint risks and secure corrective action. We are currently working with FinCEN to help develop their BSA Direct initiative. We expect that this system will allow us to make better and more effective use of FinCEN's SAR database.

- We are also exploring how we can systematically capture BSA/AML criticisms in examination reports so that we can track situations where no follow-up formal action has been taken.

- Our Committee on Bank Supervision also has sent an alert to remind OCC examination staff of the need to recognize accounts and transactions that appear to be anomalous or suspicious or that have other characteristics that should cause them to be considered high-risk in nature, and to conduct additional transaction testing and investigation in such situations.

- We are amending our existing enforcement policy to clarify areas where statutory mandates exist to take certain types of enforcement actions under specified events or conditions.

- We endorsed the formation of, and will actively participate in, the Federal Financial Institutions Examinations Council's new interagency working group that is charged with enhancing the coordination of BSA/AML training and awareness. This coordination will include improving coordination between the banking agencies and FinCEN.

In addition, specifically with regard to Riggs, the Comptroller has directed our Quality Management Division to immediately commence a review and evaluation of our BSA/AML supervision of Riggs. This review will include an assessment of whether we took appropriate and timely actions to address any shortcomings found in the bank's processes and in its responses to matters noted by the examiners, and the extent and effectiveness of our coordination and interaction with other regulators and with law enforcement. The review will also seek to determine whether there were any inappropriate influences that may have affected our supervisory activities in this case. The Comptroller has also asked for recommendations for improvements to our BSA/AML supervision and our enforcement policy with regard to BSA/AML violations.

Conclusion

The OCC is committed to preventing national banks from being used, wittingly or unwittingly, to engage in money laundering, terrorist financing or other illicit activities. We stand ready to work with Congress, the other financial institution regulatory agencies, the law enforcement agencies, and the banking industry to continue to develop and implement a coordinated and comprehensive response to the threat posed to the nation's financial system by money laundering and terrorist financing.

OPENING STATEMENT OF

ANDREW P. SWIGER, EXECUTIVE VICE PRESIDENT

EXXONMOBIL PRODUCTION COMPANY

BEFORE THE PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

UNITED STATES SENATE COMMITTEE ON GOVERNMENTAL AFFAIRS

JULY 15, 2004

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

I am Andrew Swiger, and I am the Executive Vice President for ExxonMobil Production Company, a division of Exxon Mobil Corporation. I have been with Mobil Corporation and subsequently ExxonMobil for 26 years, and I have held a variety of managerial positions around the world. My current responsibilities include ExxonMobil's global oil and gas production operations, including our subsidiaries in Africa.

On behalf of ExxonMobil, I am pleased to have the opportunity to appear before the Subcommittee today to discuss our Standards of Business Conduct and our operations in Equatorial Guinea. ExxonMobil staff and counsel have met two times with the Subcommittee staff on these matters, we have briefed the staff on ExxonMobil's work on global transparency issues, and we have responded to a series of detailed questions from the staff.

ExxonMobil has a rigorous, formal system of corporate governance that requires all of our employees to comply with all applicable laws and with our company's Standards of Business Conduct. FCPA compliance (and compliance with the anti-corruption laws of other countries) is an integral component of ExxonMobil's overall compliance program and strong control environment. That control environment guides the daily behavior of ExxonMobil's employees worldwide. Through its on-going compliance program, ExxonMobil:

- Clearly articulates and disseminates its foundation policies through all levels of the business, all over the globe;
- Establishes strong management controls for implementing policies;
- Provides for management accountability for compliance at all levels;
- Trains its employees in ethics, including FCPA compliance;
- Monitors and enforces its policies through three key mechanisms: (1) management controls and practices; (2) internal and external audit functions; and (3) involvement of ExxonMobil lawyers, controllers, and other staff groups in business activities; and
- Finally, where necessary, ExxonMobil takes swift disciplinary action, up to and including termination, for non-compliance with ExxonMobil policies or applicable laws.

Mr. Chairman, ExxonMobil is committed to being a good corporate citizen wherever we operate worldwide. We maintain the highest ethical standards, comply with all applicable laws and regulations, and respect local and national cultures.

ExxonMobil has and continues to communicate and give effect to its foundation principles worldwide through open communication with our own employees and contractors, the government and the business sector. We recognize that to be a good corporate citizen, we must also consider the impact of our business operations on the communities in which we operate.

ExxonMobil has brought these principles and practices to bear in our operations in Equatorial Guinea. Mobil Equatorial Guinea Inc. (or "MEGI") is the Operator of two offshore blocks in Equatorial Guinea, only one of which is currently producing. MEGI produces nearly 280 thousand barrels per day of oil from the Zafiro Field in Block B, approximately 40 miles northwest of the capital city of Malabo, in water depths of 500 to 2,800 feet.

MEGI community activities include a focus on health, education and clean drinking water, upgrades to local health clinics and schools, and capacity building through training and apprenticeship programs.

Since its first operations in Equatorial Guinea in 1994, MEGI has:

- Achieved employment levels of Equatoguinean employees and contractors exceeding 50% of the total MEGI workforce
- Spent approximately $25 million to educate and train Equatoguinean workers in country and abroad
  - Over 40 nationals have been educated abroad
  - 49 nationals are currently enrolled in MEGI apprenticeship programs

The practical realities of doing business in developing countries are challenging. Equatorial Guinea, like many developing nations, has a limited number of local businesses and a small population of educated citizens. As a result, there is a small community of government officials and business owners. Not unexpectedly, many of those persons are connected by a network of social and family relations. Many businesses have some family relations with a government official, and virtually all government officials have some business interests of their own, or through a close relative. We believe it is possible to have business dealings with government officials in an ethical manner and in strict compliance with U.S. and local laws. While it may be virtually impossible to do business in such countries without doing business with a government official or a close relative of a government official, it is still possible - indeed, it is expected - that we do business ethically and comply with all U.S. and local laws.

To ensure that all of our business dealings are free of corruption in Equatorial Guinea, as in our affiliates worldwide, we have an FCPA compliance program that requires full accountability with respect to business transactions. This is true whether we are dealing with private individuals or public officials in their private capacity.

We believe that the government and the business community in Equatorial Guinea understand and respect the fact that we have explicit rules about how we conduct our business and that we

stick to them. In some cases this means that we have disputes about taxes, rents, fees, and services, and that we address those disputes through established contractual and legal processes.

I would also like to emphasize that ExxonMobil believes that support for transparency is part of our commitment to oppose corruption and uphold honest and ethical behavior wherever we operate. ExxonMobil will support a transparency initiative that applies universally to businesses seeking to operate in a country, protects truly proprietary commercial information, and respects the sanctity of contracts and local laws. To that end, ExxonMobil has actively participated in the dialogue on the Extractive Industries Transparency Initiative sponsored by the U.K. Department for International Development.

In conclusion, I believe that ExxonMobil is widely known for its Standards of Business Conduct, standards that are understood and practiced by employees under management's guidance and reinforced by a formal governance system. This corporate culture is perpetuated by a management that stresses legal compliance on a continuous basis, and responds to even minor compliance issues. ExxonMobil demands that every one of its employees, in all of its business dealings, anywhere in the world, not only comply with the law, but also live by a strong creed of corporate ethics. This is not always easy or convenient, but it is the standard to which all ExxonMobil people are held. That is true in Equatorial Guinea and everywhere else ExxonMobil does business in the world.

Thank you, Mr. Chairman. I will be pleased to respond to the Subcommittee's questions.

United States Senate
Permanent Subcommittee on Investigations of the Committee on Governmental Affairs
Amerada Hess Corporation
Written Statement for Hearing on Thursday, July 15, 2004

Chairman Coleman, Senator Levin and Members of the Subcommittee, thank you for the opportunity to submit this written statement in connection with the hearing scheduled for July 15, 2004. Amerada Hess Corporation (AHC) commends the Subcommittee for examining the important questions surrounding transparency in global trade and markets. AHC is already involved in the United Nations Global Compact and the Extractive Industries Transparency Initiative dialogue and is pleased to share with the Subcommittee information about these activities.

Before addressing the subjects identified by the Subcommittee in its letter of July 6, 2004, we wish to tell you a little about AHC. AHC is a leading global independent energy company, engaged in the exploration and production of crude oil and natural gas, as well as in crude oil refining and in marketing refined petroleum products, natural gas and electricity. AHC employs over 11,000 people world-wide and over 9,000 in the US alone. AHC's headquarters are in New York City but its refining and marketing operations are headquartered in Woodbridge, New Jersey and its global exploration and production operations are headquartered in Houston, Texas. AHC currently has operations in the United Kingdom, Norway, Denmark, Algeria, Brazil, Peru, Equatorial Guinea, Gabon, Azerbaijan, Malaysia, Thailand and Indonesia. AHC owns jointly with Petroleos de Venezuela one of the largest oil refineries in the world located in the U.S. Virgin Islands. The Company operates a network of twenty-two petroleum terminals on the east coast of the United States. AHC markets refined petroleum products, as well as natural gas and electricity, to customers throughout the eastern part of the United States. To assist this effort, the Company operates approximately 1,250 HESS retail gasoline station and convenience store outlets from Massachusetts to Florida.

At AHC, we understand the importance of serving as a steward of the resources and environment on which we all depend. To that end, the Company adopted a Social Responsibility Policy Statement that guides our business practices and ensures that our employees remain committed to the highest standards of corporate citizenship and environmental responsibility. Each of our business units has incorporated an Environmental Management System based on the ISO-14000 series of international standards. AHC recognizes that cooperative relationships are integral to our goal of being the partner, supplier and neighbor of choice. We remain committed to continuous environmental, health and safety improvements and have reaffirmed our historic commitment to responsible corporate citizenship.

AHC's testimony is intended to address the Subcommittee's inquiries regarding the Company's business operations in Equatorial Guinea, the Company's policies and procedures regarding compliance with the Foreign Corrupt Practices Act as well as the Company's views regarding various transparency initiatives directed at combating illegal money laundering.

1. AHC's Operations in Equatorial Guinea

AHC began business in Equatorial Guinea in July 2001. The Company acquired its interests in Equatorial Guinea through its purchase of another oil company, Triton Energy

Limited. Triton had been active in Equatorial Guinea for a number of years prior to the acquisition through its subsidiary Triton Equatorial Guinea, Inc. and that company, which has now changed its name to Amerada Hess Equatorial Guinea, Inc. ("AHEG"), remains the AHC subsidiary operating in the country to this day. Because AHC only recently began its operations in Equatorial Guinea, the Company is understandably not in a position to address most of the Subcommittee's questions regarding business practices prior to its acquisition of Triton.

AHC has interests in three blocks offshore Equatorial Guinea, Blocks F, G and L. A map showing the location of the three Blocks has already been produced to the Subcommittee's staff. AHC operates Blocks F and G and has production facilities on the Ceiba Field on Block G. The Ceiba Field was discovered by Triton in 1999 and after a rapid development, first oil was produced in the fourth quarter of 2000. Production is across a floating production, storage and offloading vessel, the *Sendje Ceiba.*

AHC's rights and obligations with respect to Equatoguinean interests are derived from production sharing contracts (PSCs) entered into with the government. AHC (through AHEG) holds an 85% interest in Block G and by virtue of the operation of the production sharing mechanism in the PSC has an entitlement to lift a proportion of the crude oil produced. Currently, net production to AHC is around 28,000 barrels of oil per day. Tankers are loaded at the *Sendje Ceiba* and AHC's entitlement crude is marketed on the world market by AHC's oil traders based in New York. The government of Equatorial Guinea receives royalties on oil sold and taxes on corporate profits as well as its own entitlement of crude oil under the PSC. The government lifts and sells its own entitlement; this is not done on its behalf by AHC.

In addition to the Ceiba Field, AHC has recently submitted a plan of development to the Equatoguinean government for a number of discoveries in northern Block G. Government approval of this plan of development is pending and expected imminently.

The Subcommittee's letter inquires about certain of AHC's business transactions in Equatorial Guinea. So far as we are aware, the only business arrangements since January 1, 1998 which involves AHC and in which Equatoguinean government officials, family members or entities controlled by these individuals have or have had an interest are the residential and office leases already disclosed to the Subcommittee's staff, and the security contract with Sonavi (which we are expecting to terminate at the end of July 2004) already described to the Subcommittee staff. As the members of the Subcommittee will appreciate, there always exists a possibility that other entities with which we have business dealings in Equatorial Guinea may belong to government officials or their family members as we are rarely aware of the identity of the shareholders of the companies with which we work. Likewise, AHC has already supplied a comprehensive spreadsheet of payments made to the Equatoguinean government or government entities and has otherwise provided details of payments made to any government officials, family members or entities controlled by these individuals in previous submissions to the Subcommittee's staff.

2. Safeguards Against Corrupt Practices

AHC goes to considerable lengths to ensure ethical conduct of its business around the world and full compliance with the laws of the United States and other countries where it has operations. AHC's policies in this regard are captured in its Code of Business Conduct and Ethics (the Code) and its Executive Directive # 26 (ED 26) copies of which have been previously

supplied to the Subcommittee's staff. All employees are issued a copy of the Code translated into their own language where necessary, and are required to sign an acknowledgement that they have read and understand its contents. An international toll-free telephone number and a website are published in the Code and in AHC's offices and facilities to allow employees to report (anonymously if they wish) any breaches of the Code to the Vice President, Audit and Compliance.

In addition to the Code, AHC's audit committee has issued a policy to the effect that all contractual payments to governments or government entities around the world should be made by wire transfer into a bank account in the name of the appropriate government or government department. This policy is intended to prevent any possibility of fraudulent endorsement of checks used to make such payments.

AHC conducts a rolling program of educational seminars on the FCPA, with a seminar being conducted in each of its major operational offices once every year. Similarly, AHC's internal audit function (outsourced to PricewaterhouseCoopers LLP) visits each non-US office at least once every year to audit compliance with the FCPA. AHC's ED 26 requires that even facilitating payments permitted by the FCPA be authorized in advance in the US by its Executive Vice President and General Counsel or its Vice President, Audit and Compliance, and that they be properly recorded as facilitating payments in the Company's books of account.

In implementation of the above and to ensure in-country compliance, AHC's West African production business has instituted a mandatory approval sequence for all payments or potential payments which are covered by AHC's FCPA compliance policies. This process requires the electronic routing of requests through appropriate management in Equatorial Guinea (who are empowered to refuse sanction but not to make the payment without further authority) and Houston, then to the Vice President, Audit and Compliance.

Contractual payments for oil revenues and taxes will only be made to bank accounts in the name of the government or an appropriate government department. Any payments for such items made by check before the introduction of the audit committee policy referred to above would only have been made by check drawn in favor of the government or an appropriate government department. The Subcommittee has previously inquired about payments made by AHC into accounts located at Riggs Bank in the United States. Payments made by AHC to accounts at Riggs Bank were made pursuant to the express terms of the PSC with the government of Equatorial Guinea. In addition, consistent with the policy set forth above, all payments were made into government denominated Riggs Bank accounts – not personal bank accounts. The Company understands that these payments are entirely legal and appropriate.

3. Transparency Initiatives

AHC supports transparency initiatives within our own operations and as part of oil and gas industry associations. AHC is proud to be a member of the United Nations Global Compact which brings companies together with UN agencies, labor and civil society to support ten principles in the areas of human rights, labor and the environment. The tenth principle of the Global Compact is that "Businesses should work against all forms of corruption, including extortion and bribes". As part of its membership of the Global Compact, Amerada Hess has committed to advance responsible corporate citizenship so that business can be part of the solution to the challenges of globalization. In addition to the UN Global Compact, Amerada

Hess is currently evaluating participation in the Extractive Industries Transparency Initiative dialogue.

AHC hopes that the Subcommittee will find this testimony and information useful in conducting its inquiry. The Company has been pleased to work cooperatively with the Subcommittee and its staff over the last several months to understand better the strengths of the current system and to identify potential opportunities for reasonable improvement.

July 13, 2004

Testimony of Steven P. Guidry

Marathon Oil Company

Before the Senate Government Affairs
Permanent Subcommittee on Investigations

July 15, 2004

Thank you, Mr. Chairman.

I am Steven P. Guidry, Central African Business Unit Leader of Marathon Oil Company. I am pleased to appear before the Subcommittee to review Marathon's oil and gas activities in Equatorial Guinea.

Marathon is a fully integrated oil and gas company focused on international growth. We are headquartered in Houston, Texas, and are the 4th largest US-based integrated oil and gas company and the 5th largest US refiner and marketer. Marathon currently has operations in 28 states and in 9 countries, including Equatorial Guinea.

Marathon established a core production area in Equatorial Guinea in January 2002 through the acquisition of CMS Energy's interests in that country. Prior to January 2002, Marathon had no operations in Equatorial Guinea. This acquisition included an interest in the Alba Field and a 45% interest in the AMPCO methanol plant, which converts natural gas from the Alba Field into methanol. In June 2002, the company strengthened its position through the acquisition of Globex Energy, bringing the company's total working interest in the Alba Field to 63 percent.

Shortly after establishing our presence in Equatorial Guinea in January 2002, we announced plans for the Phase 2A and 2B expansion projects. Phase 2A is scheduled for completion in August 2004. This project will increase condensate production, which is similar to light crude oil, from the Alba Field from 20,000 to 54,000 barrels per day and eliminate flaring of natural gas. Phase 2B is targeted for completion at the end of the first quarter of 2005. This project will increase liquefied petroleum gas (propane and butane) production from 2,700 to 20,500 barrels a day.

In addition, Marathon recently announced the final investment decision for Phase 3 – a major liquefied natural gas (LNG) project expected to produce 3.4 million metric tons of LNG per year by the fourth quarter of 2007. These LNG shipments are primarily targeted for delivery to the US, where the LNG will be regassified and used to help alleviate growing natural gas supply shortages. Marathon and our partners hope to eventually add another train to the LNG plant to process additional stranded natural gas from the Gulf of Guinea, some of which is currently flared by other operators.

As you are aware, the Gulf of Guinea is a major oil and gas supplier to the US market, and Equatorial Guinea currently ranks as the third largest producer in Sub-Saharan Africa. The region is poised to play an important role in US energy security in the years ahead as the US tries to lessen its dependence on Middle East and North African producers.

Marathon conducts its domestic and international operations in accordance with the highest ethical standards and principles. Our Code of Business Conduct, Anti-Corruption Compliance Guidelines, and Position on the Extractive Industries Transparency Initiative, which we will submit for the record, illustrate our commitment to comply with the law and to conduct our business ethically. They also reinforce our values of trust, respect, dignity and honesty, which we believe are the foundation of good business.

Through our Business Integrity Office, Marathon has implemented an Integrity Helpline – a valuable resource and platform for issue discussion and advice regarding ethics and behavior in the workplace, as well as a resource for reporting suspected illegal or unethical activity. In addition, we have procedures for the receipt, retention and handling of complaints received by the company regarding accounting and auditing matters, and for the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing practices.

We take compliance with the Foreign Corrupt Practices Act very seriously. The company has issued mandatory guidelines for FCPA compliance and other anti-corruption laws. Employees are surveyed on an annual basis regarding their awareness of and compliance with these guidelines. Annual, live anti-corruption training is required for US-based and international employees, including those in Equatorial Guinea. In 2003, Marathon lawyers conducted 52 live FCPA or anti-corruption compliance briefings to a total of 1,290 people. In addition, employees have a number of alternatives for reporting concerns. FCPA compliance is audited by Marathon on an annual basis.

Marathon also takes very seriously our commitment to the citizens of every country in which we do business. We are fully aware of the problems that oil revenues can bring to underdeveloped nations, and that the opportunity to use these revenues to improve the standard of living for the larger population is often unrealized. We are pleased that the government of Equatorial Guinea is working with multilateral institutions such as the United Nations Development Program and the International Monetary Fund to build an economic framework for future development. We would encourage the US government to do more to assist Equatorial Guinea in its goals to build a prosperous future for its citizens.

To assist in this effort, Marathon and our partners have invested millions of dollars in social programs to enhance the education and health of the citizens of Equatorial Guinea. For example, Marathon, our partners, and the government of Equatorial Guinea are working together on a multi-million dollar Rollback Malaria initiative that we hope will

eliminate malaria transmission on Bioko Island within 5 years. We are also investing heavily in educational initiatives for Equatoguinean students at home and abroad. Marathon and our partners manage a Technical Training Center in Malabo for local citizens interested in working at our facilities, and have made donations of materials and supplies to schools and health centers. Our commitment to the citizens of Equatorial Guinea includes a national integration plan under which we hope to develop a sustainable program to integrate EG nationals into positions of increasing responsibility at our facilities. Our operations are the largest employer in Equatorial Guinea, currently employing approximately 1,000 Equatoguineans.

But we know our responsibilities do not stop there. Marathon is working with other US companies doing business in Equatorial Guinea to find a path forward to assist Equatorial Guinea in building the capacity it needs to improve the standard of living for its people. In addition, Marathon has endorsed the Extractive Industries Transparency Initiative, and is in the process of becoming a signatory on the Voluntary Principles on Security and Human Rights. In a recent press release, the government of Equatorial Guinea also endorsed the Extractive Industries Transparency Initiative, as well as the G-8's initiative on transparency and good governance. We would encourage the US & UK governments to work with Equatorial Guinea to promote progress in this area.

In summary, Marathon is committed to playing a positive role as a responsible corporate citizen in the countries and communities where we operate, and will seek government and non-government partners that share this commitment. This includes respecting local laws, strict adherence to the Foreign Corrupt Practices Act, strict adherence to health, environmental and safety standards, conducting our business honestly and with integrity, and respecting the quality of life of those impacted by our operations.

Thank you for this opportunity, Mr. Chairman. I would be pleased to answer any questions you might have.

Marathon Oil Company
Position on the Extractive Industries Transparency Initiative (EITI)

Marathon opposes corruption in any form. Transparency and accountability are fundamental values guiding Marathon's business conduct, which we believe shape the foundation for sustainable development

For the Extractive Industries Transparency Initiative to become effective:

- It should, first and foremost, be a government-to-government initiative. For any transparency initiative to succeed, the involvement of host governments is critical before companies can commit. Companies cannot act unilaterally without government approval.
- It must not violate laws of the host country or cause a breach of contractual obligations. The process must honour the sanctity of contracts, as this is a fundamental tenet of global commerciality.
- The initiative must remain voluntary. A level playing field needs to be ensured, recognizing that a majority of the world's oil and gas companies are state-owned. Public, private and state-owned companies must be held to the same criterion.
- Technical issues, including the aggregation of data and development and implementation of host country legislation, must be addressed. International financial institutions, such as the World Bank and the International Monetary Fund, can play an important supporting role to this effect. These institutions should encourage host governments to ensure that systems of revenue collection and disbursement are transparent and to make sound use of their resources. It is imperative that host governments are fully engaged and supportive of the initiative, and that any design is in compliance with host legislation and contracts.

We support the principles outlined in the G8 Evian Declaration, which advocates encouraging governments and industry (both private and state-owned) to disclose voluntarily information to a multilateral organization or another independent body. The proposal calls for publishing information at an aggregated level while protecting proprietary information and maintaining contract sanctity. Governments that choose this path will be given capacity-building assistance.

There remain many challenges with respect to implementation, and there is much work ahead. Marathon is committed to be actively engaged in this important initiative.

United States Senate
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS
Committee on Governmental Affairs

Norm Coleman, Chairman
Carl Levin, Ranking Minority Member

MONEY LAUNDERING AND FOREIGN CORRUPTION: ENFORCEMENT AND EFFECTIVENESS OF THE PATRIOT ACT

CASE STUDY INVOLVING RIGGS BANK

REPORT

PREPARED BY THE

MINORITY STAFF
OF THE
PERMANENT SUBCOMMITTEE
ON INVESTIGATIONS



RELEASED IN CONJUNCTION WITH THE
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS' HEARING
ON JULY 15, 2004

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MONEY LAUNDERING AND FOREIGN CORRUPTION: ENFORCEMENT AND EFFECTIVENESS OF THE PATRIOT ACT

CASE STUDY INVOLVING RIGGS BANK

July 14, 2004

I. Introduction

From 1999 to 2001, the U.S. Senate Permanent Subcommittee on Investigations of the Committee on Governmental Affairs, at the request of Senator Carl Levin, Ranking Minority Member, conducted a detailed investigation into money laundering activities in the U.S. financial services sector, including in-depth examinations of money laundering activities in private banking, correspondent banking, and the securities industry. Two Minority staff reports were issued, and Subcommittee hearings were held in November 1999 and March 2001.[1] This investigative work provided the foundation for many of the anti-money laundering provisions in Title III of the USA Patriot Act enacted in October 2001. Among other key provisions, the Patriot Act obligated U.S. financial institutions to exercise due diligence when opening and administering accounts for foreign political figures, and deemed corrupt acts by foreign officials as an allowable basis for U.S. money laundering prosecutions.

In 2003, again at Senator Levin's request, the Subcommittee initiated a followup investigation to evaluate the enforcement and effectiveness of key anti-money laundering provisions in the Patriot Act, using Riggs Bank as a case history. The information in this Minority Staff Report is based upon the ensuing joint investigation by the Subcommittee's Democratic and Republican staffs.

During the course of this investigation, the Subcommittee issued numerous subpoenas and document requests. The Subcommittee staff reviewed over 100 boxes, folders, and electronic compact disks containing hundreds of thousands of pages of documents, including bank statements, account opening materials, wire transfers, correspondence, electronic mail, contracts, board minutes, materials related to specific bank accounts and transactions, bank examination materials, audit reports, legislative materials, and legal pleadings. The Subcommittee staff also conducted numerous interviews with representatives from financial institutions, the Office of the Comptroller of the Currency (OCC), the Federal Reserve, oil companies, various experts, and other persons with relevant information.

II. Executive Summary

The evidence reviewed by the Subcommittee staff establishes that, since at least 1997, Riggs has disregarded its anti-money laundering (AML) obligations, maintained a dysfunctional AML program despite frequent warnings from OCC regulators, and allowed or, at times, actively facilitated suspicious financial activity.

The evidence also shows that federal regulators did a poor job of compelling Riggs Bank to comply with statutory and regulatory anti-money laundering requirements. They were tolerant of the bank's weak AML program, too slow in reacting to repeat deficiencies, and failed to make prompt use of available enforcement tools.

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[1] See "Private Banking and Money Laundering: A Case Study of Opportunities and Vulnerabilities," S. Hrg.106-428 (November 9 and 10, 1999), Minority staff report at 872 (hereinafter "1999 Subcommittee Private Banking Hearings"); "Role of U.S. Correspondent Banking in International Money Laundering," S. Hrg.107-84 (March 1, 2, and 6, 2001), Minority staff report at 273.

Two sets of Riggs accounts, one involving Augusto Pinochet and the other involving Equatorial Guinea, illustrate the bank's poor AML compliance.[2] They also illustrate the failure of federal bank regulators to exercise meaningful oversight of a bank with numerous high risk accounts and fundamental, long-standing AML deficiencies. This regulatory failure is especially troubling for the ongoing battles against terrorism and corruption, since it makes it more difficult for the United States to stop terrorists, corrupt leaders, and other criminals from misusing our financial system. Federal regulators must do more to meet their legal obligation to protect the United States from money laundering, terrorist financing, and foreign corruption.

Assisting Pinochet. The evidence obtained by the Subcommittee staff shows that, from 1994 until 2002, Riggs Bank (Riggs) opened at least six accounts and issued several certificates of deposit (CDs) for Augusto Pinochet, former President of Chile, while he was under house arrest in the United Kingdom and his assets were the subject of court proceedings. The aggregate deposits in the Pinochet accounts at Riggs ranged from $4 to $8 million at a time. The Subcommittee investigation has determined that the bank's leadership directly solicited the accounts from Mr. Pinochet, and Riggs account managers took actions consistent with helping Mr. Pinochet to evade legal proceedings seeking to discover and attach his bank accounts. The Subcommittee investigation found that Riggs opened multiple accounts and accepted millions of dollars in deposits from Mr. Pinochet with no serious inquiry into questions regarding the source of his wealth; helped him set up offshore shell corporations and open accounts in the names of those corporations to disguise his control of the accounts; altered the names of his personal accounts to disguise their ownership; transferred $1.6 million from London to the United States while Mr. Pinochet was in detention and the subject of a court order to attach his bank accounts; conducted transactions through Riggs' own accounts to hide Mr. Pinochet's involvement in some cash transactions; and delivered over $1.9 million in cashiers checks to Mr. Pinochet in Chile to enable him to obtain substantial cash payments from banks in that country.

The Subcommittee investigation also determined that Riggs concealed the existence of the Pinochet accounts from OCC bank examiners for two years, initially resisted OCC requests for information, and closed the accounts only after a targeted OCC examination in 2002. Despite Riggs' track record of repeat AML deficiencies, the OCC's concern about the Pinochet accounts, and Riggs' concealment of them from the agency, the OCC took no enforcement action against the bank after it learned of those actions in 2002. Moreover, in July 2002, the OCC Examiner-in-Charge at Riggs instructed the examiners who had investigated the Pinochet accounts not to include their examination memorandum or supporting workpapers in the OCC's electronic files for Riggs Bank. The Subcommittee learned that such an instruction was highly unusual and contrary to OCC procedure and practice. About a month later, the OCC Examiner-in-Charge accepted a job at Riggs Bank.

Equatorial Guinea Accounts. The Subcommittee investigation also determined that, from1995 until 2004, Riggs Bank administered more than 60 accounts and CDs for the government of Equatorial Guinea (E.G.), E.G. government officials, or their family members. By 2003, the E.G. accounts represented the largest relationship at Riggs Bank, with aggregate deposits ranging from $400 to $700 million at a time. The Subcommittee investigation has determined that Riggs Bank serviced the E.G. accounts with little or no attention to the bank's anti-money laundering obligations, turned a blind eye to evidence suggesting the bank was handling the proceeds of foreign corruption, and allowed numerous suspicious transactions to take place without notifying law enforcement. The Subcommittee investigation found, for example, that Riggs opened multiple personal accounts for the President of Equatorial Guinea, his wife, and other relatives; helped establish shell offshore corporations for the E.G. President and his sons; and over a three-year period, from 2000 to 2002, facilitated nearly $13 million in cash deposits into Riggs accounts controlled by the E.G. President and his wife. On two of those occasions, Riggs accepted without due diligence $3 million in cash deposits for an account opened in the name of the E.G. President's offshore shell corporation, Otong, S.A.

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[2] Other accounts at Riggs present equally troubling facts, most notably the more than 150 accounts associated with Saudi Arabia. These Saudi accounts are the subject of an ongoing investigation by the full Committee on Governmental Affairs.

In addition, Riggs opened an account for the E.G. government to receive funds from oil companies doing business in Equatorial Guinea, under terms allowing withdrawals with two signatures, one from the E.G. President and the other from either his son, the E.G. Minister of Mines, or his nephew, the E.G. Secretary of State for Treasury and Budget. Riggs subsequently allowed wire transfers withdrawing more than $35 million from the E.G. government account, wiring the funds to two companies which were unknown to the bank and had accounts in jurisdictions with bank secrecy laws. The Subcommittee has reason to believe that at least one of these recipient companies is controlled in whole or in part by the E.G. President. When, in 2004, the bank requested more information about the two companies from the E.G. President, he declined to provide it, except to say the wire transfers to them had been authorized.

The senior leadership at Riggs Bank were well aware of the E.G. accounts and met on several occasions with the E.G. President and other E.G. officials. The bank leadership permitted the account manager handling the E.G. relationship to become closely involved with E.G. officials and business activities, including advising the E.G. government on financial matters and becoming the sole signatory on an E.G. account holding substantial funds. The bank exercised such lax oversight of the account manager's activities that, among other misconduct, the account manager was able to wire transfer more than $1 million from the E.G. oil account at Riggs to another bank for an account opened in the name of Jadini Holdings, an offshore corporation controlled by the account manager's wife.

In response to a Subcommittee subpoena, Riggs Bank initially failed to identify a number of E.G. accounts at the bank. The Subcommittee later learned that the bank had failed to designate any of the E.G. accounts as high risk accounts until October 2003, and did not subject them to additional scrutiny despite obvious warning signs, such as the involvement of foreign political figures, a country with a culture of corruption, and frequent high dollar transactions. The bank also failed to monitor or report suspicious activity in the E.G. accounts. The bank closed these accounts in recent weeks.

Riggs' Dysfunctional AML Program. The evidence demonstrates that the Pinochet and E.G. accounts were not treated in an unusual manner, but were the product of a dysfunctional AML program with long-standing, major deficiencies. These deficiencies included the inability readily to identify all of the accounts associated with a particular client, the absence of any risk assessment system to identify high risk accounts, inadequate client information, the lack of an established policy for handling accounts associated with foreign political figures, the failure to provide enhanced monitoring of high risk accounts, the failure to monitor wire transfer activity, the failure to detect and report suspicious activity, untimely and incomplete internal audits, and inadequate AML training. These flaws were repeatedly identified in regulatory examinations and internal audits, and Riggs repeatedly promised to correct them, but failed to do so.

Regulatory Failure. Given the fundamental, long-standing deficiencies in Riggs' AML program, it is difficult to understand why federal regulators failed to act sooner to require the bank to correct them. The OCC recently acknowledged: "there was a failure of supervision" at Riggs, and "[w]e gave the bank too much time." The evidence shows that, since 1997, OCC examiners repeatedly identified major AML deficiencies at Riggs Bank, but more senior OCC personnel allowed these AML deficiencies to continue year after year without forceful action to stop them.

In the case of Riggs, the evidence also indicates that the OCC's Examiner-in-Charge (EIC) appeared to have become more of an advocate for the bank than an arms-length regulator. In 2001, for example, he advised more senior OCC personnel against taking a formal enforcement action against Riggs, because the bank had promised to correct identified AML deficiencies. In 2002, he ordered examiners not to include a memorandum or workpapers on the Pinochet examination in the OCC's electronic database. About a month after giving this order, that same examiner was hired by Riggs, creating an appearance of a conflict of interest. During his tenure at the bank, he attended a number of meetings with OCC personnel related to Riggs' AML problems. Federal law bars former federal employees from appearing before their former agencies on certain matters, and OCC rules bar former OCC employees from even attending meetings with the agency for two years, unless the OCC ethics office approves the contact.

Despite these post-employment restrictions, the former Riggs examiner failed to obtain clearance from the OCC ethics office prior to attending the meetings with OCC personnel. These actions – advising against a formal enforcement action, suppressing the Pinochet examination materials, accepting a job offer at the bank he regulated, and ignoring post-employment restrictions on OCC contact – suggest this Examiner had become much too close to Riggs during the years he was responsible for overseeing it.

In addition, the facts demonstrate that his supervisors were too slow in reacting to repeat deficiencies at the bank and were too reluctant to make use of available enforcement tools to compel AML compliance. In 2001, for example, when presented with three examination reports outlining AML deficiencies at Riggs, OCC enforcement personnel went along with the EIC's recommendation against taking any enforcement action. In 2002, after learning that Riggs had hid the Pinochet accounts from the agency for two years and facilitated suspicious transactions, OCC supervisors, again, failed to take any enforcement action. The OCC failed even to issue a final examination report on the Pinochet matter. In 2003, after uncovering extremely troubling information in connection with accounts associated with Saudi Arabia, the OCC took its first enforcement action against the bank, issuing a cease and desist order requiring it to revamp its AML program. This order was more comprehensive and capable of enforcement in court than directives in prior examination reports, but included no punitive measures at the time such as a civil fine. It was only in 2004, six years after the OCC began citing Riggs for AML deficiencies, that federal regulators imposed their first civil fine on the bank.

The key OCC enforcement actions against Riggs Bank also took place after negative press reports began raising public questions about Riggs' AML safeguards. For example, the OCC's in-depth review of the Saudi accounts followed press articles that began appearing in November 2002, suggesting links between certain Riggs accounts and the 9-11 terrorist attack. This examination resulted in the OCC's identifying the same deficiencies as in earlier years, but in contrast to the agency's prior willingness to rely on promises by the bank to improve, the OCC issued a public cease and desist order requiring corrective action. The OCC's examination of the E.G. accounts in 2003 and 2004 was, in turn, prompted by a negative press article in January 2003 suggesting these Riggs accounts were being misused by E.G. officials and by the Subcommittee's investigation of these accounts throughout 2003. The OCC has indicated that it was the E.G. examination that opened their eyes to still more bank misconduct and to evidence of the bank's utter failure to implement promised AML reforms, resulting in the decision to impose a civil fine on the bank.

The Subcommittee's investigation indicates that the failure of supervision in the Riggs matter is not an isolated case, but symptomatic of a pattern of uneven and, at times, ineffective AML enforcement by federal regulators. The General Accounting Office has summarized a number of cases in addition to Riggs showing that federal regulators have allowed AML compliance problems to persist for years without correction. These cases indicate that all of the federal financial regulators, not just the OCC, need to strengthen their AML enforcement efforts by requiring prompt correction of identified AML deficiencies, making greater use of formal enforcement tools when financial institutions ignore their AML obligations, and issuing more timely civil fines. Regulators should also consider developing a policy requiring mandatory enforcement action within a specified period of time against any financial institution with major, repeat AML violations.

Federal regulators should take broader actions as well to strengthen AML oversight. First, they should finalize overdue regulations and revise existing AML examination manuals to implement the due diligence provisions in the Patriot Act designed to combat money laundering and foreign corruption. Federal bank regulators should also elevate the importance of AML controls by routinely including AML assessments in the annual Report on Examination given to a bank's Board of Directors, and make these annual AML assessments available to the public, both to increase bank compliance and to alert other financial institutions to banks with inadequate AML controls. Congress should also consider enacting new legislation, modeled after 41 U.S.C. § 423(d) for federal procurement officials, imposing a one-year cooling-off period before an Examiner-in-Charge can take a position with the financial institution he or she oversaw.

An important ancillary issue raised by the Riggs case history involves the ability of U.S. financial institutions with foreign affiliates to get key due diligence information about accounts opened and managed by their foreign affiliates. After questions arose about the $35 million in wire transfers from the E.G. oil account, for example, Riggs sent letters under Section 314 of the Patriot Act to at least two banks, Banco Santander and HSBC USA, asking them voluntarily to share information about the beneficial owners of certain accounts to which the funds had been directed. These accounts included, for example, ones opened in the name of Apexside Trading Ltd. and Kalunga Co. S.A., at least one of which the Subcommittee has reason to believe may be owned in whole or in part by the E.G. President.

Both banks declined to provide the requested information, because the accounts had been opened at their foreign affiliates in Luxembourg or Spain. Both banks took the position that bank secrecy laws in those jurisdictions barred disclosure of client information by their affiliates, not only to third parties, but also to personnel within the same bank if located outside the host country. This bar on disclosure means, in essence, that banks operating in the United States seeing large wire transfers directed to accounts at foreign affiliates of their own bank cannot obtain key information about the beneficial owners of those accounts, even from their own affiliates. In the Riggs matter, HSBC USA and Banco Santander told the Subcommittee that their own affiliates couldn't tell them the name of the individuals who owned the companies receiving the multi-million dollar wire transfers, whether those companies were owned by a political figure, or even whether the accounts were still open or had been closed.

This bar on disclosure across international lines, even within the same financial institution, presents a significant obstacle to effective AML due diligence for banks operating in the United States and a huge impediment to international efforts to stop money laundering, drug trafficking, and terrorism. To overcome this obstacle, the United States should work with the European Union and other international bodies to enable financial institutions with U.S. and foreign affiliates to exchange client information across international lines to safeguard against money laundering and terrorist financing.

Oil Company Payments. During its analysis of large bank transactions involving E.G. accounts at Riggs Bank and other financial institutions, the Subcommittee staff became aware of a number of substantial payments that had been made by oil companies doing business in Equatorial Guinea to individual E.G. officials, their family members, or entities controlled by these officials or family members. For example, these payments, which sometimes exceeded $1 million, paid for E.G. land leases or purchases, E.G. Embassy expenses, in-country security services, or expenses for E.G. students studying abroad. In a few instances, the evidence shows that oil companies entered into business ventures with companies owned in whole or in part by the E.G. President, other E.G. officials, or relatives. For example, in 1998, ExxonMobil established an oil distribution business in Equatorial Guinea of which 85 percent is owned by ExxonMobil and 15 percent by Abayak S.A., a company controlled by the E.G. President.

These types of payments and business ventures, which came to light as a result of the Subcommittee's detailed review of bank transactions involving Equatorial Guinea, are often unknown to the public and raise concerns related to corruption and profiteering. To reduce opportunities for corruption, the oil companies doing business in Equatorial Guinea should adhere to disclosure practices advocated in such international transparency initiatives as the Extractive Industries Transparency Initiative led by U.K. Prime Minister Tony Blair, and the G-8 Anti-Corruption and Transparency Initiative. These initiatives would require the oil companies to make public disclosure of all payments made to E.G. officials, their family members, or entities they control. To further reduce opportunities for corruption, U.S. oil companies should not participate in future business ventures in which individual E.G. officials or their family members have a direct or beneficial interest. Congress should also amend the Foreign Corrupt Practices Act to require U.S. companies to disclose substantial payments to and business ventures entered into with a country's officials, their family members, or entities they control.

III. Findings

Based upon its investigation, the Subcommittee Minority staff makes the following findings of fact.

(1) **Assisting Pinochet.** Riggs Bank assisted Augusto Pinochet, former president of Chile, to evade legal proceedings related to his Riggs bank accounts and resisted OCC oversight of these accounts, despite red flags involving the source of Mr. Pinochet's wealth, pending legal proceedings to freeze his assets, and public allegations of serious wrongdoing by this client.

(2) **Turning a Blind Eye.** Riggs Bank managed more than 60 accounts and certificates of deposit for Equatorial Guinea, its officials, and their family members, with little or no attention to the bank's anti-money laundering obligations, turned a blind eye to evidence suggesting the bank was handling the proceeds of foreign corruption, and allowed numerous suspicious transactions to take place without notifying law enforcement.

(3) **Dysfunctional AML Program.** For many years, Riggs Bank ignored repeated directives by federal bank regulators to improve its anti-money laundering program, instead employing a dysfunctional system that failed to safeguard the bank against money laundering or foreign corruption.

(4) **Regulatory Failure at Riggs.** For many years, OCC examiners accurately and repeatedly identified major anti-money laundering deficiencies at Riggs Bank, but OCC supervisors failed to take strong action to require improvements. OCC regulators were tolerant of the bank's weak anti-money laundering program, too willing to rely on bank promises to correct repeat deficiencies, and failed initially to use available enforcement tools. Federal Reserve regulators were slow and passive.

(5) **Conflicts of Interest.** By taking a job at Riggs in 2002, after the OCC failed to take enforcement action against the bank in 2001 and 2002 for AML deficiencies, the former OCC Examiner-in-Charge at Riggs created, at a minimum, an appearance of a conflict of interest. In addition, despite federal law barring former employees from appearing before their former agencies on certain matters, and OCC rules barring former employees from attending meetings with the agency for two years without prior approval from the OCC ethics office, the former Examiner attended multiple meetings with OCC personnel related to Riggs' AML compliance, without obtaining the required clearance.

(6) **Uneven AML Enforcement.** Current AML enforcement efforts by federal agencies are uneven and, at times, ineffective, as demonstrated by cases in which federal regulators have allowed AML compliance problems to persist at some financial institutions for years, failed after three years to issue final regulations implementing the Patriot Act's due diligence requirements, and failed to issue revised guidelines for bank examiners testing AML compliance with the Patriot Act's due diligence requirements combating money laundering and foreign corruption.

(7) **Unseen Payments.** Oil companies operating in Equatorial Guinea may have contributed to corrupt practices in that country by making substantial payments to, or entering into business ventures with, individual E.G. officials, their family members, or entities they control, with minimal public disclosure of their actions.

IV. Current Law

A. Key Anti-Money Laundering Laws

Money laundering has been defined as "the movement of illicit cash or cash equivalent proceeds into, out of, or through the United States [or] ... United States financial institutions."[3] Anti-money laundering laws also apply to terrorist financing, including any legally obtained funds if intended for use in planning, committing, or concealing a terrorist act.[4] History has shown that financing is key to terrorism, corruption, and other criminal acts. Money launderers want to be able to transfer funds across international lines, move money quickly, and minimize inquiries into their finances and activities. U.S. anti-money laundering laws are designed to prevent terrorists and other criminals from utilizing U.S. financial institutions to commit their crimes.

Three key laws lay out the basic anti-money laundering obligations of U.S. financial institutions, the Bank Secrecy Act (BSA) of 1970, the Money Laundering Control Act of 1986, and the USA Patriot Act of 2002, which amended both prior laws.[5]

The BSA, as amended by the Patriot Act, requires financial institutions operating in the United States to undertake a number of anti-money laundering efforts to ensure they do not become conduits for terrorist financing or criminal proceeds, or facilitators of money laundering. Key provisions include requirements for financial institutions to: (1) establish anti-money laundering programs with explicit policies and procedures, a BSA officer, employee training, and an internal audit function;[6] (2) verify the identity of persons seeking to open and maintain accounts;[7] and (3) exercise appropriate due diligence when opening and administering accounts for foreign financial institutions or wealthy foreign individuals, including senior foreign political figures.[8] In addition, the BSA authorizes the U.S. Department of Treasury to require financial institutions and other businesses to file reports on large currency transactions and suspicious activities to guard against money laundering.[9]

The Money Laundering Control Act, enacted partly in response to hearings held by this Subcommittee in 1985, was the first in the world to make money laundering a crime. It prohibits any person from knowingly engaging in a financial transaction which involves the proceeds of a "specified unlawful activity."[10] The law provides a long list of specified unlawful activities, including, for example, terrorism, drug trafficking, and fraud. Most listed activities are crimes under U.S. law; however, in 2002, the Patriot Act expanded the list to include, among other items, foreign crimes involving corruption such as bribery and misappropriation of funds. The purpose of this addition was to make it illegal for a bank in the United States knowingly to accept funds that were the proceeds of foreign corruption. The addition of foreign corruption crimes to the list of specified unlawful activities was based primarily on the Subcommittee's 1999 private banking hearing which established that senior foreign political figures were using U.S. bank accounts to hide and profit from misappropriated funds looted from their home countries.

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[3] 31 U.S.C. § 5340(2).

[4] See, e.g.,18 U.S.C. § 981(a)(1)(G) (civil forfeiture laws applicable to laundered proceeds also apply to terrorist assets).

[5] For a more detailed discussion of U.S. anti-money laundering laws, see "Anti-Money Laundering: Issues Concerning Depository Institution Regulator Oversight," (Report No. GAO-04-833T, 6/3/04), testimony provided by the General Accounting Office before the U.S. Senate Committee on Banking, Housing, and Urban Affairs, at 4-6.

[6] 31 U.S.C. § 5318(h).

[7] 31 U.S.C. § 5318(l).

[8] 31 U.S.C. § 5318(i).

[9] See, e.g., 31 U.S.C. §§ 5313 and 5318(g); 31 C.F.R. §§ 103.11 and 103.21 et seq.

[10] 18 U.S.C. §§ 1956-57.

The aim of these laws and other related laws is to enlist U.S. financial institutions in the fight against money laundering. Together, they require financial institutions to refuse to engage in financial transactions involving criminal proceeds, to monitor transactions and report suspicious activity, and to operate active anti-money laundering programs.

B. Anti-Money Laundering Regulation and Oversight

The Secretary of the Treasury is the primary federal regulator charged with enforcing the key federal anti-money laundering laws.[11] Last year, the Secretary established a new internal office, the Executive Office for Terrorist Financing and Financial Crime (EOTF/FC), headed by a Deputy Assistant Secretary. This office oversees the operation of the Financial Crimes Enforcement Network (FinCEN), a Treasury bureau which, among other duties, develops BSA regulations and guidance, analyzes currency transaction reports and suspicious activity reports filed by financial institutions, and interacts with local, state, federal, and international law enforcement as well as other financial intelligence units around the world. The EOTF/FC also oversees the Office of Financial Asset Control (OFAC) which, among other duties, is primarily responsible for identifying countries, terrorists and drug traffickers subject to sanction under U.S. law, and administering the statutory regime for freezing their financial assets and blocking them from using the U.S. financial system.

Also within the Treasury Department is the Office of the Comptroller of the Currency (OCC) which, among other duties, is responsible for overseeing the operation of banks holding a national banking charter. Like other financial regulators, including the Federal Reserve Board, Federal Deposit Insurance Corporation, Office of Thrift Supervision, and National Credit Union Administration, the OCC routinely examines financial institutions under its jurisdiction to ensure their safety and soundness and compliance with all statutes and regulations, including anti-money laundering requirements. For large and mid-size banks within its jurisdiction, the OCC examines their operations on a continual basis, looking at routine issues as well as particular areas of concern. On a roughly annual basis, the OCC presents a Report on Examination to the bank's Board of Directors and meets with the Board to explain its findings and any concerns. The OCC analysis includes an overall safety and soundness rating for the bank using the CAMELS rating system.[12] CAMELS ratings are on a scale of 1 to 5, in which 1 signifies a safe and secure bank with no cause for supervisory concern, 3 signifies an institution with supervisory concerns in one or more areas; and 5 signifies an unsafe and unsound bank with severe supervisory concerns. OCC can also label a bank a "troubled institution" under 12 C.F.R. § 5.51 Subpart (d).

In 1998, federal bank regulators issued revised examination manuals to guide examiners conducting anti-money laundering reviews of financial institutions. Many elements in this guidance were the result of joint consultations among the banking regulators. In September 2000, the OCC issued a revised "Bank Secrecy Act/Anti-Money Laundering Handbook" to provide additional, updated guidance to financial institutions about effective anti-money laundering policies and procedures and areas of concern. Although the Patriot Act made numerous changes in the law in 2002, the AML examination manual used by the OCC has not been fully updated to include, for example, the new due diligence requirements.

Should the OCC determine that a bank is engaging in an unsafe or unsound practice or has violated any law, rule, regulation, or other requirement placed on the bank, the agency can take a variety of informal and formal enforcement actions. Informal actions can include requiring a safety and soundness plan, memorandum of understanding, Board resolution, or commitment

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[11] See, e.g., 31 U.S.C. §§ 5311 et seq. (Treasury Secretary charged with carrying out key anti-money laundering laws) and § 5341 (Treasury Secretary given lead role in development of national anti-money laundering strategy).

[12] CAMELS is the commonly-used acronym for the Uniform Financial Ratings System employed by the Federal Financial Institutions Examination Council, an interagency body that issues uniform standards for the federal examination of financial institutions. Each letter in CAMELS refers to a key component of financial performance rated by federal examiners. The six key components are referred to as Capital, Asset Quality, Management, Earnings, Liquidity, and Sensitivity to Market Risk. For more information see, e.g., www.obre.state.il.us/CBT/LEGAL/POLICY/ppg2008.htm.

letter pledging to take specific corrective actions by a date certain, or issuing a supervisory letter to the bank listing specific "matters requiring attention." These informal enforcement actions are generally not made public and are not enforceable in court. Formal enforcement actions include issuing a cease and desist order requiring the bank to stop the unsafe practice or violation or take affirmative action to correct identified problems;[13] imposing a civil monetary penalty on the bank;[14] suspending or removing one or more individuals from the bank;[15] or referring misconduct for criminal prosecution.[16] In addition, if the OCC determines that a bank "has failed to establish and maintain" an AML program or "failed to correct" any previously identified AML problems, the law requires the OCC to issue an order directing the bank "to cease and desist from its violation" of federal AML law.[17]

V. Riggs Bank

Riggs Bank failed to comply with its legal obligation to establish and maintain an effective anti-money laundering program. Two examples involving Riggs accounts associated with Augusto Pinochet and Equatorial Guinea illustrate the extent of the bank's AML deficiencies.

A. Riggs National Corporation and Riggs Bank

Riggs Bank N.A. is a well-known and long-standing financial institution which is incorporated in Delaware and operates throughout the Washington, D.C. metropolitan area.[18] Riggs Bank is wholly owned by Riggs National Corporation, a publicly traded bank holding company which is incorporated in Delaware and headquartered in Washington D.C. As of 2003, Riggs National Corporation reported approximately $6.3 billion in assets, about 95% of which were held by Riggs Bank, its principal operating subsidiary.

Riggs Bank operates primarily in the United States, but also maintains several foreign offices. Its foreign banking operations have included Riggs Bank Europe, Ltd. in London and Berlin; The Riggs Bank & Trust Company (Bahamas) Ltd., later reorganized as a Riggs Bank branch office in the Bahamas; Riggs Bank and Trust Company Ltd. on the isle of Jersey; and Riggs & Co. International Ltd. (RCIL) in London. Riggs Bank announced earlier this year that it intends to close down its London and German banks. Riggs Bank has also maintained an Edge Act subsidiary in Miami called Riggs International Banking Corporation (RIBC), but has indicated that it intends to shut down this company as well. Riggs Bank maintains several subsidiaries involved in investment activities, including Riggs Investment Advisors, Inc. (formerly named Riggs Investment Management Corporation (RIMCO)), J. Bush & Co., Inc.; Riggs Capital, Riggs Capital II, Riggs Capital Partners, LLC; and Riggs Capital Partners II, LLC. Riggs has often used a brand name, "Riggs & Co.," to refer to its wealth management companies.

Major Lines of Business. Riggs Bank has several major lines of business, including retail banking and lending services throughout the Washington metropolitan area; corporate and institutional banking services provided to businesses, government agencies, and non-profits; and

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[13] See, e.g., 12 U.S.C. § 1818(b). A cease and desist order is also often referred to as a consent order if the subject financial institution agrees to its terms.

[14] See, e.g., 12 U.S.C. § 1818(i)(2).

[15] See, e.g., 12 U.S.C. § 1818(e).

[16] See, e.g., 12 U.S.C. § 1818(j).

[17] 12 U.S.C. § 1818(s).

[18] General information about Riggs National Corporation and Riggs Bank is taken from their filings with the U.S. Securities and Exchange Commission (SEC); Reports on Examinations prepared by the OCC from 1997 through 2004; the Riggs website; and a shareholder derivative action, Horgan v. Allbritton, (Civil Action No. 370-N, Delaware Court of Chancery for New Castle County) (complaint filed on 4/7/04).

wealth management services provided to high income individuals through the bank's domestic and international private banking departments.

"Private banking" is a term used to refer to financial services provided exclusively to wealthy individuals.[19] Assigned to each private banking client is a bank employee who acts as a personal liaison between the bank and the client to facilitate the client's use of the bank's financial services. For example, the bank employee, often called a relationship manager, private banker, or account manager, helps clients to open accounts in various countries, complete wire transfers, convert currencies, purchase certificates of deposit, open investment accounts, obtain financial advice and estate planning, and obtain various lines of credit. In many instances, a private banker will set up an offshore shell corporation for a client and open accounts in the name of that shell corporation, in order to disguise the client's ownership of the account or certain assets. All of these services were provided by Riggs to its domestic and international private banking clients.

Riggs has also been a leader in a specialized area known as Embassy Banking, opening and administering accounts to more than 95% of the foreign missions and embassies located throughout the Washington metropolitan area. Until recently, Riggs' guiding principle was to open Embassy Banking accounts for any country or individual holding diplomatic credentials from the U.S. State Department.[20] The Subcommittee's review indicates that many foreign embassies opened multiple accounts at Riggs, not only to facilitate the day-to-day management of the relevant embassy office, but also in some cases to serve the financial needs of its diplomatic personnel, their family members, and, at times, other governmental agencies, officials, and individuals from the relevant country. The Subcommittee found that many of the Embassy Banking accounts it studied had been opened for the personal use of senior foreign political leaders or their family members and functioned in the same manner as private banking accounts.

Embassy Banking has represented a major line of business for Riggs Bank. In recent years, these accounts have produced about 20 percent of Riggs' total revenues in terms of deposits.[21] About 44 percent of the Embassy deposit base came from African and Caribbean countries, 24 percent from the Middle East, and 17 percent from Latin America, Portugal and Spain.[22] According to an OCC analysis, about 7 percent of the Embassy relationships involved jurisdictions designated as non-cooperative with international anti-money laundering efforts.[23] Riggs' two largest Embassy clients were Equatorial Guinea and Saudi Arabia. Only a few other banks, such as Wachovia National Bank and Congressional Bank, are also engaged in Embassy Banking.

Riggs Leadership. Riggs Bank has an 11-person Board of Directors which generally meets quarterly. Three long-time Board members are Joseph L. Allbritton, his wife Barbara B. Allbritton, and their son Robert L. Allbritton, who, together, represent the largest shareholders of Riggs National Corporation. Joseph Allbritton resigned from the Riggs Bank Board in 2001, and from the Riggs National Corporation Board in 2004, while Robert Allbritton now serves as Chairman of both. Ms. Allbritton served as a director of Riggs National Corporation from 1991 to 1996, and served on the Riggs Bank Board until her resignation in 2004.

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[19] See Section 312(a) of the Patriot Act, codified at 31 U.S.C. § 5318(i)(4)(B), for a more detailed definition of private banking accounts. Among other measures, the definition describes private banking accounts as financial accounts which are opened for one or more individuals with a minimum of $1 million in deposits. For more information about private banking and its vulnerability to money laundering, see the 1999 Subcommittee Private Banking Hearings, Minority staff report at 874-83.

[20] Subcommittee interviews of Ray Lund (2/20/04) and Steven B. Pfeiffer (7/2/04). See also OCC examination materials (1/23/03), OCC 0000028176.

[21] Interview of Ray Lund (2/20/04).

[22] OCC examination materials (4/14/03), OCC 0000028223.

[23] Id.

The Riggs Bank Board of Directors has six committees that assist with overseeing bank operations. Each of these committees at the bank has a parallel committee at Riggs National Corporation, and the two Boards and the parallel committees often meet jointly. The bank's Executive, Risk Management and Budget Committee helps to ensure the overall efficient functioning of the bank. The Audit Committee oversees the bank's financial statements and work performed by its internal and external auditors. The Compensation Committee assists the Board with issues related to compensation and benefits. The Nominating/Corporate Governance Committee recommends Board nominations and monitors corporate governance issues. The International Committee provides a forum for strategic planning for the bank in the international arena, including development of its international private banking and Embassy accounts.[24] In 2004, in response to problems identified by federal regulators, the Riggs Bank and Riggs National Corporation Boards each established a Bank Secrecy Act Compliance Committee to monitor and coordinate the bank's adherence to its anti-money laundering obligations.

The Riggs National Corporation Board directors in 2004 are: Robert L. Allbritton, J. Carter Beese, Charles A. Camalier, Timothy C. Coughlin, Lawrence I. Hebert, Steven B. Pfeiffer, Robert L. Sloan, Jack Valenti, William L. Walton, and Eddie N. Williams.

The membership of the Riggs Bank Board of Directors overlaps that of the Riggs National Corporation Board, but also has other individuals. The Riggs Bank Directors in 2004 are: Ms. Allbritton, Robert Allbritton, Nathan Baxter, Jacqueline C. Duchange, Thomas F. Fitzgerald, Heather Foley, Mr. Hebert, Frederick J. Ryan, Jr., Robert Roane, John A. Sargent, and Stephen J. Trachtenberg.

One of the most senior and prominent members of the Riggs National Corporation Board over the years has been Joseph Allbritton, who served as a bank director for more than 20 years, from 1981 until 2004, when he resigned. For many years, Mr. Allbritton was the Chairman of the Board of both Riggs Bank and Riggs National Corporation. He also served as the Chief Executive Officer (CEO) of both from 1983 until 2001. In February 2001, Robert Allbritton succeeded his father as Chairman of the Board of Riggs Bank. He also became Chairman of the Board and CEO of Riggs National Corporation.

Many of the other Riggs National Corporation Board members have close ties to Riggs. For example, Mr. Hebert, a director since 1981 of Riggs Bank and since 1988 of the bank holding company, became president and CEO of Riggs Bank in 2001, when Joseph Allbritton vacated that post. He is also an officer and director of several other Allbritton businesses, including Perpetual Corp. which owns Allbritton Communications Co. Mr. Coughlin, also a director since 1988, was president of Riggs National Corporation from 1992 until June 2004, when he retired. Prior to 1992, he worked at Riggs Bank and briefly returned to the bank in December 2003, when he assumed responsibility for the E.G. relationship and then, in March 2004, for the Embassy Banking and International Private Banking Departments. Mr. Pfeiffer has been a director since 1989, Chairman of the International Committee, Chairman of the Nominating/Corporate Governance Committee, and a member of the Audit Committee. He is also a senior partner at Fulbright & Jaworski, a law firm that performs legal services for the bank. Mr. Beese, a director since 2001, is also president of two venture capital firms owned by Riggs Bank and, in 2002, received about $2.6 million in management fees from Riggs to administer certain venture capital investment companies. Mr. Camalier, a director since 2001, is managing partner of Wilkes Artis, another law firm that performs legal work for Riggs Bank.

Today, the most senior officer of Riggs Bank is Mr. Hebert, the President and CEO. The chief operating officer is Robert Roane. The general counsel of the bank is Joseph Cahill. The chief financial officer is Steven Tamburo. The chief risk officer is R. Ashley Lee. The head of the International Banking Group was Raymond Lund, who was asked to leave the bank in March 2004. The head of compliance and security was Paul Glenn, who was succeeded in 2003 by David Caruso.

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[24] Interviews of Joseph Cahill (6/25/04) and Steven B. Pfeiffer (7/2/04).

Anti-Money Laundering Efforts. Despite having large numbers of foreign clients, including clients from countries with high risks of money laundering and foreign corruption, Riggs has repeatedly been cited for having weak anti-money laundering controls.

The elements of an effective anti-money laundering program are well established, and federal bank examiners have been reviewing banks' anti-money laundering efforts for nearly a decade. For example, in 1997, the Federal Reserve published detailed guidance on anti-money laundering safeguards for private banking operations.[25] Among other elements, this guidance urges "senior management's active oversight of private banking activities and the creation of an appropriate corporate culture" to ensure a "sound risk management and control environment." It recommends that banks develop written anti-money laundering procedures, including "know-your-customer" (KYC) policies and procedures.[26] It directs banks to perform careful due diligence reviews before accepting new clients and to compile "basic background information" on each client for whom an account is opened, including the client's name, address, form of identification, business, source of wealth, and the type and volume of transactions expected to be passing through the clients' accounts.[27] At private banks that maintain and manage accounts for clients' offshore corporations, the guidance recommends that the bank keep careful records of the corporation's beneficial owners.

Once accounts are opened, the guidance stresses the importance of management information systems that can compile comprehensive information on all accounts and financial services related to a particular client and can be used to monitor account activity to detect suspicious transactions. The guidance repeatedly stresses the need to monitor account transactions, including wire transfer activity, and report suspicious activity to law enforcement. The guidance also stresses the importance of internal bank supervision of account managers, stating: "Institutions should not rely exclusively on any individual relationship manager or immediate supervisor to, for example, waive documentation required to open an account, approve the client profile, authorize a new client relationship, fully identify (or 'know') the client, and monitor client accounts for unusual transactions." It recommends instead that independent personnel such as compliance officers, risk management officers, or senior management also exercise anti-money laundering oversight. The guidance stresses, in addition, the importance of internal audit reviews to test the effectiveness of a bank's anti-money laundering policies and procedures.

The Federal Reserve guidance is just one of many alternatives that provide extensive information about operating an effective anti-money laundering program. In 2000, for example, the OCC issued a "Comptroller's Handbook on Bank Secrecy Act/Anti-Money Laundering" to provide detailed guidance to financial institutions about effective anti-money laundering policies and procedures. Because OCC regulations have required all nationally chartered banks to have an AML program since 1987, most banks have had years of experience in establishing and operating effective AML controls.[28]

Despite such long-standing guidance, the anti-money laundering program at Riggs Bank was almost completely dysfunctional. Identified deficiencies have included an inability to compile information on all of the accounts related to a specific client, inadequate information on client backgrounds and the source of wealth in client accounts, a failure to identify high risk accounts, inadequate monitoring of client transactions, inadequate systems for reporting suspicious activity to law enforcement, weak supervision of account managers, and weak

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[25] "Guidance on Sound Risk Management Practices Governing Private Banking Activities," (Federal Reserve Bank of New York, July 1997).

[26] Anti-money laundering programs were made mandatory by the Patriot Act in 2001. See § 352 of the Patriot Act, codified at 31 U.S.C. § 5318(h).

[27] Client recordkeeping requirements and customer verification procedures were also made mandatory by the Patriot Act. See § 326 of the Patriot Act, codified at 31 U.S.C. § 5318(l).

[28] See OCC regulations at 12 C.F.R. § 21.21.

leadership within the bank concerning the importance of anti-money laundering efforts.[29] These deficiencies were identified by the bank's primary regulator, the OCC, and the bank's own auditors, as early as 1997, and repeated in numerous examination and audit reports over the next five years.

In 2002 and 2003, Riggs Bank was the subject of media reports about questionable transactions and accounts involving officials from Saudi Arabia and Equatorial Guinea. In response, the OCC initiated intensive examinations of both sets of accounts. In July 2003, the OCC issued a cease and desist order requiring Riggs to revamp its anti-money laundering programs. Riggs consented to the order and agreed to undertake numerous reforms to strengthen its BSA operations. In May 2004, the OCC and FinCEN fined Riggs Bank $25 million for willfully violating its legal obligations to implement an adequate anti-money laundering program and file currency transaction and suspicious activity reports, and for failing to comply with the consent order. This fine is the largest ever assessed under the Bank Secrecy Act. In addition, in May 2004, the Federal Reserve issued a cease and desist order requiring the Riggs National Corporation to improve its oversight of the bank, internal controls, and risk management.

Beginning in early 2003, the Subcommittee initiated its own investigation of private banking and Embassy accounts at Riggs Bank. The following information on Riggs' handling of accounts for Augusto Pinochet and Equatorial Guinea illustrates the bank's disregard for anti-money laundering requirements and its active facilitation of suspicious activity. Additional information about the bank's deficient anti-money laundering controls and the failure of federal bank regulators to correct them follows.[30]

B. Augusto Pinochet

Finding (1): Assisting Pinochet. Riggs Bank assisted Augusto Pinochet, former president of Chile, to evade legal proceedings related to his Riggs bank accounts and resisted OCC oversight of these accounts, despite red flags involving the source of Mr. Pinochet's wealth, pending legal proceedings to freeze his assets, and public allegations of serious wrongdoing by this client.

Augusto Pinochet Ugarte, former president of Chile, is a controversial political figure whose name is known world wide. After taking power in a 1973 coup, he served as President of Chile until 1990, and as Commander-in-Chief of the Chilean army until 1998. After stepping down from the army, he became a "Senator for life."[31] In court filings, press accounts, and other reports, Mr. Pinochet has been accused of involvement with human rights abuses, torture, assassinations, death squads, drug trafficking, arms sales, and corruption, but never convicted in a court of law.[32] Since 1996, he has been the subject of repeated litigation in Spain,[33] the United

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[29] For more information, see Section VI(A) of this Report.

[30] The full Committee on Governmental Affairs is conducting an investigation of the accounts opened by Riggs for Saudi officials. Because this review is ongoing under the direction of Committee Chairman Susan Collins, this Report does not present information about the Saudi accounts.

[31] See "Pinochet Extradition Case: Selected Legal Issues," Congressional Research Service (CRS Report No. RL-30117, 3/3/00), at 1-2.

[32] See, e.g., "Chile: Political and Economic Conditions and U.S. Relations," Congressional Research Service (CRS Report No. RL-300035, 8/5/03) at 2; "Crime Without Punishment: Impunity in Latin America," Amnesty International (AMR 1/8/96) at http://web.amnesty.org/ (as of 6/23/04).

[33] See, e.g., complaint filed by the Union of Progressive Prosecutors before Spain's highest criminal court (7/4/96), http://www.derechos.org/nizkor/chile/juicio/denu.html (as of 7/5/04).

Kingdom,[34] Chile,[35] and other countries[36] by persons seeking to hold him accountable for crimes committed during his presidency. In each case to date, he has been found by the presiding court to be unavailable, unfit, or immune to prosecution.[37]

The Subcommittee investigation has determined that Riggs served as a long-standing personal banker for Mr. Pinochet and deliberately assisted him in the concealment and movement of his funds while he was under investigation and the subject of a world-wide court order freezing his assets. The Subcommittee investigation found that, among other actions, Riggs opened multiple accounts for Mr. Pinochet with the knowledge and support of the bank's leadership; accepted millions of dollars in deposits from him with no serious inquiry into the source of his wealth; set up offshore shell corporations and opened accounts in the names of those corporations to disguise Mr. Pinochet's ownership of the account funds; altered the names of his personal account to disguise his ownership; secretly transferred $1.6 million from London to the United States while Mr. Pinochet was in detention and under court order; conducted transactions through Riggs' own concentration accounts to hide Mr. Pinochet's involvement in some cash transactions; and delivered over $1.9 million in four batches of cashiers checks to Mr. Pinochet in Chile to enable him to obtain substantial cash payments in that country. The Subcommittee investigation also determined that Riggs Bank concealed the existence of the Pinochet accounts from OCC bank examiners for two years, resisted OCC requests for information, failed to identify or report suspicious account activity, and closed the accounts only after a detailed OCC examination in 2002.

The Pinochet Relationship. The evidence uncovered by the Subcommittee indicates that Mr. Pinochet was a Riggs customer for at least eight years,[38] with multiple bank accounts, investments, and certificates of deposit (CDs) under his control. His total deposits at Riggs varied over the years from about $4 to $8 million.

The evidence shows that two Riggs employees were primarily responsible for handling the Pinochet accounts on a day-to-day basis. Carol Thompson, senior vice president for Latin America in the Embassy Banking Division, met with Mr. Pinochet twice each year, and spoke directly with him on at least a quarterly basis.[39] Fernando Baqueiro, Managing Director for Latin America in the International Private Banking Department, also handled the accounts but has indicated having much less direct contact with Mr. Pinochet.[40] Both reported to the head of the International Banking Group.

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[34] See, e.g., Regina v. Bartle, (Lords of Appeal, 3/24/99), http://www.parliament.the-stationery-office.co.uk/pa/ld199899/ldjudgmt/jd990324/pino1.htm (as of 6/24/04); CRS Report on "Pinochet Extradition Case," at 2-12.

[35] For a list of the 66 criminal complaints filed against Mr. Pinochet from 1998 to 2000 in the Santiago Court of Appeals, see http://www.memoriayjusticia.cl/english/en_home.html (as of 6/24/04).

[36] Litigation against Mr. Pinochet has also been filed, for example, in Argentina, Belgium, France, and Switzerland. CRS Report on "Pinochet Extradition Case," at footnote 2.

[37] See, e.g., CRS Report on "Pinochet Extradition Case," at footnote 2 and page 11; "Chilean Supreme Court Upholds Suspension of Legal Proceedings Against Pinochet," http://www.elmostrador.cl/c_pais/pino_casacion.htm (as of 6/24/04). In May 2004, a Chilean appellate court ruled that Mr. Pinochet's immunity to prosecution was no longer valid and he was fit for trial, making a criminal trial still possible. See, e.g., "Pinochet Prosecutions for Human Rights Violations: Latest Developments," Congressional Research Service (CRS Report No. 2004-918, June 2004) at 1.

[38] One KYC document states Mr. Pinochet became a Riggs customer in 1985. "Riggs & Co Know Your Customer Client Profile" for Ashburton Company Ltd. (7/9/98), Bates OCC 0000045887-91, at 45888. The earliest account opening documentation provided by Riggs, however, is for an account opened in December 1994. Riggs monthly statement for Account No. 76-750-393 opened in the name of "Augusto Pinoche Ugarte &/or Lucia Hiriart Rodriguez," (December 1994), Bates RNB 029595. The 1985 reference may derive from dealings between Riggs Bank and Mr. Pinochet in connection with a long-standing Riggs Bank relationship with the Chilean military.

[39] Interview of Carol Thompson (6/23/04).

[40] See, e.g., OCC document, "Targeted Examination: Accounts related to Mr. Augusto Pinochet" (7/9/02), Bates OCC 0000517598.

Evidence obtained by the Subcommittee indicates that senior Riggs officials actively sought the Pinochet accounts. In separate interviews, Riggs personnel interviewed by the Subcommittee all agreed that a delegation of senior Riggs officials visited several Latin American countries, including Chile, met with Mr. Pinochet, and explicitly asked Mr. Pinochet to open an account with Riggs. They disagree, however, as to exactly which Riggs officials went on the trip and who made the actual account solicitation when speaking with Mr. Pinochet.[41]

Establishment of Two Offshore Shell Corporations. In July 1996, about 18 months after Riggs opened a personal account for Mr. Pinochet, a detailed indictment accusing Mr. Pinochet of crimes against humanity was filed in Spain.[42] In 1996, and again in 1998, Riggs helped Mr. Pinochet set up two offshore shell corporations in the Bahamas, Ashburton Company Ltd. and Althorp Investment Co., Ltd. Neither company had any employees or physical offices, but were listed as the nominal owners of Riggs bank accounts and CDs that benefitted Mr. Pinochet and his family.

Riggs Bank & Trust Co. (Bahamas) Ltd., a Riggs subsidiary in the Bahamas with authority to open bank accounts and establish trusts in that country, established the companies.[43] Ashburton was incorporated first, in or around April 1996.[44] The nominal owner of the company was the Ashburton Trust, which Riggs helped establish in the Bahamas in May 1996.[45] The trustee of the Ashburton Trust is Riggs Bank & Trust Co. (Bahamas) Ltd.; the settlors are Mr. and Mrs. Pinochet; and the trust beneficiaries are their five children. Deloitte & Touche personnel were named as the officers and directors of Ashburton, so that Mr. Pinochet's name never appeared on the incorporation papers. Riggs incorporated the second offshore shell corporation, Althorp Investment Co., Ltd., in February 1998, using a similar structure.[46]

Multiple Accounts. From 1994 until 2002, Riggs opened at least three personal accounts for Mr. Pinochet, three more in the names of his offshore shell corporations, Ashburton and Althorp, and issued various certificates of deposit (CDs). Some of these accounts were at Riggs Bank in the United States; others were at Riggs Bank Europe, Ltd. in London, and Riggs produced varying amounts of documentation for each. Much of the documentation provided to the Subcommittee related to the Pinochet accounts in the United States; relatively little related to the accounts in London. According to an OCC analysis, in 2000, the Pinochet accounts were the

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[41] Riggs personnel have variously identified the trip participants as including then Riggs Bank Chairman Joseph Allbritton, President of Riggs National Corporation Timothy Coughlin, then head of International Banking Paul Cushman, and Embassy account manager Carol Thompson. Persons interviewed disagreed or expressed uncertainty as to whether Mr. Allbritton, Mr. Coughlin, or Mr. Cushman solicited the Pinochet account. Subcommittee interviews of Riggs personnel and OCC examiners. See also OCC document, "Targeted Examination: Accounts related to Mr. Augusto Pinochet" (7/9/02), Bates OCC 0000517598. OCC examination materials, Bates OCC 0000045627 ("Then-Chairman Joe Allbritton, then-Head of International Banking Paul Cushman, and President of [Riggs National Corporation] Tim Coughlin asked Mr. Pinochet for his account.").

[42] See complaint filed by the Union of Progressive Prosecutors before Spain's highest criminal court (7/4/96), at http://www.derechos.org/nizkor/chile/juicio/denu.html (as of 7/5/04).

[43] Riggs Bank & Trust Co. (Bahamas) Ltd. is now closed. When open, it operated as a shell bank – it had no actual employees or offices in the Bahamas. Instead, it was managed by the Bahamas office of Deloitte & Touche, with which Riggs Bank had a long-standing relationship. When Riggs Bank & Trust Co. (Bahamas) Ltd. set up a trust or corporation for a Riggs client, Deloitte personnel actually filled out the paperwork and made the necessary arrangements on behalf of Riggs, including supplying officers and directors for offshore entities. See, e.g., OCC examination materials, undated, Bates OCC 0000045858-59 and OCC 0000045608.

[44] See Riggs document agreeing to manage Ashburton Co. Ltd. (4/26/96), Bates OCC 0000045893-909.

[45] See Riggs document establishing the Ashburton Trust (5/16/96), Bates OCC 0000045893-909.

[46] See Bahamas Certificate of Incorporation of Althorp Investment Co., Ltd. (2/23/98), Bates RNB 030007; Riggs document establishing Althorp Investment Co., Ltd. (undated), Bates OCC 0000045883-86; Riggs document establishing the Althorp Investment Co., Ltd. Trust (4/8/98), Bates OCC 0000045878-80; list of signatories for Althorp account at Riggs Bank (6/12/01), Bates OCC 0000045872.

fourth largest in Riggs' International Private Banking Department.[47] After a targeted examination of these accounts by the OCC in 2002, all of his accounts were closed.

Personal Accounts. The three personal accounts at Riggs opened under the name of Augusto Pinochet Ugarte and his wife were as follows.

(1) Account No. 76-750-393, a personal money market account, was opened at Riggs in the United States in December 1994, and closed on March 25, 1999.[48] Over five years, the account balance fluctuated between about $50,000 and $1.2 million.[49] The Pinochet Embassy account manager told the Subcommittee that the bank closed this account after a Mexican newspaper obtained a monthly bank statement and published the account number.[50] The account was then closed and the funds transferred to a newly opened personal account, described next.

(2) Account No. 76-835-282, a personal money market account, was opened at Riggs in the United States, on March 24, 1999, with funds from the closed account. Over the next three years, the account balance fluctuated between about $20,000 and $550,000.[51] This account was closed in August 2002.

(3) Account No. 25-005-393, a personal checking account, was opened at Riggs in London on an unknown date and, in April 1997, was converted to a personal NOW account, Account No. 74-041-013. The NOW account was closed in May 2000.[52] From 1997 until 2000, the account balance fluctuated between about $40,000 and $1.1 million.[53] In 2000, when the account closed, funds were apparently transferred to a newly opened account at Riggs in the United States under the name of the Pinochet shell corporation, Althorp Investment, Ltd.

Corporate Accounts. Riggs opened several bank and investment accounts in the name of Ashburton and Althorp, and issued numerous 90-day certificates of deposit. Based upon the evidence reviewed by the Subcommittee, the key Riggs accounts opened in the name of Mr. Pinochet's two offshore shell corporations were as follows.

(1) Account No. 02121401, later changed to Account No. 64-0041-01-8, was a corporate investment management account for Ashburton.[54] It was opened at Riggs in the United States on an unknown date in 1996. This account was the largest Pinochet account and, in

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[47] OCC document entitled, "IPBD 10 Largest Clients," (2/28/01), Bates OCC 0000537037.

[48] Riggs monthly statement for Account No. 76-750-393 opened in the name of "Augusto Pinoche Ugarte &/or Lucia Hiriart Rodriguez," (December 1994), Bates RNB 029595.

[49] Riggs Bank monthly statements for Pinochet personal money market account (1/31/97-3/29/99), Bates RNB 006156-85.

[50] Interview of Carol Thompson (8/23/04).

[51] Riggs Bank monthly statements for Pinochet personal money market account (3/24/99-7/30/02), Bates RNB 006187-6234.

[52] Riggs computer-generated record of transactions for Pinochet personal checking and NOW accounts in London (4/28/97-5/19/00), Bates RNB 029638-43. See also, e.g., OCC examination materials (undated), Bates OCC 0000013831.

[53] Id.

[54] See, e.g., Riggs & Co. monthly statements for Ashburton investment account (July and August 2002), Bates RNB 031129-47 and 030130-36. This investment account was apparently managed originally by Rigg Bank & Trust Co. (Bahamas) Ltd. and later by Riggs' internal broker, the Riggs Investment Management Company. See, e.g., OCC examination materials (undated), OCC 0000013831.

July 2002, contained at least $4.5 million.[55] Riggs actively managed the funds in this account, making numerous securities sales. It was closed in August 2002.

(2) Account No. 76-715-547, a corporate money market account for Ashburton, was opened at Riggs in the United States in May 1996.[56] From 1997 to 2002, the account balance fluctuated between about $4,000 and $1.1 million.[57] Although the Subcommittee was not given specific account closing documentation, other evidence indicates that this account was closed in August 2002.

(3) Account No. 76-835-493 was a corporate money market account that was opened in 2000, in the name of "Ashburton Company, Ltd. #2," but then changed in 2001, to "Althorp Investment Co. Ltd.," Mr. Pinochet's other offshore shell corporation.[58] The account was opened at Riggs in the United States in May 2000, with funds transferred from Mr. Pinochet's personal NOW account at Riggs in London.[59] From 2000 to 2002, the account balance fluctuated between about $200,000 and $950,000.[60] This account closed in August 2002.

(4) Riggs issued seven CDs in the name of Ashburton. Each CD was funded with $1 million, was allowed to mature, and the funds used to buy a new $1 million CD. The first CD was issued in 1997, and the last in 1998, which was then repeatedly renewed.[61] In October 2001, about $500,000 was withdrawn from the then existing CD and credited to the Ashburton money market account, Account No. 76-715-547.[62] This CD matured in August 2002, and the remaining $493,000 plus interest was paid into the Ashburton money market account which closed soon after.[63]

(5) A Riggs CD was also issued in the name of Althorp at Riggs in London in April 1998, for £1 million British pounds.[64] Documents variously refer to it as either Account No. 17-172-204 or Account 74-377-015. The CD was renewed for three 90-day periods. On March 26, 1999, prior to its maturity date, the CD was "broken,"[65] and funds totaling

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[55] Riggs & Co. monthly statements for Ashburton investment account (July 2002) at Bates RNB 031129. See also Riggs bank listing of Pinochet accounts as of 5/2/01 (In 2001, Account 64-0041-01-8 had $4.79 million), Bates OCC 0000490714.

[56] "Riggs & Co Know Your Customer Client Profile" (7/9/98), Bates OCC 0000045887 and 92.

[57] Riggs Bank monthly statements for Ashburton money market account (1/31/97-5/31/02), Bates RNB 029645-715.

[58] Compare, e.g., Riggs monthly statement for "ASHBURTON CO LTD #2" (August 2001), Bates RNB 028848, with Riggs monthly statement for "ALTHORP INVESTMENT CO LTD" (September 2001), Bates RNB 028849.

[59] See.,e.g., OCC examination materials (undated), Bates OCC 0000013831.

[60] Riggs Bank monthly statements for Althorp money market account (5/15/00-8/1/02), Bates RNB 028832-60.

[61] The first six CDs were 90-day $1 million CDs, beginning with Account No. 81-305-710 issued in May 1997, and ending with Account No. 81-403-302 in August 1998. The final CD, Account No. 81-440-234, was issued in November 1998, for a 90-day period, and repeatedly renewed. See, e.g., OCC examination materials (undated), Bates OCC 0000517594-95.

[62] See, e.g., OCC examination materials (undated), Bates OCC 0000517595-96.

[63] Riggs Certificate of Deposit Receipt (5/9/02), Bates RNB 030156; Riggs IPBD Deal Ticket (5/9/02), Bates RNB 030155.

[64] See, e.g., OCC examination materials (undated), Bates OCC 0000517592-93.

[65] Riggs debit receipt for $1,619,500 (3/26/99), stating: "OPENEW CD#81442002/ALTHORP INV.Co.LTD," Bates RNB 030053; Riggs instruction to "break" £1 million CD (3/26/99), Bates RNB 029894. See also OCC examination materials (undated) (CD "[b]roken 3/26/99 - funds used to open CD#81-442-002 in US"), Bates OCC 0000013831.

$1,619,500 were transferred to a newly issued CD for Althorp at Riggs in the United States, described below.[66]

(6) The U.S. dollar CD for Althorp, Account No. 81-442-002, was issued by Riggs in the United States on March 26, 1999, with funds from the London CD described above. This CD was automatically renewed at 90-day intervals. It was initially funded with $1.6 million, but $500,000 was withdrawn on May 15, 2001, and credited to the Althorp money market account, Account No. 76-835-493. On April 5, 2002, another $500,000 was withdrawn and credited to Mr. Pinochet's personal money market account, Account No. 76-835-282. In June, the CD was renewed for another 90-day period with $619,500.[67] Although the Subcommittee was not given documentation showing when this CD terminated, Riggs has indicated that all Pinochet-related accounts were closed in July or August 2002.[68]

Know Your Customer Documentation. Conducting due diligence reviews of prospective clients is a key safeguard against money laundering. This "know your customer" (KYC) requirement primarily entails compiling and verifying background information on new and existing customers to guard against money laundering. The KYC information compiled by Riggs for the accounts controlled by Mr. Pinochet, however, was clearly deficient.

Over the years, Riggs has issued strong policy statements requiring detailed KYC information for its client accounts. For example, its 2000 BSA Compliance Program states:

> "Riggs Bank will conduct business only with individuals, companies, trusts (beneficial owners) and grantors/power holders of such trusts that we know to be of good reputation and, through proper and thorough due diligence, we know to have accumulated their wealth through legitimate and honorable means. Riggs will not accept as a customer any individual, company or trust relationship whom we have any reason whatsoever to believe has been convicted of any crime involving the misappropriation of funds or the use of trafficking of narcotics, or narcotics related material, or money laundering, or has obtained funds through illegal or illicit means. Riggs requires that thoroughly reviewed and corroborated information be provided to Riggs in order to make the determination of whether to accept an individual as a Riggs customer."[69]

This statement is followed by policies and procedures for compiling KYC information. Riggs also has a detailed KYC compliance manual which states, inter alia, "[W]e will do business only with individuals and organizations we believe to be of sound character and good reputation."[70]

Contrary to its KYC policy, however, Riggs did not conduct "thorough due diligence" to ensure that Mr. Pinochet had accumulated his wealth "through legitimate and honorable means" nor did the bank obtain "thoroughly corroborated information" from him. For example, the earliest Pincohet account known to the Subcommittee is the personal account opened in the United States in December 1994. Riggs did not produce any KYC documentation related to the opening of this account, which had been solicited by the most senior leadership in the bank.

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[66] Riggs Certificate of Deposit Receipt (3/26/99), Bates RNB 030052.

[67] See, e.g., Riggs Certificate of Deposit Receipt (3/26/99), Bates RNB 030052; OCC examination materials (undated), Bates OCC 0000517592-93.

[68] Some documentation reviewed by the Subcommittee referred to other CDs than the ones in this list. Due to insufficient documentation, the Subcommittee did not include them in this list of Pinochet accounts.

[69] "Bank Secrecy Act Compliance Program for Riggs Bank N.A.," (7/11/00), Bates OCC 0000536606–25 at 608.

[70] Know Your Customer Compliance Policies and Procedures Manual," (1/16/01), Bates OCC 0000537092-121, at 96.

Riggs did produce, however, three KYC client profiles prepared during 1998, 1999, and 2002. The earliest of these KYC documents is a 1998 "Know Your Customer Client Profile" on a "Riggs & Co." form for Ashburton Company Ltd.[71] This form has an elaborate set of questions soliciting information about the client's name, address, OFAC status, related accounts, source of funds, background, existing assets, product needs, expected account activity, references, and status as a "High Profile" client. It also includes a checklist for required KYC documentation. While the KYC form solicits useful information to evaluate a client's money laundering risk, not all questions are answered and the provided information is brief, incomplete, and, at times, misleading.

The 1998 client profile appears to have been prepared for an existing Ashburton money market account opened two years earlier in May 1996. The profile never identifies Mr. Pinochet as Ashburton's beneficial owner, stating instead that the owner's name is "Kept in Vault." The profile states that the owner has been an "[e]xisting [c]ustomer since 1985," has an estimated current annual income of $150,000-$200,000, and an estimated personal net worth of $50 to $100 million. It also states: "Client is a private investment company domiciled in the Bahamas used as a vehicle to manage the investment needs of beneficial owner, now a retired professional, who achieved much success in his career and accumulated wealth during his lifetime for retirement in an orderly way."

The profile provides the following for the source of wealth and source of funds in the account: "High paying position in investment income. Family wealth. ... High paying position in Public Sector for many years. Investment Income." When asked to provide the "source used to verify" this information, the response is: "Position and wealth are a matter of public knowledge."

The profile states at one point that the client has $5.3 million with Riggs, and at another point $6.3 million, with another $1-2 million "expected." The chart requesting a list of "related accounts " is marked "N/A" and no accounts are listed, even though Mr. Pinochet then had three other accounts and two CDs at Riggs.

The form is signed by three Riggs officials, a private banking account officer Fernando Baquiero, a representative of Sean Terry, then head of International Banking, and a third "supervising officer" whose signature is illegible.

The 1998 profile never discloses that the Ashburton owner is a senior foreign political figure and former head of state. It never mentions long-standing and ongoing controversies over the sources of his wealth, including allegations of corruption, drug trafficking, and arms sales. The profile also fails to mention pending legal actions against the account's beneficial owner, including a 1996 indictment filed in Spain alleging his involvement with crimes against humanity.

Riggs also produced a Riggs & Co. "Know Your Customer Client Profile" for Althorp Investment Ltd.[72] This profile was completed in May 1999. Althorp had been incorporated a year earlier, in April 1998, and then had a CD at Riggs in London, worth £1 million.

This 1999 profile never identifies Mr. Pinochet as the owner of Althorp. Instead, it describes him as an "existing client" who "is retired." It states: "He was a senior member of his government and had a long relationship with Riggs in this capacity. This trust was established for grandchildren." The profile describes the source of funds in the account as "Personal Investments" and describes the source of wealth as: "Family and salary." When asked about the source used to verify this information, the response states: "Personal visits."

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[71] "Riggs & Co Know Your Customer Client Profile" for Ashburton Company Ltd. (7/9/98), Bates OCC 0000045887-91.

[72] "Riggs & Co Know Your Customer Client Profile" for Althorp Investment Ltd. (5/3/99), Bates OCC 00000490702-06.

The profile estimates the owner's current annual income at $100,000, and his net worth at $5 million. The chart requesting a list of "related accounts " is, again, left blank, although the profile states at another point: "Beneficial owner has other investment company with Riggs." The profile is signed by Sean Terry and an illegible signature.

Like the 1998 profile, the 1999 client profile makes no reference to Mr. Pinochet's status as a controversial political figure. Nor does it mention the proliferating litigation pending against him, including a 1998 world-wide attachment order in Spain seeking to freeze his bank accounts. The 1998 and 1999 profiles are the only KYC information produced by Riggs for the accounts held by the two offshore shell corporations.

In 2001, Riggs Bank prepared a list of the accounts related to Mr. Pinochet as of May 2nd, and another list as of September 12th.[73] It is unclear whether these lists were prepared as KYC documents or for another purpose. Both are written in Spanish, and the name "Pinochet" appears in handwriting at the top of the September list.[74] Both lists identify nearly $8 million in assets, including a personal account "in Washington" with about $23,000; three Ashburton accounts (including one CD) with nearly $6 million; and two Althorp accounts (including one CD) with a combined total of about $1.9 million. These listings establish that the bank was aware of the various accounts controlled by Mr. Pinochet.

Finally, Riggs provided a "KYC Profile" prepared by Riggs & Co. in March 2002, for Mr. Pinochet's personal money market account.[75] This profile notes that the account had been opened three years earlier, in March 1999. It marks the client as a "High Profile Customer," and states that a memorandum is attached, although none was provided to the Subcommittee. At a later point, the profile states: "Additional information on file with Group Head." The form also states that a list of all related accounts is held in the "Vault."

The profile states that the Pinochet relationship came to the International Private Banking Department "though Riggs Embassy Division due to our close professional relationship with the Chilean Embassy in the US." It describes Mr. Pinochet as a "retired Army General," and says the source of his initial wealth was "profits & dividends from several business[es] family owned." It states that the source of his current income is "investment income, rental income, and pension fund payments from previous posts." It estimates his annual income at $300,000 to $500,000, and leaves blank his estimated net worth. It predicts wire transfers of up to $250,000, but an average account balance of only $20,000, suggesting an expectation that the account would be used as a quick pass through for large sums.

The form is signed by Fernando Baqueiro in the International Private Banking Department, Sean Terry, then head of International Banking, and Richard Dunbar, Head of Operations for International Private Banking.

As with the earlier profiles, this 2002 profile contains no reference to or acknowledgment of the ongoing controversies and litigation associating Mr. Pinochet with human rights abuses, corruption, arms sales, and drug trafficking. It makes no reference to attachment proceedings that took place the prior year, in which the Bermuda government froze certain assets belonging to Mr. Pinochet pursuant to a Spanish court order – even though, as explained further below, senior Riggs officials obtained a memorandum summarizing those proceedings from outside legal counsel in May 2001.

In 2002, Riggs created for the first time a personal KYC client profile for Mr. Pinochet and attempted to document the sources of his wealth. In an interview, the Embassy Banking account

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[73] Riggs document entitled, "Resumen," (9/12/01), Bates RNB 029982-85; Riggs document prepared by the International Private Banking Department (5/2/01), Bates RNB 029986–88.

[74] A version of the May 2001 list contained in OCC files states at the bottom: "Riggs - pinochet.max." Riggs document prepared by the International Private Banking Department (5/2/01), Bates OCC 0000490713-15.

[75] "Riggs & Co. KYC Profile," (3/24/02), Bates RNB 029979.

manager who handled the Pinochet accounts told the Subcommittee that while she had reviewed extensive financial documentation in previous meetings with Mr. Pinochet, she did not collect copies of this documentation until 2002, when she assembled a number of materials for the 2002 client profile.[76] These materials included his Chilean tax returns from 1998-2001, indicating an annual income of about $90,000 per year,[77] an unsubstantiated chart summarizing certain travel and commissions allegedly owed to Mr. Pinochet,[78] and two formal statements by Mr. Pinochet, dated 1973 and 1989, in which he attested to his own assets.[79] The Embassy Banking account manager told the Subcommittee staff that Mr. Pinochet had also realized significant gains in the Chilean stock market, but did not substantiate these gains in the 2002 KYC profile.[80] When the OCC reviewed the assembled documentation as part of its 2002 examination of the Pinochet accounts, it determined that the information was insufficient to establish the source of Mr. Pinochet's wealth and noted that Mr. Lund from Riggs had agreed with this assessment.[81]

Evading Detection. In addition to opening multiple accounts for Mr. Pinochet in the United States and London, Riggs took several actions consistent with helping Mr. Pinochet evade a court order attempting to freeze his bank accounts and escape notice by law enforcement.

In October 1998, a Spanish magistrate issued two international arrest warrants for Mr. Pinochet for murder, torture, hostage-taking, and genocide.[82] On October 17, 1998, pursuant to those warrants, Mr. Pinochet was arrested at a London hospital where he was recuperating from back surgery. Months of litigation ensued in both Spanish and British courts.

Among other actions, a Spanish magistrate issued an attachment order in October 1998, against all bank accounts held directly or indirectly by Mr. Pinochet, his family members, or third parties in any country.[83] On November 5, 1998, Spain's highest criminal court, the Audiencia Nacional, affirmed criminal jurisdiction over Mr. Pinochet, and on December 10, 1998, ratified the attachment order against Pinochet bank accounts.[84] In the United Kingdom, on November 25, 1998, the British Law Lords denied Mr. Pinochet's claim of diplomatic immunity to prosecution, then set aside that determination on December 17, 1998.[85] On March 24, 1999, the Law Lords authorized an extradition hearing to determine whether Mr. Pinochet should be transferred to Spain.[86]

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[76] Interview of Carol Thompson (6/23/04).

[77] "Riggs & Co. KYC Profile," (3/24/02), Bates OCC 0000045842-49.

[78] Id. at Bates OCC 0000045835-36. No proof of these assets is provided.

[79] Id. at Bates OCC 0000045850-52. No proof of these assets is provided.

[80] Interview of Carol Thompson (6/23/04). The International Banking Group head stated that Riggs independently confirmed that, over the relevant time period, the Chilean stock market had increased in value, and it was plausible that an investor could have earned a large profit. However, the bank made no specific inquiry into Mr. Pinochet's claimed profits. Interview of Ray Lund (7/7/04).

[81] OCC document, "Targeted Examination: Accounts related to Mr. Augusto Pinochet" (7/9/02), Bates OCC 0000517600.

[82] See copies of the two international arrest warrants at http://www.derechos.org/nizkor/ chile/juicio/dili.html (as of 6/25/04); and http://www.derechos.org/nizkor/chile/juicio/ recurso6.html (as of 6/25/04).

[83] See attachment order, Auto del Juzgado Central de Instruccion No. 5 (10/19/98); copy of appellate court decision ratifying this attachment order at http://www.derechos.net/doc/pino/ proceso.html (as of 6/25/04); Fulbright & Jaworski memorandum by Andres Rigo to Steven B. Pfeiffer regarding "Attachment of bank accounts: status and background," (5/21/01), Bates OCC 0000045921.

[84] For a copy of the court decisions, see http://www.derechos.org/nizkor/chile/juicio/ audi.html (as of 6/25/04); http://www.derechos.net/doc/pino/proceso.html (as of 6/25/04).

[85] Regina v. Bartle, 37 I.L.M. 1302 (U.K. House of Lords, 11/25/98); In re Pinochet, 237 N.R. 201 (U.K. House of Lords, 12/17/98).

[86] Regina v. Bartle, 38 I.L.M. 581 (U.K. House of Lords, 3/24/99) at 582.

Two days later, on March 26, 1999, Riggs allowed Mr. Pinochet to prematurely terminate the £1 million CD held in the name of Althorp at Riggs in London, and transfer the funds, totaling $1.6 million in U.S. dollars, to a new CD in the United States.[87] Riggs did not file any suspicious activity reports that would have alerted British or U.S. law enforcement to the existence of the Pinochet funds.[88]

In March 2000, the British Home Secretary determined that Mr. Pinochet was unfit to stand trial due to poor health and terminated the pending extradition proceedings.[89] Mr. Pinochet immediately departed for Chile, having spent more than18 months under house arrest. In February and late March, senior Riggs officials and Embassy account manager Carol Thompson made two trips to Chile, one as part of a larger trip to visit Riggs clients in South America, and the other to conduct bank business.[90] It is difficult to believe that Riggs top officials would have been unaware of Mr. Pinochet's recent detention and legal proceedings.

In April 2000, Chilean lawyers filed suit in Chile to remove Mr. Pinochet's immunity to prosecution due to his status as a Senator.[91] In May 2000, as litigation continued in the Chilean courts, Riggs closed the final Pinochet account in London and transferred the remaining funds to a newly-opened Ashburton account at Riggs Bank in the United States.[92] The evidence indicates that senior Riggs officials were informed of and agreed to the transfer of Pinochet funds to the United States.[93] Again, Riggs failed to file any suspicious activity report with any office of law enforcement.

Courts continued to consider legal action against Mr. Pinochet. In August 2000, a Chilean appellate court upheld a lower court decision eliminating his immunity from prosecution, and on December 1, 2000, a Chilean judge indicted Mr. Pinochet for human rights violations.[94]

On December 10, 2000, a British newspaper reported that Mr. Pinochet had over $1 million in a bank account at Riggs in the United States.[95] In late December or early January 2001, Riggs altered the official names on the personal account controlled by Mr. Pinochet in the United

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[87] Riggs debit receipt for $1,619,500 (3/26/99); Riggs Certificate of Deposit Receipt (3/26/99), Bates RNB 030052-3; Riggs instruction to "break" £1 million CD (3/26/99), Bates RNB 029894.

[88] There is also evidence that Riggs had helped Mr. Pinochet move funds from other banks in Spain to the United Kingdom. See OCC document, "Targeted Examination: Accounts related to Mr. Augusto Pinochet" (7/9/02), Bates OCC 0000517599-600.

[89] See, e.g., "Formally Freed, Pinochet Takes Flight," Financial Times (3/3/00).

[90] Riggs personnel disagree as to which Riggs officials went on which trips to Chile. For example, Riggs employees disagree on which trips to Chile were made by then Riggs Bank Chairman Joseph Allbritton.

[91] See, e.g., "Pinochet Hearings Continue," BBC News (4/28/00).

[92] At some point in 2002, Riggs apparently considered transferring management of the Pinochet trusts from its bank and trust company in the Bahamas (managed by Deloitte & Touche), which was then closing, to a Riggs bank and trust company in Jersey. When approached by Riggs, however, the Jersey Financial Services Authority apparently indicated that the trusts could not be transferred unless the source of wealth and funds in the Pinochet accounts were verified as having derived from wholly legitimate sources. Rather than undertake that exercise, Riggs officials decided to retain the Bahamas office of Deloitte & Touche as the trust manager for the Pinochet trusts. Subcommittee interviews of Timothy Coughlin (7/6/04) and Ray Lund (7/7/04). See also OCC examination materials (6/24/02), Bates OCC 0000045622, and (4/4/02), Bates OCC 0000026623.

[93] Interview of Ray Lund (7/7/04). See also, e.g., Riggs debit receipt for $1,619,500 (3/26/99) signed by Riggs officer Sean Terry, Bates RNB 030053; Riggs memorandum from Sean Terry to Stan Dore (6/21/902), Bates RNB 029064-65.

[94] For a copy of the indictment, see http://docs.tercera.cl/casos/pinochet/documentos/proceso.html (as of 6/28/04). For a copy of the court decision, see http://www.derechos.org/nizkor/chile/juicio/desafuero2.html (as of 6/27/04). See also "Ordered to Trial for Kidnapping," Los Angeles Times (12/2/00).

[95] "Revealed: Pinochet drug smuggling link," The Observer (12/10/00).

States, changing the names from "Augusto Pinochet Ugarte & Lucia Hiriart de Pinochet" to "L.Hiriart &/or A. Ugarte."[96] By changing the official account names in this manner, Riggs ensured that any manual or electronic search for the name "Pinochet" would not identify any accounts at the bank.

On January 29, 2001, Mr. Pinochet was placed under house arrest in Chile.[97] On May 15, 2001, Bermuda officials announced that they had carried out an asset seizure in response to the Spanish attachment order and frozen accounts belonging to Mr. Pinochet in a Bermuda subsidiary of Standard Life Assurance.[98] In response, Pinochet lawyers were quoted in the news media as saying that Pinochet "has no bank accounts outside Chile."[99]

A week later, on May 21, 2001, a lawyer at Fulbright & Jaworski provided a memorandum to Steven Pfeiffer, a senior partner at the law firm, about the international legal efforts to freeze Mr. Pinochet's bank accounts.[100] Mr. Pfeiffer was both a senior partner at Fulbright & Jaworski and a long-time member of the Riggs National Corporation Board of Directors. The memorandum given to him by an associate describes the Spanish attachment order, some of the pending legal actions against Mr. Pinochet, and a pending indictment listing "thousands of people who were assassinated, tortured or disappeared during Mr. Pinochet's tenure as president of Chile." Attached to the memorandum were eleven news articles, from 1998 to 2001, discussing Mr. Pinochet, several of which alleged his involvement with corruption, narcotics, arms sales, and other misconduct. One of the articles quoted a Pinochet attorney denying the existence of Pinochet bank accounts in other countries.[101]

On the same day, Mr. Pfeiffer forwarded the memorandum and news articles to two senior Riggs officials, the general counsel and head of the International Banking Group. He included his own memorandum which began: "As requested by Ray last Friday, over the week-end we reviewed certain online public news sources for articles that address the source of General Augusto Pinochet's wealth and/or attempts to freeze and/or seize General Pinochet's assets."[102] The memorandum stated that, while the searches did not uncover much information on the source of Mr. Pinochet's wealth, they did identify articles discussing "demands by 'leading political figures' in Chile to investigate the source of the Pinochet family's fortune" and efforts by the Spanish judge "to search for assets of Pinochet in the United States, Switzerland and Luxembourg."

Mr. Pfeiffer told the Subcommittee staff that he had been unaware of the Pinochet accounts prior to receiving a request from the bank for this memorandum.[103] He said that he did not raise any concerns with the bank's having these accounts, because he assumed the bank had performed the proper due diligence before accepting Mr. Pinochet as a client. The memoranda he provided the bank demonstrate that senior Riggs officials were fully aware of the Pinochet attachment order and seizure actions taking place in other countries, the questions about the

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[96] Compare, e.g., Riggs account statement for Account No. 76-835-282 for the period, 12/22/00 through 1/23/01, Bates RNB 006212, with the Riggs account statement for the period, 1/24/01 through 2/22/01, Bates RNB 006213.

[97] See, e.g., "Pinochet Arrest Ordered," BBC News (1/30/2001).

[98] See, e.g., "Pinochet Assets Frozen," BBC News (5/15/2001).

[99] Id.

[100] Fulbright & Jaworski memorandum from Andres Rigo to Steven B. Pfeiffer (5/21/04), with attached media articles, Bates OCC 0000045921-42.

[101] "Lawyers dismiss Pinochet asset freeze report," CNN.com (undated but likely May 15 or 16, 2001) ("'There is no account in the Bermudas or anywhere else,' said Pincohet's defense lawyer, Jose Maria Eyzaguirre.").

[102] Fulbright & Jaworski memorandum from Steven B. Pfeiffer to Joseph Cahill and Raymond Lund (5/21/01), Bates OCC 0000045919-20.

[103] Subcommittee interview of Mr. Pfeiffer (7/2/04).

source of Mr. Pinochet's wealth, and the allegations of his involvement with a variety of crimes. They also suggest that the bank was analyzing its own legal obligations.

Mr. Pfeiffer told the Subcommittee staff that he was asked by Riggs to prepare a second memorandum on the Pinochet accounts a year later, in June 2002.[104] He indicated that the bank was considering closing the accounts and wanted to know whether it could send the funds to Mr. Pinochet directly or, due to the attachment proceedings, had to send the funds to a court or law enforcement entity. Riggs declined to produce a copy of this second memorandum on the ground that it was protected from disclosure by the attorney-client privilege. Riggs ultimately decided to close the accounts and send the funds directly to Mr. Pinochet in 2002. Riggs, again, took no action to disclose the Pinochet accounts to any court or office of law enforcement.

Issuance of Cashiers Checks. In addition to assisting Mr. Pinochet evade legal proceedings to attach his bank accounts, Riggs took questionable actions over a two-year period, 2000 to 2002, to help him utilize the funds in his U.S. bank accounts while in Chile.

On August 18, 2000, using funds from Pinochet accounts in the United States, Riggs issued eight, sequentially numbered cashiers checks payable to Augusto Pinochet, each in the amount of $50,000, for a total of $400,000.[105] According to the OCC, Riggs then paid for the private banker who sometimes handled the Pinochet relationship to travel to Chile, so that he could hand deliver the checks to Mr. Pinochet.[106] Mr. Pinochet cashed these checks, $50,000 at a time, at several banks over the course of several months.[107] By sending him these cashiers checks, Riggs enabled Mr. Pinochet to obtain substantial cash payments while in Chile.

On May 15, 2001, Riggs did it again. It used Pinochet funds to issue ten, sequentially numbered cashiers checks, each in the amount of $50,000, for a total of $500,000.[108] These checks were made payable to Maria Hiriart and/or Augusto P. Ugarte. They were sent by overnight delivery to Chile.[109] Mr. Pinochet, again, cashed the checks at several banks over the course of several months.[110] Unlike the cashiers checks issued in 2000, however, these cashiers checks drew their funds, not from a Pinochet account directly, but from Riggs' own

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[104] Id.

[105] The Riggs Embassy account manager indicated that she had received telephone instructions from Mr. Pinochet to provide these cashiers checks. Subcommittee interview of Carol Thompson (6/23/04). See also OCC examination materials, Bates OCC 0000045860.

[106] OCC examination materials, Bates OCC 0000045627.

[107] See copies of these cleared checks, Bates OCC 0000045749-62.

[108] Riggs was unable to provide a written request from Mr. Pinochet for these cashiers checks, but did produce a letter of instruction signed by representatives of Ashburton. See OCC examination materials, Bates OCC 0000045860.

[109] Subcommittee interview of Carol Thompson (6/23/04); see also two handwritten notes from Ms. Thompson instructing a Riggs employee to send "10 checks totaling $500,000" to "A.P. Ungarte" in Chile, (5/14/01), Bates RNB 029977-78.

[110] See copies of these cleared checks, Bates OCC 0000045746-47, 45771-88.

concentration account.[111] This action meant that Mr. Pinochet could cash the checks without fear that they could be traced back to one of his accounts at Riggs.

On October 11, 2001, Riggs repeated the action a third time, issuing ten sequentially numbered $50,000 cashiers checks, drawn on Riggs' own concentration account, for a total of $500,000.[112] Made payable to Maria Hiriart and/or Augusto P. Ugarte, these checks were, again, sent by overnight mail to Mr. Pinochet in Chile. Mr. Pinochet, again, cashed them over the course of several months.[113]

On April 8, 2002, Riggs performed the same service one last time, mailing ten sequentially numbered $50,000 cashiers checks to Mr. Pinochet in Chile.[114] These checks were made payable to L. Hiriart and/or A.P. Ugarte, and totaled $500,000. They were drawn directly from the Pinochet accounts rather than from the Riggs concentration account. Mr. Pinochet cashed them over several months.

Altogether, Riggs transferred $1.9 million to Mr. Pinochet in Chile through four sets of cashiers checks. When asked why, on each occasion, it had supplied multiple cashiers checks in identical amounts instead of a single check for the full amount, the key Riggs employee told the Subcommittee that Mr. Pinochet had requested this approach so that he could distribute the checks to his descendants before his death.[115] Analysis of the cleared checks, however, shows that Mr. Pinochet personally signed and cashed them over several months, a pattern equally consistent with his using the funds for his own expenses.

When asked why Riggs didn't simply wire transfer the funds to a Pinochet account in Chile, which would have been faster, less expensive, and more secure than physically transporting checks to Chile, Riggs personnel were unable to provide a satisfactory explanation.[116] When asked why Riggs had debited some of the cashiers checks from its own concentration account instead of directly from Mr. Pinochet's accounts, Riggs personnel apparently told OCC examiners that the bank often handled cashiers checks in this manner to

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[111] A concentration account, also called a clearing, omnibus, or suspense account, is an account established and used by a bank for administrative purposes. It usually commingles funds from various sources prior to transferring them to specific accounts. Concentration accounts are not designed to be used by clients for their own transactions. In 1997, the Federal Reserve issued this warning to private banks:

> "[I]t is inadvisable from a risk management and control perspective for institutions to allow their clients to direct transactions through the organization's suspense account(s). Such practices effectively prevent association of the clients' names and account numbers with specific account activity, could easily mask unusual transactions and flows, the monitoring of which is essential to sound risk management in private banking, and could easily be abused."

Guidance on Sound Risk Management Practices Governing Private Banking Activities (July 1997). In 1999, this Subcommittee detailed how Citicorp had misused its concentration account to transfer about $67 million from Mexico to New York on behalf of a private banking client, interrupting the audit trail linking these funds to the client. See, e.g., 1999 Subcommittee Private Banking Hearings, Minority staff report at 892-93. In 2002, in response to this and other evidence that banks were misusing their concentration accounts to disguise a client's participation in particular transactions, Congress enacted Section 325 of the Patriot Act authorizing the issuance of regulations to ensure that bank concentration accounts "are not used to prevent association of the identity of an individual customer with the movement of funds of which the customer is the direct or beneficial owner." The Treasury Department has not, however, issued any regulations to date.

[112] Riggs produced a hand-printed letter of instruction signed by Mr. Pinochet requesting these cashiers checks. OCC examination materials, Bates OCC 0000045860.

[113] See copies of these cleared checks, Bates OCC 0000045796-807.

[114] Riggs produced a hand-printed letter of instruction signed by Mr. Pinochet requesting these cashiers checks. OCC examination materials, Bates OCC 0000045860.

[115] Interview of Carol Thompson (6/23/04). See also OCC examination materials, Bates OCC 0000045860 (Pinochet wanted to "start distributing monies to his children and grandchildren before his death.").

[116] OCC examination materials, Bates OCC 0000045861.

protect client "confidentiality."[117] When further pressed by the OCC about this action, Riggs informed the examiners that it "would immediately cease the practice."[118]

Concealment and Resistance to OCC Oversight. Riggs did not, at any time, volunteer information about the Pinochet accounts either to a bank examiner or to law enforcement.

In fact, Riggs appeared to take affirmative steps to hide the Pinochet relationship from bank examiners. In July 2000, for example, when pursuant to a routine anti-money laundering examination the OCC requested from Riggs a list of accounts controlled by foreign political figures, Riggs omitted the Pinochet accounts from that list.[119] In 2001, an OCC bank examiner happened to review the Althorp account as part of a routine sampling of KYC data in 17 accounts at the International Private Banking Department. According to the handwritten notes of the examiner, when the OCC asked about Althorp's beneficial owner, Riggs personnel responded that the owner was "a publicly known figure" in Chile; his Chilean family members "were diplomats," the account came from "Embassy [Banking]," the family members were "landowners" with "vineyards," and the Riggs Chairman of the Board "knows" the beneficial owner.[120] Riggs never disclosed that the beneficial owner was the former head of state, Mr. Pinochet.

The OCC finally discovered the Pinochet accounts in the spring of 2002, during an examination conducted at multiple banks to test existing policies and procedures to detect and report terrorist financing. Riggs was one of more than two dozen banks chosen to undergo this targeted examination. It was during this examination that OCC examiners came across coded references in a Riggs' log of cashiers checks, asked Riggs for an explanation, and learned of the Pinochet accounts.[121]

When OCC examiners met with Riggs personnel to obtain additional information about these accounts, Riggs personnel initially resisted cooperating with OCC requests. For example, according to an OCC summary of the meeting, a representative from the Riggs legal department asked why the OCC "would need copies of documents from the Pinochet accounts," expressed concerns about "the confidentiality of the information," and indicated he "did not believe that [the OCC] needed copies of 'any' information."[122] The Embassy Banking account manager asked the OCC to "guarantee her that no information be provided to any other agency." When she began to hand the OCC a document, the Riggs legal representative prevented her from actually doing so. About a week later, the OCC met with Riggs again and informed the bank that it was undertaking a targeted examination of the Pinochet accounts.[123] At that meeting, Riggs committed to fully cooperating with the OCC and providing all requested information.

OCC examination personnel then raised numerous questions about the Pinochet accounts. One examiner wrote:

> [I] remain puzzled by the entire relationship with someone of this calibre by Riggs. The apparent secrecy is also puzzling. ... Even a casual interpretation of nominal adher[e]nce to any type of KYC [know-your-customer] efforts would leave at a loss why Riggs would put

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[117] Id.

[118] Id.

[119] See, e.g., OCC examination materials (7/28/00), including list of "Politicians" with accounts in the International Private Banking Department, Bates OCC 0000045669-71; OCC document, "Targeted Examination: Accounts related to Mr. Augusto Pinochet" (7/9/02), Bates OCC 0000517597-603, at 517601.

[120] OCC document entitled, "Sample - IPB," (2/28/01), Bates OCC 0000537063.

[121] See, e.g., OCC email (3/20/03), Bates OCC 0000516987

[122] OCC document entitled, "MEETING RIGGS NATIONAL BANK," (6/18/02), Bates OCC 0000026570.

[123] OCC document entitled, "MEETING RIGGS NATIONAL BANK," (6/24/02), Bates OCC 0000547042.

> themselves at such risk by dealing with him. ... Even if a nominal amount of the allegations of the atrocities, human rights violations, drug and arms trafficking, as well as assas[s]ination stories are true, the risk to the bank would be high ... if Riggs relationship were known. Perhaps this is the reason for the secrecy. ... His total control over the Chilean economy adds more questions as to his source of funds. Coupled with the potential of funds derived from possible terror and personal funds of the thousands of missing people, his role in the dissolution of the economic structure in Chile during his extended term surely opened the door to possible sources of self enrichment and wealth. ... If the general public can access such information on Pinochet, then so could Riggs. ... The threshold for filing a SAR [suspicious activity report] is only 'suspicious activity' and this surely meets the test. ... It is troubling to me that even the nominal facts known by me, would surface many questions that management must also have. The hesitancy to file [a suspicious activity report] is significant and cannot be lightly dismissed."[124]

The OCC directed Riggs to file a Suspicious Activity Report (SAR) about the Pinochet accounts so that law enforcement would be aware of them. Riggs complied in July 2002. The OCC considered the report so deficient, however, that it filed its own SAR soon after.

Role of Board and Officers of Pinochet Accounts. Information reviewed by the Subcommittee indicates that key Riggs Board members and senior officers were well aware of the Pinochet accounts.

Senior bank officials had been instrumental in bringing the first Pinochet account to the bank in late 1994. The account manager said that she sometimes spoke directly to Mr. Allbritton about the Pinochet accounts. In 2000, senior Riggs officials made two trips to Chile to meet with clients and conduct other bank business. In 2001, a Riggs Board member informed senior officials at the bank about the Pinochet attachment order, pending legal actions against Mr. Pinochet, and accusations concerning his involvement with wrongdoing.[125]

In 2002, when the OCC began a targeted examination of the Pinochet accounts, senior Riggs officers who were also Board members attended some meetings with OCC staff. One Riggs officer told an OCC examiner that, "Mr. Pinochet has a relationship with the Chairman of Riggs."[126] During the course of the examination, the head of the International Private Banking Group wrote to Riggs' then top anti-money laundering officer:

> "Riggs Bank Legal Affairs Division and Compliance Division have been aware of all activities relating to these accounts. At no time has the International Group acted on this account without the express consent of both the Legal Affairs and Compliance Divisions."[127]

In mid-2002, a Riggs board member provided a requested legal memorandum to the bank on whether it could forward Mr. Pinochet's funds to him after it closed his accounts, in light of the attachment order issued by a Spanish court.

On October 15, 2002, the OCC discussed the Pinochet accounts with the Riggs Board of Directors. According to OCC personnel present at the meeting, the Board reacted with resentment over how the OCC had handled the matter.[128] According to the OCC, Ms. Allbritton,

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[124] OCC examination materials, email dated 5/16/02, Bates OCC 0000045705.

[125] Fulbright & Jaworski memorandum from Steven B. Pfeiffer to Joseph Cahill and Raymond Lund (5/21/04), with attached materials, Bates OCC 0000045919-42.

[126] OCC examination materials (4/4/02), Bates OCC 0000026623.

[127] Internal Riggs memorandum dated 6/21/02, from Sean Terry, then head of the International Private Banking Group, to Stan Dore, then BSA Officer, Bates RNB 029064-65.

[128] Interviews with Lester Miller and David Hunter (6/4/04).

a Board member, complained that the agency had effectively forced the bank to close the Pinochet accounts.[129] In July and August 2002, Riggs closed the Pinochet accounts.

C. Equatorial Guinea

Finding (2): Turning a Blind Eye. Riggs Bank managed more than 60 accounts and certificates of deposit for Equatorial Guinea, its officials, and their family members, with little or no attention to the bank's anti-money laundering obligations, turned a blind eye to evidence suggesting the bank was handling the proceeds of foreign corruption, and allowed numerous suspicious transactions to take place without notifying law enforcement.

In 1995, Riggs Bank opened its first Embassy accounts for Equatorial Guinea, a small country on the west coast of Africa. Over the next eight years, the bank opened nearly 50 additional accounts and a dozen certificates of deposit for not only the government of Equatorial Guinea (E.G.), but also a host of E.G. senior government officials and their family members. By 2003, the E.G. account had become the bank's largest single relationship, with balances and outstanding loans that together approached $700 million.[130]

The Subcommittee investigation has determined that Riggs Bank serviced the E.G. accounts with little or no attention to the bank's anti-money laundering obligations, turned a blind eye to evidence suggesting the bank was handling the proceeds of foreign corruption, and allowed numerous suspicious transactions to take place without notifying law enforcement. The Subcommittee investigation found that Riggs opened multiple personal accounts for the President of Equatorial Guinea, his wife and other relatives; helped establish offshore shell corporations for the E.G. president and his sons; accepted $13 million in cash deposits into accounts controlled by the E.G. President and his wife with few questions asked; allowed wire transfers withdrawing more than $35 million from the E.G. account containing oil revenues for transfer to two unknown companies with accounts in bank secrecy jurisdictions; and exercised such lax oversight over the E.G. account manager that, among other misconduct, he was able to wire transfer more than $1 million in E.G. oil revenues to an account he controlled at another bank. Riggs Bank closed the accounts only after numerous questions raised concerns the bank was unable to resolve.

The Country of Equatorial Guinea. Equatorial Guinea is a West African country, composed of a mainland and five inhabited islands, with slightly less landmass than Maryland and a population of about 510,000.[131] Malabo, on the island of Bioko, is the capital and largest city. Spanish and French are the official languages, but Bantu languages are also spoken.

Equatorial Guinea was colonized by the Portugese in the late 1600s, ceded to Spain in 1778, and gained independence in the 1960s.[132] After a referendum and constitutional convention, Francisco Macias Nguema was elected President of Equatorial Guinea in 1968.[133] Macias subsequently abrogated the constitution, established a single-party dictatorship, and declared himself President for life. His rule occasioned the death or exile of about one-third of

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[129] Id.

[130] See, e.g., OCC examination materials (11/21/03), Bates 001167.

[131] See CIA World Fact Book, www.odci.gov/cia/publications/factbook/print/ek.html (as of 6/10/04).

[132] "Equatorial Guinea At The Crossroads: Report of a Mission to Equatorial Guinea" (International Bar Association Human Rights Institute), at http://www.ibanet.org/pdf/Equatorial_Guinea_Report.pdf (as of 6/10/04), at 11.

[133] "Background Note: Equatorial Guinea," (U.S. Department of State) at www.state.gov/r/pa/ei/bgn/7221.htm (as of 6/10/04).

the country's citizens.[134] In 1979, Macias was overthrown and executed by his nephew, Colonel Teodoro Obiang Nguema Mbasago.

Mr. Obiang declared himself President in his uncle's place. Twenty-five years later, he still holds that position. While a new E.G. constitution was enacted in 1982, and single-party rule was officially ended in 1991, free and fair elections have not followed.[135] In the most recent election in December 2002, in which President Obiang claimed victory with 97% of the vote, the U.S. State Department described the proceedings as "marred by extensive fraud and intimidation."[136] President Obiang is also depicted as dominating the E.G. government. In the words of the U.S. State Department, he "names and dismisses cabinet members and judges, ratifies treaties, leads the armed forces, and ... appoints the governors."[137] A review of top E.G. officials over the past few years shows that many are members of the President's extended family.

The State Department has also been highly critical of the country's human rights abuses, use of torture, and culture of corruption.[138] The IMF has also issued reports critical of the country's lack of transparency and accountability on fiscal matters.[139] Corruption allegations are also commonplace in articles about Equatorial Guinea. For example, one recent U.S. publication wrote: "In 1998, according to the IMF, [the E.G.] government received $130 million in oil revenue, and Obiang simply pocketed $96 million of it. Although three of every four Equatoguineans suffer malnutrition, between 1997 and 2002, Obiang spent just over 1 percent of his budget on health, by far the lowest of the nine African countries the IMF surveyed. According to a 2002 State Department report, there is 'little evidence that the country's oil wealth is being devoted to the public good.'"[140]

Despite its poor record on human rights, civil liberty, and democracy, Equatorial Guinea has experienced rapid economic growth during the last five years due to development of its oil resources. Since 1997, U.S. oil companies, including Amerada Hess, ChevronTexaco, ExxonMobil, and Marathon have made substantial investments in oil fields off the E.G. coast as

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[134] Id.

[135] Id.

[136] Id.

[137] Id. See also "Equatorial Guinea At The Crossroads," prepared by a delegation from the International Bar Association (October 2003), at 7 (Equatorial Guinea has "little respect for the rule of law), "no viable opposition or political pluralism," "critical lack of free speech, press, association, and no significant development of civil society," experienced "interference by the Executive in the operations of the judiciary," and poorly drafted laws which were "inconsistent with its constitution, outdated, or ad hoc.").

[138] See, e.g., "Background Note: Equatorial Guinea," (U.S. Department of State) at www.state.gov/r/pa/ei/bgn/7221.htm (as of 6/10/04); State Department's 2003 Country Report on Human Right Practices in Equatorial Guinea ("The security forces committed numerous abuses, including torture, beating, and other physical abuse of prisoners and suspects"; they "generally committed abuses with impunity"; and they "used arbitrary arrest, detention, and incommunicado detention."); State Department's 2002 Country Report on Human Right Practices in Equatorial Guinea ("Poor fiscal management and a lack of transparency in public accounting of national finances have undermined the country's economic potential. There is little evidence that the country's oil wealth is being devoted to the public good."). See also U.N. Commission on Human Rights, "Report on the human rights situation in the Republic of Equatorial Guinea" (1/24/02, 58th Session) at 13 (In Equatorial Guinea, "arbitrary detentions, inhuman treatment and torture ... continue as if they were perfectly normal.").

[139] See, e.g., "IMF concludes 2001 Article IV Consultation with Equatorial Guinea," (Public Information Notice No. 01/106, 10/11/01); IMF Report on Equatorial Guinea entitled, "Staff Report for the 2003 Article IV Consultation" (10/28/03).

[140] "Rigged," The New Republic (6/21/04). See also, e.g., "Petroleum: The Curious Bonds of Oil Diplomacy," Africa News (11/6/02), and Parade Magazine (2/22/04), which has twice named President Obiang as one of the "ten worst dictators" in the world.

well as in E.G. methanol and liquified natural gas plants. Equatorial Guinea has also become an important source of oil for the United States.[141]

Diplomatic relations between Equatorial Guinea and the United States have varied over the years. In 1995, the United States closed its embassy in Equatorial Guinea. Eight years later, in 2003, the United States agreed to re-establish this Embassy, reportedly at the urging of U.S. oil companies doing business in Equatorial Guinea. President Obiang professes to be a strong supporter of the United States and frequently travels to this country. His wife and children own real estate in Maryland, California, New York, and elsewhere.

Equatorial Guinea Relationship. The evidence shows that Equatorial Guinea has had a eight-year relationship with Riggs Bank and is associated with more than 60 accounts and CDs at the bank.

Equatorial Guinea opened its first accounts at Riggs Bank in 1995. The evidence indicates that over the following eight years, a single Riggs account manager in the Embassy Banking Division, Simon Kareri, was primarily responsible for the E.G. accounts. Mr. Kareri also handled other Embassy accounts in Africa and the Caribbean. He reported to the head of the International Banking Group, Raymond Lund.

Multiple Accounts. Riggs opened numerous accounts for the E.G. government, its officials, and their family members. After a targeted examination of these accounts by the OCC in 2003 and 2004, it is the Subcommittee's understanding that all have been recently closed. These accounts can be generally categorized as follows.

(1) **E.G. Oil Account.** One of the earliest and largest of the E.G. accounts, Account No. 17-164-642, was opened in January 1996, as a standard business checking account in the name of the "Republica de Guinea Ecuatorial-Tesoreria General." Virtually all of the deposits into this account were payments from oil companies doing business in Equatorial Guinea, primarily ExxonMobil Corporation. Most of the funds were transferred out of this account to the Central Bank of Africa and used to pay E.G. bills. Some funds were transferred directly from the oil account to pay for various E.G. projects. This account often held tens of millions of dollars at a time. The account signatories were E.G. President Obiang; his son, Gabriel M Obiang Lima, E.G. Minister of Mines; and his nephew, Melchor Esono Edjo, E.G. Secretary of State for Treasury and Budget. Two signatures, one of which had to be from the President, were required to withdraw funds from this account.[142]

(2) **E.G. Investment Accounts.** The second largest E.G. account, Account No. 76-952-200, was a standard money market account linked to two Riggs investment accounts, Account Nos. 68-002-6010 and 68-002-6028.[143] Opened in December 2001, these accounts had combined funds in 2003, of more than $300 million and at times as much as $500 million. The money market account had the same three signatories as the E.G. oil account, but any one signature was sufficient to withdraw funds.[144] The two linked investment accounts had only one required signatory, the E.G. President.[145]

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[141] See, e.g., "Promoting Transparency in the African Oil Sector," report prepared by the Center for Strategic and International Studies Task Force on Rising U.S. Energy Stakes in Africa (March 2004). See also, e.g., "Petroleum: The Curious Bonds of Oil Diplomacy," Africa News (11/6/02).

[142] See, e.g., Riggs Miscellaneous Change Memo (2/15/2003), listing signatories for E.G. Oil Account, Bates RNB 000005.

[143] See, e.g., Riggs analysis of E.G. accounts, Riggs memorandum from the Security & Investigations Department to Raymond Lund, "Equatorial Guinea" (1/20/04), Bates OCC 0000528712-23, at 714.

[144] Riggs document listing signatories for E.G. Investment Account (12/7/01), Bates RNB 000007.

[145] OCC Supervisory Target Letter 2004-X, Bates OCC 0000502621-29, at 26.

(3) **Other E.G. Government Accounts.** Several other Riggs accounts and CDs were also opened in the name of the Republic of Equatorial Guinea. They included a CD for $40 million, Account No. 81-710-0433, issued in May 2002;[146] a CD for $1 million, Account No. 81-763-3375, issued in November 2002;[147] and a CD for $5 million, Account No. 81-217-905, issued in June 1996 and closed in March 1998.[148] Account No. 25-711-327, a checking account, was opened in September 2003, in the name of the EG government, with loan proceeds intended to be used to purchase an airplane for the use of the E.G. President; at the end of 2003, its balance exceeded $9 million.[149] An account related to the E.G. shipping registry, Account No.17-201-044, was opened in 1996, and went inactive in 2001. A checking account, Account No.17-231-999, which was apparently used to pay E.G. debts, was closed in 1999.

(4) **E.G. Embassy Accounts.** Eight accounts were opened at Riggs in the name of the "Embassy of Equatorial Guinea." The earliest of these accounts was opened in 1996, and the latest in 2002. Most of these accounts appear to have been used to pay Embassy bills, including utilities, telephone expenses, payrolls, and at least one land purchase of a $600,000 "chancery site." One account appears to have been set up, but rarely used, to make currency investments in the Euro. Due to limited documentation, the Subcommittee could not determine the purpose of several others, some of which may have contained the proceeds of Riggs loans to the Embassy. The Subcommittee was not given signatory documentation for these accounts, but the signatory may have been Teodoro Biyogo Nsue, E.G. Ambassador to the United States.[150]

(5) **E.G. Student Accounts.** Two accounts were opened in the name of the E.G. government and used to pay the expenses of E.G. students studying in the United States. The first account, Account No. 17-328-504, was opened in the name of "Republica de Guinea Ecuatorial-Cuenta Estudiantes MME." It was a corporate wholesale checking account opened in March 2001. The account signatories were Cristobal Manana Ela, E.G. Minister of Mines & Energy; and a son of the E.G. President, Gabriel Nguema Lima, E.G. Secretary of State Mines & Energy.[151] This account had fluctuating balances that often exceeded $300,000. The second, Account No. 25-380-310, was opened in the name of "Republica de Guinea Ecuatorial-Fondo Especial para Becas." It was a business money market account opened in May 2002, and the only signatory was the Riggs E.G. account manager, Simon Kareri.[152] This account was linked to a Riggs investment account of the

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[146] Riggs Negotiable CD (5/3/02), Bates RNB 000023.

[147] Riggs Certificate of Deposit Receipt (11/7/02), Bates RNB 000025.

[148] Riggs annual statements on Account No. 81-217-905 (1996-1998), Bates RNB 001303-05.

[149] See Riggs analysis of E.G. accounts, Riggs memorandum from the Security & Investigations Department to Raymond Lund, "Equatorial Guinea" (1/20/04), Bates OCC 0000528712-23, at 714.

[150] In the course of analyzing various transactions in the Riggs accounts, the Subcommittee identified four accounts at another bank, JPMorgan Chase, opened in the name of the "Permanent Mission of Equatorial Guinea." Three were business checking accounts, and one was a business money market account. The earliest was opened in 2000, and the latest in 2003. One account had limited activity, but substantial funds, opening with $5 million and experiencing ten major withdrawals – one nearly $2 million – in less than a year. A second had regular, relatively modest account activity, with frequent deposits of $5,400 from two oil companies doing business in Equatorial Guinea, CMS and Marathon, and a one-time deposit of $5 million that passed through the account in 24 hours. The third account had significant account activity and account balances that fluctuated from about $60 to about $135,000, and appeared to reflect a variety of Embassy expenses. The fourth account had limited account activity and minor balances. Of these accounts, one was closed in 2000, two were closed in July 2004, and the fourth was in the process of being closed by JPMorgan Chase.

[151] Riggs account opening documentation (3/29/01), Bates RNB 000009.

[152] Riggs account opening documentation (5/12/02), Bates RNB 000014. But see Riggs memorandum to the file from Mr. Kareri (8/13/02) and new signature card changing signatory to the E.G. Secretary of State for Treasury, Bates RNB 013621-23.

same name, Account No. 68-002-6036. Both the special account and the investment account had, at times, funds equal to or exceeding $1 million.[153]

(6) **Otong Accounts.** While E.G. President Obiang did not have any personal accounts at Riggs, he was the beneficial owner of one account and two CDs opened in the name of a Bahamian offshore shell corporation, called Otong S.A., which was under his control and had been established on his behalf with the assistance of Riggs. Account No. 76-863-013 was a money market account, which was opened in September 1999, and had fluctuating balances. The first CD was opened in June 2000, as Account No. 81-450-109; the second was opened in June 2002, as Account No. 81-723-162. In December 2002, the first CD had a value exceeding $11.7 million, while the second CD had a value exceeding $4.4 million.[154]

(7) **Constancia Mangue Nsue Accounts.** Five accounts and three CDs were opened in the name of the President's wife, Constancia Mangue Nsue. The earliest was opened in 1997, and the latest in 2002. Account No. 24-383-122 was a personal checking account that received several large cash deposits, as well as a few payments from ExxonMobil oil company totaling about $385,000. From 1998 until 2003, the account balance fluctuated widely between about $3,000 and $2.7 million.[155] Over time, about $2.8 million was withdrawn from this account and transferred to a CD in Ms. Nsue's name, Account No. 81-253-754.[156] Account No. 24-895-363 was a joint checking account with her brother, Teodoro Biyogo Nsue, the E.G. Ambassador to the United States. From 2000 until 2003, this account balance fluctuated widely between $0 to about $670,000, and included some large cash payments and wire transfers.[157] Account No. 25-475-010 was a money market account established in 2002 to receive rental payments of about $5,000 per month on a Maryland property owned by Ms. Nsue. Two money market accounts and two CDs were opened in the name of Ms. Nsue on behalf of her teenage twin sons, Justo and Pastor Obiang. The money market accounts, Account Nos. 76-890-441 and 76-890-433, each had fluctuating balances of between about $600 and $270,000, and each periodically sent large sums for deposit into CDs.[158] Each of the sons' CDs, in Account Nos. 81-585-919 and 81-585-927, had a value at the end of 2002 of about $625,000.[159]

(8) **Teodoro Nguema Obiang Accounts.** While the E.G. President's eldest son, Teodoro Nguema Obiang, the E.G. Ministry of Forestry, did not have any personal accounts at Riggs, he was the beneficial owner of three accounts opened in the name of companies he controlled. Two of these accounts were opened in the name of his California entertainment company, TNO Entertainment LLC. The first, Account No. 76-889-555, was opened in 2000 and closed in 2001, and the funds were transferred to Account 76-923-450, which was opened in 2001 and remained open in early 2004.[160] From 2001 to 2003, the second account had balances that fluctuated between about $17,000 and $11.6 million.[161] The third

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[153] See, e.g., Riggs account statement for the investment account, (June 2002) Bates RNB 013878 (account balance exceeds $1 million).

[154] See December 2002 account statements, Bates RNB 000333 and 336; Riggs statement of account (4/2/02), Bates RNB 007385-87.

[155] See, e.g., Riggs monthly account statements, RNB 000723-92.

[156] At the end of 2002, this CD had a value of about $2.9 million. Riggs 2002 account statement, Bates RNB 000920.

[157] See, e.g., Riggs monthly account statements, RNB 000793-843.

[158] Riggs monthly account statements, Bates RNB 000862-915.

[159] 2002 Riggs account statements, Bates RNB 000923 and 926.

[160] See, e.g., Riggs statement of account (12/13/03 - 1/15/04), Bates RNB 002398.

[161] See Riggs account statements, Bates RNB 000489-543.

account, Account No. 25-380-038, was opened in the name of Awake Ltd., a Bahamian offshore shell company that Riggs helped to establish. This money market account, opened in 2002, saw virtually no account activity.[162]

(9) **Teodoro Biyogo Nsue and Elena Mensa Accounts.** Four accounts and two CDs were opened in the name of Teodoro Biyogo Nsue, the E.G. Ambassador to the United States, or his wife, Elena Mensa, all with modest balances. A savings account, Account No. 25-595-370 was opened in the name of the Ambassador on behalf of his daughter, Candida Nsue, held minor balances, and showed little account activity. His wife also opened a savings account on behalf of their daughter, Account No. 25-460-310. For herself, Ms. Mensa opened a personal checking account, Account No. 25-356-070, and a money market account, Account No. 65-197-510, that closed in 2002. Ms. Mensa also had two CDs, Account Nos. 81-676-503 and 81-763-965, that were opened in 2001 and 2002.[163]

(10) **Melchor Esono Edjo Accounts.** One account and two CDs were opened in the name of Melchor Esono Edjo, Secretary of State for Treasury and Budget in Equatorial Guinea. Account No. 76-827-522, was a money market account. The two CDs, Account Nos. 81-502-490 and 81-764-159, were opened in 1999 and 2003, and together had an aggregate value of more than $183,000.

(11) **Armengol Ondo Nguema Accounts.** One account and one CD were opened in the name of Armengol Ondo Nguema, the E.G. President's brother and Director of National Security in Equatorial Guinea. Account No. 76-889-504 was a money market account, opened in 2000. From 2000 to 2003, the account balance fluctuated widely between about $3,000 and $775,000.[164] The CD, Account No. 81-657-484, was opened in June 2001, with $700,000 transferred from the money market account. At the end of 2002, it had a value of slightly more than $700,000.[165] Two more accounts were opened in the name of his daughter, Maria Ondo Mangue (also known as Maria Luisa Mangue Ondo), who was studying in the United States. Account No. 25-460-986 was a savings account that was opened in 2002 and closed in July 2003; Account No. 25-125-029 was a checking account opened in 2001, with minor balances.

(12) **Pastor Micha Ondo Bile Accounts.** Two accounts and four CDs were opened in the name of Pastor Micha Ondo Bile, Minister of Foreign Affairs in Equatorial Guinea and one-time E.G. Ambassador to the United States. Account No. 24-203-160, a checking account, and Account No. 76-787-356, a money market account, were both opened in 1995. Of the four CDs, Account Nos. 81-519-794, 81-770-495, 81-815-876, and 81-405-228, one was opened in 1998, and the other three in 2003. The Subcommittee did not obtain information on the aggregate value of these four CDs. One additional account, Account

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[162] The Subcommittee also identified two other sets of bank accounts associated with the President's son, opened at JPMorgan Chase and Citigroup. At JPMorgan Chase, four accounts and three CDs were opened in the name of the President's son, including a savings account and three checking accounts which together held about $75,000 in 2003. All three CDs had matured in 2002, and at that time had an aggregate value of more than $1.7 million. The saving and checking accounts closed in July 2002. At Citigroup, the Subcommittee identified four accounts that had been opened in the name of the son's company, TNO Entertainment. The earliest of these accounts was opened in 1997, and all four were closed in early 2000. They included a checking account, money market account, Citigold account, and securities investment account. These accounts were apparently dormant at times, but in mid 1999, received deposits in a relatively short period totaling about $11.8 million. After noting suspicious account activity, Citigroup closed these accounts in 2000. Riggs Bank apparently identified at least one additional set of accounts held by the E.G. President's son at City National Bank of Beverly Hills, California. Riggs internal memorandum by the Security & Investigations Department (12/18/03), Bates OCC 0000528401.

[163] The Subcommittee identified two additional accounts opened in the name of the Ambassador at JPMorgan Chase, as well as six at Citigroup. The Chase account was closed in February 2004. At least one of the accounts at Citigroup had fluctuating balances, large cash deposits of up to $50,000, and suspicious wire transfers. Citigroup indicated that all of the Ambassador's accounts were closed in May 2002.

[164] See Riggs account statements (2/3/00-3/5/03), Bates RNB 000544-606.

[165] 2002 Riggs account statement, Bates RNB 000608.

No. 25-731-088, was opened by the Minister's daughter, Sylvia Nachama Ondo, who is also a niece of President Obiang. It was a checking account with minor balances, opened while she was studying in the United States.

(13) **Boriko, Nseng, and Edjo Accounts.** Three separate money market accounts with relatively minor balances were opened in the names of three other E.G. officials. Account No. 75-841-201, opened in 1998 and dormant in 2003, was opened in the name of Miguel Abia Biteo Boriko, former Minister of the Economy. Account No. 76-913-623, was opened in 2000, in the name of Juan Olo Mba Nseng, former Minister of Mining and now Director of Electricity in Equatorial Guinea. Account No. 76-841-236, was opened in 1998 in the name of Baltasar Engongo Edjo, Minister of Economic Affairs and Finance.

(14) **Makina Accounts.** Three accounts with minor balances were opened in the name of Sisinio E Mbana Makina, the former First Secretary of Equatorial Guinea who was employed at the E.G. Embassy. Two were "convenience plus money market accounts"; and one was a savings account that was opened in 2002 and closed in 2003.

(15) **Business Accounts.** Three accounts were opened in the name of E.G. businesses. Ecuato Guineana de Aviacion, the official E.G. airline, opened one money market account at Riggs in 2001, Account No. 76-939-372. GEPetrol, the official E.G. oil company established in June 2002, opened a corporate wholesale checking account and a business money market account, Account Nos. 17-340-829 and 76-812-478, in 2002, but did not use either account.

KYC Information and Offshore Shell Corporations. When asked about the decision to open and maintain the various E.G. accounts, Riggs Board members and senior officers stated as late as 2004, that the bank's policy for Embassy accounts was to accept any country or individual holding diplomatic credentials from the U.S. Department of State, without regard to their "politics." The problem with this approach, however, is that Riggs should have also, but did not, conduct a risk analysis of each potential accountholder's possible involvement in money laundering or foreign corruption in order to safeguard the bank against these risks.

Riggs was clearly aware of the corruption concerns associated with Equatorial Guinea. For example, a Riggs analysis prepared in connection with a 2002 E.G. loan request included these observations about the country:

> "The World Bank and IMF are under pressure to engage with Equatorial Guinea .... Although the government recently announced a program to improve transparency and accountability, any changes are unlikely to meet IMF criteria. With the establishment of a state oil company, GE Petrol, later in 2001, management of the oil sector may even become more opaque, and standards of governance are like to remain poor. ... The government cash-flow situation improved considerably during 1999-2000, reflecting growing oil revenue, but fiscal policy performance continued to weaken, as evidenced by the lack of control over government financial operations. ... The [E.G.] President has at least partly overcome US State Department concerns about human rights abuse and corruption. ... Allegations of human rights abuses following the announcement of the coup in March have been well documented, and have elicited international condemnation. However, any hesitancy on the part of the US or European countries towards Equatorial Guinea will be temporary, due to the rising importance of the oil sector .... Human rights have been an endemic problem in Equatorial Guinea. The UN Human Rights Commission voted to keep Equatorial Guinea under scrutiny however; it is believed that the government's increasing capacity to buy diplomatic influence has caused several African countries to insist on softening the criticism."[166]

This pragmatic description of corruption and human rights abuses in Equatorial Guinea demonstrates that Riggs was fully aware of the corruption risks associated with the E.G.

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[166] Riggs "Officers' Loan Committee Action" (11/26/02), Bates T 00003089-3101, at 3092-93.

accounts. Despite this knowledge, Riggs failed to designate the E.G. accounts as high risk until October 2003, and failed to exercise enhanced scrutiny of the account activity, even for transactions involving large cash deposits or international wire transfers.

Of the 60 accounts and CDs opened for E.G. clients at Riggs, the evidence indicates that at least half functioned as private banking accounts for senior E.G. officials or their family members. In the case of the E.G. President, the Subcommittee found that, as part of its services, Riggs helped the E.G. President and his sons establish at least two offshore shell corporations and open bank accounts in their names.

In September 1999, Riggs helped the E.G. President establish Otong, S.A., an offshore corporation incorporated in the Bahamas.[167] In September 1999, Riggs opened its first account for Otong, Account No. 76-863-013. The Riggs account opening documentation for Otong states that the beneficial owner of Otong is "Teodoro Mbasogo" and gives his confidential address as "The Presidential Palace, Malabo, Equatorial Guinea."[168] The client profile states: "The President of Equatorial Guinea has been in office for twenty years. He has extensive farming [assets] and is a major partner of the telecommunication (phone system modernization) project in the country with France Telecom." It cites "[c]ocoa farming and businesses" as the client's original source of wealth, verified by "Incountry visits." Under "Additional Comments," it states: "We have known him [the E.G. President] for five years and [he] has been quite consistent with us. The President desires to have a personal relationship with us in order to facilitate his personal and family needs while in the U.S. These needs include health and management of his residence here in the U.S." The client profile does not contain required signatures from bank personnel approving the opening of the account.

Additional account opening documentation was completed for Otong when it opened two CD accounts in June 2000, Account Nos. 81-450-109 and 81-723-162.[169] The 2000 account opening documentation states that the beneficial owner of Otong is "T.Ngui," but then repeats verbatim the language describing the E.G. President in the 1999 client profile.[170] Like the 1999 documentation, the 2000 documentation does not contain required signatures from bank personnel approving the opening of the accounts.

An updated client profile for the Otong accounts was completed in 2002.[171] This profile rated Otong a "high" risk account, stated the owner was a high profile government official, and identified the owner as the E.G. President. An attachment listed all three Otong accounts, while another provided a brief overview of the many E.G. businesses owned by the E.G. President.[172] The profile was signed by a Riggs employee who reported to the E.G. account manager.

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[167] See Certificate of Incorporation (9/20/99), Bates RNB 007303-04; emails between Riggs and the Bahamas company incorporating Otong (9/20/99), Bates RNB 007287-90 and RNB 007305. Otong is authorized to issue both registered and bearer shares. See Memorandum of Association and Articles of Association of Otong S.A. (9/20/99), Bates RNB 007250-74.

[168] "Riggs & Co Know Your Customer Client Profile" (9/20/99), Bates RNB 007112-16.

[169] "Riggs & Co. Trust Services Account Approval & Opening Memo" (5/30/00), including "Riggs & Co. Know Your Customer Client Profile" (5/30/00), Bates RNB 007089-98.

[170] When asked about this discrepancy, the E.G. account manager apparently indicated T. Ngui and President Obiang were the same person, but provided no explanation for the changed name and no supporting documentation explaining the name switch. The website for the Government of Equatorial Guinea, however, indicates that the name of President Obiang's mother was Mbasogo Ngui. See http://www.ceiba-guinea-ecuatorial.org/guineeangl/ indexbienv1.htm. Whether "Ngui" is, thus, part of President Obiang's name and why the President's full name was not placed on the account opening documentation are issues that remain in question.

[171] Riggs "KYC Profile – Enhanced Due Diligence: Embassy Banking – Individual Accounts," (11/19/02), Bates RNB 000036-40.

[172] Riggs memorandum to the file by Simon Kareri (11/28/01), Bates RNB 000040.

As discussed later in this Report, the E.G. President made more than $11.5 million in cash deposits to the Otong accounts from 2000 to 2002. While Riggs filed the required Currency Transaction Reports (CTR) on each occasion, the OCC later determined that the CTRs had repeatedly mischaracterized Otong, describing it as a timber export company rather than the E.G. President's offshore corporation.[173]

In January 2001, Riggs helped establish Awake Ltd., another offshore corporation in the Bahamas.[174] The beneficial owners of this company are Teodoro Nguema Obiang and Pastor Obiang, both sons of the President. Riggs Bank opened an account for Awake Ltd. in June 2002.[175] The account opening documentation lists Teodoro Nguema Obiang as the president of the company. The account documentation indicates that the account has been dormant since its opening, and it is unclear the extent to which Awake Ltd. became an active corporation.[176]

Riggs was aware that the President and his sons also had a number of E.G. companies under their control. These E.G. companies included the following:

(1) **Abayak.** Abayak, S.A. was and perhaps still is the only construction company in Equatorial Guinea, an importer of construction-related goods, and a participant in real estate deals on behalf of the E.G. President and his wife as described later in this Report. According to a Riggs' analysis and other documentation, Abayak is controlled by the E.G. President who is also identified in Riggs KYC documentation as the company's president.[177] Abayak is a participant in several other entities involving foreign individuals or companies. For example, Abayak has a 15 percent interest in a subsidiary of ExxonMobil called Mobil Oil Equatorial Guinea, an E.G. oil distribution business.[178] It also maintains an interest in Nusiteles, described below.

(2) **Grupo Sofana and Somagui Forestal.** According to a Riggs analysis, Grupo Sofana is a forestry company with exclusive rights of exploiting and exporting timber in Equatorial Guinea, and the President's son is the "sole owner" of this company.[179] After oil, timber exports are a leading source of foreign exchange in Equatorial Guinea. According to Riggs, Somagui Forestal is another timber company which is controlled by the President's son and affiliated with Sofana.[180]

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[173] See, e.g., In re Riggs Bank, N.A., "Assessment of Civil Money Penalty," prepared by the Financial Crimes Enforcement Network (Case No. 2004-01), at Section III(D).

[174] See Certificate of Incorporation and related paperwork for Awake Ltd. (1/3/01), Bates OCC 0000513849-54. The evidence shows that Trident Corporate Services (Bahamas) Ltd., which has a long-standing working relationship with Riggs Bank, helped incorporate this company. Trident also sent notices about the company's annual licensing fees to Awake Ltd. at the Riggs Bank address in Washington, to the attention of Simon Kareri. See Trident and Riggs documentation, Bates RNB 010157-58 and 010443-44.

[175] See Riggs account opening documentation for Awake Ltd. (6/11/02), Bates RNB 002064-65.

[176] See Riggs account statements for Awake Ltd. (6/11/02 - 12/31/03), Bates RNB 002068-87.

[177] See Riggs memorandum to the file by Simon Kareri (11/28/01), Bates RNB 000040; Riggs "KYC Profile – Enhanced Due Diligence: Embassy Banking – Individual Accounts" for Otong (11/19/02), Bates RNB 000037; Subcommittee interview of Bruce McColm (6/10/04). See also complaint in Foley Hoag LLP v. Republic of Equatorial Guinea, Et al., (U.S. Dist. D.C. 2004), Bates RNB 003359-003367.

[178] Letter from ExxonMobil Corp. to the Subcommittee (6/17/04) at 3.

[179] See Riggs "Credit Approval Memorandum" (7/22/02), Bates RNB 010512, approving a $3.75 million loan to Teodoro Nguema Obiang, the President's son.

[180] See, e.g., Riggs analysis of E.G. accounts, Riggs memorandum from the Security & Investigations Department to Raymond Lund, "Equatorial Guinea" (1/20/04), Bates OCC 0000528712-23, at 716; email from Simon Kareri to the OCC (1/5/04), Bates OCC 0000516892 ("Groupo Sofana & Somagui belongs to Teodoro Nguema 100%.").

(3) **Sonavi.** Sociedad Nacional de Vigilancia (Sonavi) is a company that provides security services within Equatorial Guinea and is controlled by the President's brother who was also, for a time, E.G. Director of National Security. As explained later in this Report, some U.S. oil companies have been told that Sonavi has a monopoly on security services in the country.

(4) **Nusiteles.** Nusiteles, G.E. was established in 2000, as an E.G. telecommunications company intended to establish telephone and computer services within Equatorial Guinea. It is jointly owned by a number of parties, including the E.G. President through Abayak, the E.G. Minister of Foreign Affairs, the E.G. Director of National Security, the E.G. Minister of Justice and Religion, and International Decision Strategies, a Virginia corporation controlled by R. Bruce McColm.[181]

(5) **GEOGAM.** Guinea Equatorial Oil & Gas Marketing Ltd. (GEOGAM) is a state-owned E.G. company that was established in 1996, and may be partially privately held by E.G. officials. In response to Subcommittee questions, Marathon has informed the Subcommittee that, in January 2003, it was told by a GEOGAM representative that GEOGAM is 25 percent owned by the E.G. government and 75 percent owned by Abayak, the company controlled by the E.G. President.[182] GEOGAM is a 20 percent owner of a liquid petroleum gas facility on Bioko Island, and a 10 percent owner of a methanol plant that is also located on Bioko Island.

In November 2001, the Riggs account manager for the E.G. accounts wrote a memorandum to the file which stated in part:

> "During my last trip to Equatorial Guinea, I was able to tour most of the businesses controlled by the President and his family. Due to the significant growth in the country, the businesses have grown exponentially from the sleepy businesses that I used to know to very active interests that are generating significant revenues."[183]

The memorandum went on to observe that Abayak, "has become a significant earner of income for the President." It states: "By far the most lucrative earner for the President is the new gas plant in Malabo of which he controls 25%."[184] It also notes the President's ownership of "the only two supermarkets in the country" and the largest hotels. This memorandum demonstrates that Riggs had a sophisticated understanding of the President's personal stake in much of the economic activity within his country.

Cash Deposits. A key element of an effective anti-money laundering program involves proper handling of large cash transactions, including monitoring these transactions, refraining from cash transactions that appear suspicious, and reporting suspicious activity to law enforcement. With respect to the E.G. accounts, however, Riggs accommodated a number of requests for large cash transactions with few questions asked.

The most dramatic example involves President Obiang's offshore shell corporation, Otong S.A., which was formed in 1999, and opened a money market account at Riggs in September 1999. Large cash deposits into that account began about seven months later.

On six occasions over a two-year period, from 2000 to 2002, Riggs accepted cash deposits of $1 million or more for the Otong account. These cash deposits, which totaled $11.5 million, took place as follows:

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[181] For more information on Nusiteles, see below in this Section of the Report.

[182] Letter from Marathon Oil Corp. to the Subcommittee (7/13/04), attachment at 1.

[183] Riggs memorandum to the file by Simon Kareri (11/28/01), Bates RNB 000040.

[184] See also Riggs "KYC Profile – Enhanced Due Diligence: Embassy Banking – Individual Accounts" for Otong (11/19/02), Bates RNB 000037.

April 20, 2000	$ 1.0 million cash deposit
March 8, 2001	$ 1.0 million cash deposit
March 20, 2001	$ 1.5 million cash deposit
Sept. 5, 2001	$ 2.0 million cash deposit
Sept. 17, 2001	$ 3.0 million cash deposit
April 12, 2002	$ 3.0 million cash deposit
	$11.5 million

When asked to describe how these large cash deposits were made and processed, one Riggs employee indicated that, on at least two occasions in which he was present, the cash was brought into the bank in suitcases transported by Mr. Kareri who said he had obtained the cash from senior E.G. officials such as the E.G. President or Ambassador.[185] The employee indicated that most of the cash was in unopened, plastic-wrapped bundles which did not have to be counted, while the remaining bills were counted using high-speed machines. Since $1 million in hundred dollar bills weighs nearly 20 pounds, the currency brought into the bank would likely have weighed at least that much on each occasion. On the last two occasions involving $3 million, the bank would've had to accept nearly 60 pounds in currency. The bank employee indicated that the large cash deposits he witnessed were not treated as unusual or requiring additional scrutiny.

Riggs did not decline to complete any of the requested transactions or identify or investigate any of them as suspicious activity. When later asked by the OCC about the source of these cash deposits, the E.G. account manager apparently told the OCC that the E.G. President had closed certain bank accounts in Europe and "maintain[ed] the funds in cash to avoid calls from would-be marketers looking for reinvestment opportunities."[186] An internal Riggs memorandum by the E.G. account manager in September 2001, offers an alternate explanation for the September 17 cash deposit, indicating that the E.G. President had sold "two properties in Spain in the amount of $5 million" and sent the sale proceeds to Riggs.[187] A similar memorandum dated April 12, 2002, states: "We received proceeds from the sale of the properties in France in the amount of $3 million."[188]

For each of the cash deposits, Riggs completed the required Currency Transaction Report (CTR) for cash transactions exceeding $10,000, and filed the report with the federal government. However, these reports incorrectly described Otong as an exporter of timber, rather than an offshore corporation controlled by the E.G. President. The inclusion of this inaccurate information in the CTRs on Otong is cited as one reason for the $25 million civil fine later imposed on Riggs.[189]

Account documentation shows that the cash deposited into the Otong account was combined with other deposits and used to fund two CDs established in the name of Otong in 2000 and 2002. In December 2002, these CDs were valued at $11.7 million and $4.4 million.[190]

Large cash payments were also made to accounts opened in the name of the President's wife, Constancia Nsue. On at least seven occasions over a two-year period, from 2000 to 2001, Riggs accepted cash payments ranging from $20,000 to $150,000, into Ms. Nsue's personal

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[185] Interview of Michael Parris (6/24/04).

[186] See, e.g., OCC examination materials (12/5/03), Bates OCC 0000517033-34 and (January 2004), Bates OCC 0000502623.

[187] Riggs memorandum by Simon Kareri (9/17/01), Bates RNB 007070.

[188] Riggs memorandum by Simon Kareri (4/12/02), Bates RNB 007071. The cash deposits were not the only suspicious transactions involving the Otong account. For example, on 2/6/02, Riggs accepted for deposit a $3 million check that was made out to Otong and dated 2/4/01, more than one year earlier. See copies of check, Riggs deposit ticket, and entry showing deposit, Bates RNB 007385-87 and 007396.

[189] See, e.g., In re Riggs Bank, N.A. (Case No. 2004-01), prepared by the Financial Crimes Enforcement Network (5/13/04), at section (D).

[190] See December 2002 account statements, Bates RNB 000333 and 336.

checking account, Account No. 24-383-122.[191] These cash deposits, which totaled nearly $500,000 in the aggregate, took place as follows:

Jan. 24, 2000	$150,000.00 cash deposit
Feb. 1, 2000	$ 20,000.00 cash deposit
Sept. 5, 2000	$ 25,000.00 cash deposit
Sept. 13, 2000	$ 50,000.00 cash deposit
March 8, 2001	$ 50,875.00 cash deposit
March 8, 2001	$100,000.00 cash deposit
Sept. 17, 2001	$100,000.00 cash deposit
	$495,875.00

On another ten occasions from 2000 to 2002, Riggs accepted cash payments ranging from $20,000 to $300,000, into a joint checking account, Account No. 24-895-363, that Ms. Nsue held with her brother, Teodoro Biyogo Nsue, the E.G. Ambassador to the United States. Four of these cash payments (on Jan. 24, 2000, Feb. 1, 2000, Sept. 5, 2000, and Sept. 17, 2001) took place on the same days as the cash payments to Ms. Nsue's personal checking account. The cash deposits to the joint account, which exceeded $900,000 in the aggregate, took place as follows:

Jan. 24, 2000	$ 50,000.00 cash deposit
Feb. 1, 2000	$ 70,000.00 cash deposit
Feb. 4, 2000	$ 20,000.00 cash deposit
Sept. 5, 2000	$300,000.00 cash deposit
March 16, 2001	$200,000.00 cash deposit
March 20, 2001	$ 80,000.00 cash deposit
Sept. 17, 2001	$ 20,000.00 cash deposit
Feb. 8, 2002	$100,000.00 cash deposit
Sept. 5, 2002	$ 20,000.00 cash deposit
Dec. 23, 2002	$ 74,209.00 cash deposit
	$934,209.00

Altogether, Riggs allowed Ms. Nsue to deposit over $1.4 million in cash into her accounts with few or no questions asked. When combined with the $11.5 million in cash deposits to the Otong account, Riggs enabled the E.G. President and his wife to make cash deposits of nearly $13 million over a three-year period into their Riggs accounts.

For each of the cash deposits, Riggs filed a currency transaction report. However, at the time of the transactions, the bank failed to file a single suspicious activity report despite the size of the transfers, the fact that the President's wife was depositing hundreds of thousands of dollars in cash into her personal account and the account shared with her brother, or the fact that the E.G. President was depositing millions of dollars in cash into his offshore shell corporation account.

Million-Dollar Wire Transfers. Regular reviews of wire transfer activity to identify suspicious transactions, especially for high risk accounts, is another important element of an effective anti-money laundering program. Riggs, however, did not conduct routine or special

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[191] This account also had numerous foreign currency transactions which allegedly involved checks written in Euros being converted into U.S. dollars by the bank before depositing the dollars into Ms. Nsue's account. Some of these transactions were marked at the time by bank personnel as "cash deposits." When asked by the OCC for copies of the Euro checks, the bank apparently failed in some cases to produce any copies. These transactions were as follows:

Sept. 20, 1999	$114,134.71	Oct. 1, 2001	$ 223,836.99
Nov. 19, 1999	$201,382.86	Nov. 15, 2001	$ 64,068.46
March 30, 2000	$425,235.12	Jan. 15, 2002	$ 413,337.15
July 11, 2000	$494,811.32	April 6, 2002	$ 58,421.24
Jan. 16, 2001	$156,491.39	April 12, 2002	$ 231,618.22
March 8, 2001	$104,417.33	Aug. 26, 2002	$ 168,066.49
May 8, 2001	$274,762.41	Nov. 13, 2002	$ 139,435.95
July 25, 2001	$ 56,632.56	Total:	$3,126,652.20

reviews of wire transfer activity, even for its high risk accounts. Until recently, the bank conducted no routine or special monitoring of wire transfer activity involving any of the E.G. accounts, despite frequent and sizeable transfers of funds across international lines.

In August 2003, Riggs hired an experienced investigator to conduct an in-depth review of the E.G. accounts and, among other duties, respond to requests for information. Over the next few months, this investigator identified numerous suspicious wire transactions involving the E.G. oil account. These transactions included, for example, wire transfers totaling nearly $35 million from the E.G. oil account to two companies that were unknown to the bank and had bank accounts in jurisdictions with bank secrecy laws; three wire transfers totaling more than $1 million that were sent to Jadini Holdings, an offshore shell corporation owned by the wife of the E.G. account manager at Riggs; and three transfers totaling nearly $500,000 that were sent to the personal bank accounts of a senior E.G. official.

Kalunga Wire Transfers. Over three and one-half years, from June 2000 to December 2003, sixteen wire transfers were sent from the E.G. oil account to Kulunga Company SA, an E.G. corporation, totaling over $26.5 million. These wire transfers included:

June 7, 2000	$ 1,332,044.00 wire transfer
Aug. 10, 2000	$ 1,110,000.00 wire transfer
Sept. 5, 2000	$ 292,200.00 wire transfer
Oct. 16, 2000	$ 1,362,500.00 wire transfer
Jan. 30, 2001	$ 2,698,800.00 wire transfer
April 10, 2001	$ 1,349,400.00 wire transfer
May 9, 2001	$ 1,349,400.00 wire transfer
May 7, 2002	$ 798,000.00 wire transfer
June 26, 2002	$ 167,000.00 wire transfer
Oct. 31, 2002	$ 336,934.57 wire transfer
April 7, 2003	$ 7,425,000.00 wire transfer
July 24, 2003	$ 770,567.00 wire transfer
Sept. 3, 2003	$ 335,137.00 wire transfer
Nov. 21, 2003	$ 4,800,000.00 wire transfer
Dec. 11, 2003	$ 1,637,000.00 wire transfer
Dec. 11, 2003	$ 720,000.00 wire transfer
	$26,483,982.57

All of these wire transfers were sent from Riggs to a Kalunga Company account at Banco Santander in Madrid, Spain.

Apexside Wire Transfers. Ten wire transfers were sent from the E.G. oil account to Apexside Trading Ltd. over a two-year period, from July 2000 to November 2001, totaling $8.1 million. About $2 million of these transfers occurred over a single, 5-week period in the summer of 2001. These wire transfers included:

July 10, 2000	$ 697,400.00 wire transfer
Aug. 28, 2000	$ 1,096,800.00 wire transfer
Oct, 16, 2000	$ 1,561,587.30 wire transfer
Jan. 10, 2001	$ 538,953.00 wire transfer
April 10, 2001	$ 2,127,385.00 wire transfer
May 30, 2001	$ 45,580.00 wire transfer
July 18, 2001	$ 246,707.05 wire transfer
July 25, 2001	$ 167,304.76 wire transfer
Aug. 2, 2001	$ 1,233,835.00 wire transfer
Aug. 22, 2001	$ 389,939.83 wire transfer
	$ 8,105,491.94

Nine of these wire transfers were sent from Riggs to an Apexside account at Credit Commercial de France in Luxembourg; one was sent to an Apexside account at HSBC in Luxembourg.

Jadini Wire Transfers. Three wire transfers were sent over an eight-month period from the E.G. oil account to Jadini Holdings, Ltd. at a bank account in Virginia:

July 5, 2001	$ 700,000.00 wire transfer
July 5, 2001	$ 329,926.00 wire transfer
March 20, 2002	$ 66,751.78 wire transfer
	$1,096,677.78[192]

Edjo Wire Transfers. Three other wire transfers went from the E.G. oil account to personal accounts controlled by the E.G. Secretary of State for Treasury and Budget, Melchor Esono Edjo. These transfers included:

March 13, 1998	$ 122,000.00 wire transfer
May 27, 1998	$ 122,000.00 wire transfer
June 12, 2002	$ 255,000.00 wire transfer
	$ 499,000.00[193]

Riggs failed to flag any of these transactions as suspicious at the time they occurred, and apparently asked few questions about these or any other wire transfers until the Subcommittee began investigating the E.G. accounts in March 2003, and the OCC began its E.G. examination in October 2003. The Riggs investigator hired in August 2003 quickly identified a number of suspicious transactions involving several E.G. accounts, including a $140,000 check that had been written by the President's son for the benefit of the E.G. account manager at Riggs.[194] This check led him to the discovery of Jadini Holdings, Ltd., the offshore shell corporation controlled by the account manager's wife,[195] and the three wire transfers sending more than $1 million from the E.G. oil account to Jadini Holdings.

The investigator also raised questions about the Kalunga and Apexside wire transfers, among others.[196] On February 10, 2004, in an attempt to gather additional information, Riggs sent letters to several banks sponsoring accounts to which questionable wire transfers had been sent from the E.G. oil account. These letters requested information about the accounts under Section 314(b) of the Patriot Act, which allows financial institutions to share client and transaction information to guard against money laundering and terrorist financing. The Riggs letter to Banco Santander, for example, requested information about the identity of the owners or authorized signatories for accounts belonging to Kalunga.[197] A Riggs letter to HSBC Bank USA requested information on the identity of the owners or authorized signatories for the account belonging to Apexside and another company.[198]

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[192] For additional information about these three wire transfers to Jadini Holdings, see below.

[193] See, e.g., Riggs internal memorandum by Security & Investigations Department (12/18/03), Bates OCC 0000528401-02.

[194] The check was made payable to "Bolly Ba," a friend of the E.G. account manager and his wife. See copy of check (11/28/03), Bates RNB 002234-35. The account manager answered some questions about the check, but then abruptly left the United States and went to Equatorial Guinea in January 2004. During his absence, the bank initially suspended and then fired him in January 2004.

[195] See Certificate of Incorporation in the British Virgin Islands and related paperwork (5/9/01), Bates SUNT 00709-40; SunTrust account opening documentation (7/01), Bates SUNT 00701-08.

[196] The four sets of wire transfers highlighted in this Section of the Report are representative of many other instances of questionable activity in the E.G. accounts. For example, E.G. account records also raise questions about wire transfers sending substantial funds to a company called West Africa Navigator Ltd.; to specific E.G. officials; for luxury cars; and for projects called Proyecto Annobon, Proyecto de El Salvador, and "Asistencia Tecnica y consultoria."

[197] Letter from Riggs Bank to Banco Santander (2/10/04).

[198] Letter from Riggs Bank to HSBC Bank USA (2/10/04).

The New York office of Banco Santander responded with information that the Kalunga account had been opened by its parent bank in Madrid, Spain, but that its parent bank could not disclose the account's beneficial owners due to Spanish statutes barring disclosure of bank information, even in a case of suspected money laundering. In discussions with the Subcommittee, Banco Santander indicated that its parent bank had interpreted Spanish law to mean that it was barred from disclosing this account information not only to any third party, but also to its own subsidiary banks located outside of Spain.

HSCB USA provided a similar response. It confirmed that the Apexside account had been opened by an HSCB bank in Luxembourg and that HSBC USA had forwarded the funds to a U.S. correspondent account for its Luxembourg affiliate, but declined to disclose the identity of the persons behind Apexside due to Luxembourg bank secrecy laws. HSBC USA said that the funds for the second company had been sent to an HSBC bank in Cyprus which also has bank secrecy laws. HSBC USA claimed that Luxembourg and Cyprus laws barred disclosure of client information to both third parties and HSBC's own affiliates outside of the country.

The position taken by Banco Santander and HSBC USA means, in essence, that banks in the United States attempting to do due diligence on large wire transfers to protect against money laundering are unable to find out from their own foreign affiliates key account information. This bar on disclosure across international lines, even within the same financial institution, presents a significant obstacle to U.S. anti-money laundering efforts.[199]

When Banco Santander and HSBC declined to provide the requested information about Kalunga and Apexside, Riggs asked for the same information from the E.G. President and other E.G. officials in a personal meeting on February 23, 2003, in Washington, D.C. The E.G. officials declined to provide any further information about the companies or their owners, except that the wire transfers to these companies had been properly authorized by the account signatories.

Lines of Credit. Riggs also provided E.G. clients with a variety of credit arrangements, addressing governmental and Embassy concerns as well as individual officials' needs.

Riggs arranged, for example, several lines of credit for the E.G. government. It agreed to finance letters of credit for the E.G. government for up to $25 million;[200] extended overdraft credit to the E.G. Embassy of $30,000; and issued a $40 million loan to the E.G. government which was secured by a CD and repaid in full. In 2001, Riggs issued a $13.7 million loan to the government-owned E.G. airline, Ecuato-Guineana de Aviacion, to buy an airplane for flights within the country.[201] This loan was guaranteed by the E.G. government. In 2003, Riggs issued a $29.8 million loan to the E.G. government to purchase an airplane for the use of the E.G. President.[202] Riggs also provided for a period of time certain debt management services to the E.G. government, which included keeping a detailed record of the government's public and private debt and making directed payments.[203]

Riggs also addressed the credit needs of some senior E.G. officials. For example, in 1999, with Riggs' assistance, the E.G. President paid $2.6 million for a Potomac, Maryland

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[199] This Subcommittee first highlighted this problem in the 1999 Subcommittee Private Banking Hearings. See Minority Staff report at 877-78.

[200] At least one of these letters of credit appears to have been used to finance arms sales. See, e.g., documentation associated with Letter of Credit No. 1998-11014 for $2.5 million, issued on behalf of the E.G. government to purchase weaponized armored vehicles and related munitions from Sabiex International S.A., (11/5/98), Bates RNB 0011940-53, 0011970-79 and 003418-39.

[201] See Riggs "Officers' Loan Committee Action" (11/26/02), Bates T 00003089-3101.

[202] See Riggs "Officers' Loan Committee Action" (9/29/03), Bates T 00003904-15.

[203] See, e.g., memorandum from Simon Kareri to Joseph Allbritton (undated), Bates ZZ 000138.

residence.[204] Also in 1999, the bank provided a loan for nearly $750,000 at a favorable rate to enable the E.G. President's wife to buy a second, $1.15 million residence in Potomac, Maryland. Riggs provided an interest rate available for purchasing a personal residence, even though the bank knew the house was being purchased as a rental and, in fact, established an account to receive the rental payments. This loan was repaid in full within the year.[205] In 2000, Riggs provided a mortgage to Pastor Micha Ondo Bile, E.G. Minister of Foreign Affairs and one-time E.G. Ambassador, to buy a residence in Virginia.[206] Riggs apparently is also listed as the contact on a $349,000 residence purchased in 2000, by the E.G. President's brother, Armengol Ondo Nguema.[207] In 2002, Riggs issued a $3.75 million loan to the President's son, Teodoro Nguema Obiang, to help him buy a $7.5 million penthouse apartment in California.[208]

Riggs also provided the President's wife and son, among other E.G. clients, with debit and credit cards. In March 2001, for example, at the request of the E.G. account manager, Riggs increased the daily limit on Ms. Obiang's debit card to $10,000 per day.[209] Riggs also provided a reference letter to assist the President's son, Teodoro Nguema Obiang, gain entry into an American Express Preferred International Client Program.[210] In addition, Riggs provided E.G. clients with extensive foreign currency exchange services.

Student Accounts. Riggs also managed two accounts used to provide educational funding for E.G. students. Riggs records indicate that, from 2001 until 2003, more than 100 E.G. students received funding to study abroad, often in the United States, many of whom appeared to be children or relatives of wealthy or powerful E.G. officials.[211]

During the 1990s, Equatorial Guinea obtained commitments from several major oil companies, as part of their oil production agreements, to provide annual funding for E.G. students wishing to obtain advanced training or a university education. ChevronTexaco, CMS, ExxonMobil, Marathon, Triton, and Vanco all provided this funding, with annual payments totaling as much as $275,000 per oil company. In earlier years, the oil companies paid students' tuition bills and living expenses directly. In 2001, however, Riggs opened the first E.G. student account and agreed to provide administrative support for the students funded out of it, all of whom were studying in the United States.[212] Several of the oil companies then halted direct funding of E.G. students, instead making deposits to the E.G. student account and relying on Riggs Bank to pay the students' bills.[213]

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[204] See Maryland real property records, which list the "New Owner's Mailing Address" as "c/o Simon Kareri, Riggs Bank." See also "Oil Boom Enriches African Ruler" (1/20/03), Los Angeles Times.

[205] See Riggs Loan No. 100-63136 (12/7/99).

[206] See Riggs Loan No. 13220. See also Riggs analysis of E.G. accounts, "Equatorial Guinea," (12/8/03), Bates OCC 0000503177-83, at 82.

[207] See Virginia real property records. See also "Oil Boom Enriches African Ruler" (1/20/03), Los Angeles Times.

[208] See Riggs loan documentation (7/22/02), Bates RNB 010508-18. Riggs also provided a reference letter to help him purchase a residence in New York. See, e.g., letter from Riggs to the Olympic Tower Condominium Board (3/16/00), Bates RNB 010465-67.

[209] Riggs memorandum from Simon Kareri to Ray Lund (3/9/01), Bates RNB 028505.

[210] See, e.g., letter from Riggs Bank to American Express TRS Co. (4/27/01), Bates RNB 009735.

[211] See, e.g., memorandum from Simon Kareri to Ray Lund (undated but likely in late 2002), Bates ZZ-000147 ("[W]e have increased the students that we manage for them from 26 to 117.").

[212] Apparently a contractor, Exploration Consulting Ltd. provides similar services for E.G. students studying in the United Kingdom. See letter from the law firm of Garvey Schubert Barer to the Subcommittee (6/18/04), conveying responses of Marathon, at 16.

[213] See, e.g., communications between CMS Energy and Simon Kareri regarding four students (8/21/01 and 8/23/01), Bates RNB 006340-43 and 46-56. A few of the oil companies continued to fund directly the expenses of a few E.G. students studying in the United States.

Riggs opened the first E.G. student account in March 2001, in the name of "Republica de Guinea Ecuatorial-Cuenta Estudiantes MME." The account signatories were Cristobal Manana Ela, E.G. Minister of Mines & Energy; and the President's son, Gabriel Nguema Lima, E.G. Secretary of State Mines & Energy. Documentation indicates that this account saw deposits of about $300,000 per year and numerous disbursements to cover students' travel, tuition, and living expenses.[214]

Documentation shows that, from the beginning, the E.G. account manager expended considerable energy tracking the students' educational activities and paying their bills. For example, a letter sent by the E.G. account manager to the Minister of Mines thanking him for opening the account states: "We have started the process of contacting the students and will provide more details to you soon."[215] Six months later, in September 2001, a letter reporting on the status of the "program" recites numerous difficulties, including "students who were giving us incorrect banking information including some who were giving us information of their friends"; "determin[ing] whether all the students are in school"; dealing with students "receiving refunds from the schools;" and resolving "immigration visa issues."[216] A February 2002 letter reports that only five of the E.G. students were maintaining the required "B" grade average and recommends reducing the monthly stipends for poorly performing students.[217] A list of disbursements for just the first seven months of 2003, is six pages long with reduced-size type.[218]

One of the oil companies, Marathon, told the Subcommittee that, in 2003, in the course of its normal due diligence efforts, its personnel asked Riggs about its management of the student program and how the funds were used. Marathon reported to the Subcommittee that Riggs informed them that it paid tuition bills directly to students' universities, rental incomes directly to landlords, health insurance premiums directly to the health insurer, and monthly stipends and travel costs directly to the students. Marathon also reported that, "[a]ttendance and grades were monitored by Riggs, with the information being sent directly by the schools," and that "Riggs assisted the [E.G.] Ministry in the selection of schools."[219]

In May 2002, Riggs opened a second E.G. student account in the name of "Republica de Guinea Ecuatorial-Fondo Especial Para Becas." The only signatory for this money market account was the Riggs E.G. account manager, Simon Kareri.[220] Riggs Bank has indicated that senior officials had been unaware that a Riggs employee was the signatory on a client account and that this arrangement was contrary to its practice. However, a June 2002 memorandum prepared by the E.G. account manager providing an "Equatorial Guinea Update" to the bank's Chairman of the Board, President, and other top officials, states in part: "I have been appointed as the head of a commission for higher education and a decree was issued that I should be the sole signatory of the permanent fund to manage the Scholarships to be granted for Universities. ... We are in the process of admitting 50 students this year as the first phase of the program begins."[221]

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[214] See, e.g., Riggs account statement (3/4/03-3/21/03), Bates RNB 000010-11; Riggs listing of account disbursements from January-July 2003, Bates RNB 006602-09.

[215] Letter from Simon Kareri to Cristobal Manana Ela (3/29/01), Bates RNB 006383.

[216] Letter from Simon Kareri to Cristobal Manana Ela (9/19/01), Bates RNB 006820-21.

[217] Letter from Simon Kareri to Gabriel Nguema Lima (2/19/02), Bates RNB 006698-702.

[218] Riggs listing of account disbursements from January-July 2003, Bates RNB 006602-09.

[219] Letter from the law firm of Garvey Schubert Barer to the Subcommittee (6/18/04), conveying responses of Marathon to Subcommittee questions, at 17.

[220] Riggs account opening documentation for second E.G. student account, Account No. 25-380-310 (5/12/02), Bates RNB 000014.

[221] Internal Riggs memorandum from Simon Kareri to Robert Allbritton and Lawrence Hebert, with copies to five other Riggs officials, including Tim Coughlin and Ray Lund, "Equatorial Guinea Update" (undated, but likely 6/28/02), Bates ZZ 000123-24. But see Riggs memorandum to the file from Mr. Kareri (8/13/02) and new signature

The money market account was also linked to a Riggs investment account of the same name, Account No. 68-002-6036. Riggs produced account documentation for both accounts which shows that, on June 25, 2002, $1 million was transferred from the money market account to the investment account.[222] That $1 million was then returned to the money market account on November 5, 2002, presumably for disbursement on student expenses. The Subcommittee has been told that the funds in these accounts were paid to only one school, the Institute Pacem In Terris of La Roche University in Pittsburgh, Pennsylvania, which had enrolled more than 50 E.G. students.

Other Services. In addition to the student accounts, the E.G. account manager at Riggs provided other questionable services to the E.G. government, related to procurement matters and financial advice.

For example, the E.G. account manager appears to have provided certain procurement services related to a project to build a 100 kilometer roadway in Bata, Equatorial Guinea. In a meeting between Riggs and E.G. officials at the bank on February 23, 2004, the E.G. officials apparently informed the bank that the E.G. government had authorized Mr. Kareri to make two payments of $329,000 and $66,000 to three U.S. vendors, Soils Control International, Pro Form Systems Inc., and Business Investments Consolidated (BIC) International, for providing goods and services to the E.G. government.[223] Bank records show, however, that funds totaling $1,096,677.78 were withdrawn from the E.G. oil account and paid to Jadini Holdings, Ltd., the offshore shell corporation controlled by the account manager's wife, at least partly in connection with this project. The funds were the result of three wire transfers made from the E.G. oil account to Jadini Holdings. The first two wire transfers took place on July 5, 2001, for $329,926 and $700,000.[224] The third wire transfer was on March 20, 2002, for $66,751.78.[225] The E.G. officials told the bank that the government had never authorized the $700,000 payment to Mr. Kareri, and that the three vendors had been owed only $307,000.[226] Riggs told the OCC that it has been unable to identify an E.G. request for the $700,000 wire transfer, and that Mr. Kareri

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card changing the account signatory to the E.G. Secretary of State for Treasury, Bates RNB 013621-23.

[222] See Riggs account statements for the investment account, (June 2002) Bates RNB 013878 and (October 2002), Bates RNB 013837. See also, e.g., OCC examination materials, Bates OCC 0000510316 (on 6/19/02, Account No. 25-380-310 had a credit of $1.25 million).

[223] OCC internal emails (2/24/04-2/25/04), Bates B 03141-03144. Correspondence found in Mr. Kareri's files indicate a link between the Bata road project and Soils Control International, but not the other two companies. For example, two letters dated 7/16/01 and 9/18/01, Bates OCC 0000547503-04, from Mr. Kareri to Soils Control International, Inc., provide payments totaling $92,156 for "TopSeal," a liquid sealant to be used in the construction of the E.G. road. The September 2001 letter states: "Please do not include any invoices on the shipping documents." A third letter, dated 5/14/01, Bates OCC 0000547499, from Mr. Kareri to E.G. President Obiang, submits invoices for the TopSeal. This invoice appears to be from Jadini Holdings, rather than Soils Control International. The letter states: "Pursuant to our discussion regarding road construction using TopSeal, I am pleased to submit the attached invoice. The invoice reflects the cost of purchasing and shipment of 2,650 barrels of TopSeal to Bata for the construction of a 100 kilometer road. In addition, training and supervision will be provided ...." Three different invoices, numbered 1035, 1036 and 1039, Bates OCC 0000547500-02, follow. The first invoice, numbered 1039, is for $230,000 for a 5-kilometer "test road." The next two invoices each exceed $3 million in total cost. These two invoices are nearly identical, with the same date, products, and shipping instructions, but each lists a different unit price per barrel for the TopSeal, resulting in an overall difference in cost of $622,750.00. The Subcommittee was told that these three invoices, which together total about $7.4 million, were never actually presented to the E.G. government for payment. See also OCC emails, Bates B 03144. The Subcommittee has not found similar documentation linking Pro Form Systems Inc. and Business Investments Consolidated (BIC) International to the road construction project. The Riggs Electronic Payment Advice for the $66,751.78 wire transfer on March 20, 2002, instead references a "Housing Contract."

[224] Riggs document, "Transaction Detail Report," (7/5/01), Bates RNB 001743-001744.

[225] Riggs document, "Electronic Payment Advice," (3/20/02), Bates OCC 0000509453.

[226] OCC internal emails (2/24/04-2/25/04), Bates B 03529-03531.

may have simply instructed an unsuspecting assistant to complete the transfer without having proper authorization.[227]

Leaving aside the issue of whether the E.G. account manager improperly withdrew excess funds from the E.G. oil account, the facts indicate that the account manager had been authorized by the E.G. government to make certain payments on its behalf. More, the evidence shows that the account manager's offshore corporation, Jadini Holdings, was playing a central role in these procurement matters, sending payments to one of the vendors and issuing invoices to the attention of the E.G. President. Riggs management has told the Subcommittee that it had been unaware of Mr. Kareri's corporation and had not approved its involvement in any of the bank's dealings with Equatorial Guinea.

Services Related to Nusiteles. Nusiteles, G.E. is a telecommunications company incorporated in Equatorial Guinea and owned by a number of E.G. high government officials.[228] The stated purpose of Nusiteles is to develop, implement, install and maintain a broadband telecommunications system for Equatorial Guinea.[229] In December 2000, Mr. Kareri and the E.G. Minister of Justice and Religion, Dr. Ruben Maye Nsue Mangue,[230] entered into a contract that established Riggs Bank as the principal financing advisor and placement agent for Nusiteles. The contract also named Taylor-DeJongh, Inc. as a cooperating advisor. Under the contract, Riggs was to provide "advisory and placement services related to structuring, solicitation, and negotiation of political risk insurance and commercial risk guarantees from ... Export Credit Agencies ..., and debt financing from bilateral and multilateral institutions."[231] Riggs' compensation included a $30,000 non-refundable monthly retainer and two percent of the nominal value of the financing obtained.[232]

The Riggs general counsel told the Subcommittee that, under Riggs' policy, he should have had supervisory authority over this contract, but had never seen or approved it.[233] R. Bruce McColm, Vice President of Nusiteles, told the Subcommittee that the E.G. officials responsible for the initial funding of the Nusiteles contract never provided any funds to Riggs, and consequently Riggs has not provided any services under the contract to date.[234]

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[227] OCC internal emails (2/24/04-2/25/04), Bates B 03141-03144.

[228] The shareholders of Nusiteles include: Dr. Ruben Maye Nsue Mangue, the President of Nusiteles and E.G. Minister of Justice and Religion; Pastor Micha Ondo Bile, E.G. Minister of Foreign Affairs; Armengol Ondo Nguema, E.G. Director of National Security; Socio Abayak, S.A., an E.G. corporation controlled by President Obiang; and International Decision Strategies, a Virginia corporation controlled by R. Bruce McColm. See the complaint in Foley Hoag LLP v. Republic of Equatorial Guinea, Et al., (U.S. Dist. D.C.), Bates RNB 003359-003367. Mr. McColm is the Vice President of Nusiteles and also the President of the Institute for Democratic Strategies, an organization which monitored the most recent municipal, parliamentary, and presidential elections in Equatorial Guinea. See Riggs document, "W-9 Certification" (12/21/01), Bates RNB 003447; and "Summary of the Findings on the December Presidential Elections in Equatorial Guinea" (12/20/02), Bates RNB 003671-003678. The mailing address of Nusiteles is also the mailing address of the Institute for Democratic Strategies, "W-9 Certification" (12/21/01), Bates RNB 003447. The Institute for Democratic Studies received $525,000 in four transfers drawn on an E.G. oil account between March 2000 and October 2002. See Riggs documents, Bates RNB 000172, 001697, 001840, and 001886.

[229] Riggs document, "Proposal for the Role of Financial Advisor and Placement Agent for Nusiteles, GE" (9/22/00), Bates RNB 003462-003482.

[230] At the time of the execution of the contract Dr. Mangue served as the Minister of Justice and Religion for Equatorial Guinea; he has since been removed from that position. See "New Government Appointed in Equatorial Guinea," World Markets Analysis (6/18/04).

[231] "Proposal for the Role of Financial Advisor and Placement Agent for Nusiteles, GE" at 1, Bates RNB 003463.

[232] Id. at 3, Bates RNB 003468.

[233] Subcommittee Interview with Joseph Cahill (6/25/04).

[234] Subcommittee interview with R. Bruce McColm (6/10/04).

Role of Bank Board and Officers Concerning Equatorial Guinea Accounts. Information reviewed by the Subcommittee indicates that Riggs Board members and senior bank officers were well aware of the E.G. accounts. Within five years of its opening in 1995, the E.G. relationship became the largest single relationship in Riggs Bank. The E.G. account manager sent top Riggs officials, including the Chairman of the Board, the President, and the International Banking Group head, periodic memoranda about developments related to the E.G. accounts.[235] Senior Riggs officials also met on several occasions with top E.G. officials, including the E.G. President. In 2001, several senior Riggs Board members and bank officers formed a high level committee which met quarterly each year to provide special attention to the E.G. relationship.

On May 17, 2001, for example, the top officials of Riggs Bank wrote to President Obiang thanking him "for the opportunity you granted to us in hosting a luncheon in your honor here at Riggs Bank."[236] The letter states that Riggs has "formed a committee of the most senior officers of Riggs Bank that will meet regularly to discuss our relationship with Equatorial Guinea and how best we can serve you. This committee, which includes the undersigned, has held its first meeting and requests that you provide us with any projects that you would like us to review on your behalf and make suggestions." The letter signatories were the Riggs Chairman of the Board, Riggs Bank President, and Riggs National Corporation President, as well as the E.G. account manager.

About a month later, the E.G. account manager sent the Chairman, President, and six other senior Riggs officials a memorandum describing a week-long business trip to Equatorial Guinea, from May 20 to May 28, 2001.[237] The memorandum spelled out, day-by-day, which E.G. officials he met with and what was discussed. At one point during that trip, the E.G. account manager delivered to the E.G. President a personal letter from one of the Riggs Board members, Frederick J. Ryan, Jr., inviting the E.G. President to visit the Ronald Reagan Library in California.[238]

In June 2002, another memorandum from the E.G. account manager to the Chairman, President, and five other senior Riggs officials provided an "Equatorial Guinea Update."[239] This memorandum provided specific data on the growth in E.G. accounts during the first half of 2002, stating that "the relationship has simply grown by 52.75% to $408.1 million." It continued: "We have established four more Government accounts for a total of eight excluding the Embassy. This fits quite well with our strategy to enhance and deepen the relationship with the Government." The memorandum also discussed oil discoveries, housing construction, and a new account for E.G. student scholarships. It announced that the Equatorial Guinea government had appointed the Riggs account manager to be the head of an E.G. "commission for higher education" and "sole signatory" of a fund to manage E.G. scholarships.

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[235] See, e.g., memoranda by Simon Kareri sent to top Riggs officials concerning: "Equatorial Guinea" (undated but likely 4/17/97), Bates ZZ-000160-62; "Equatorial Guinea" (undated but likely 10/12/00), Bates ZZ-000138; "Lunch with the President of Equatorial Guinea" (undated but likely 2/28/01), Bates ZZ 000143; "Equatorial Guinea Contacts" (undated but likely 5/18/01), Bates ZZ 000146; "Equatorial Guinea trip briefing," (undated but likely June 2001), Bates ZZ 000118-20; "Equatorial Guinea Update" (undated but likely 3/1/02), Bates ZZ 000158; "Equatorial Guinea Update" (undated but likely 6/26/02), Bates ZZ 000123-24; "Bush meetings with African Presidents" (undated but likely 6/28/02), Bates ZZ 000159; "Posting of International Operations Assistant II" (undated but likely 9/17/02), Bates ZZ 000147; "Equatorial Guinea article" (12/12/02), Bates ZZ 000163; "Equatorial Guinea" (6/23/03), Bates ZZ 000148; "Equatorial Guinea" (undated but likely 6/23/03), Bates ZZ 000149; and "Equatorial Guinea" (7/9/03), Bates ZZ 000165.

[236] Letter from Riggs Bank to President Obiang (5/17/01), Bates RNB 003828.

[237] Internal Riggs memorandum from Mr. Kareri to Mr. Allbritton, Mr. Hebert, and six other senior Riggs officials, "Equatorial Guinea trip briefing," (undated but likely June 2001), Bates ZZ 000118-20.

[238] Id. President Obiang eventually visited the Reagan Library in August or September 2001. Subcommittee communication with Reagan Library (7/13/04). See also, e.g., email from Mr. McColm to Simon Kareri, "Equatorial Guinea–Los Angeles," (8/27/01), Bates RNB 003696.

[239] Internal Riggs memorandum from Mr. Kareri to Mr. Allbritton and Mr. Hebert, with copies to five other Riggs officials, "Equatorial Guinea Update" (undated but likely 6/28/02), Bates ZZ 000123-24.

In December 2002 and, again, in January 2003, the Los Angeles Times published articles on how the oil boom in Equatorial Guinea appeared to be enriching the E.G. President and other E.G. officials.[240] The second article also prominently mentioned E.G. accounts at Riggs Bank. At one point, in response, the E.G. account manager at Riggs sent a memorandum to the Riggs Bank President, disparaging the reporter, identifying allegedly inaccurate statements in the first article, and responding to allegations of corruption as follows:

> "Regarding the issue of the President of Equatorial Guinea being corrupt, I take exception to that because I know this person quite well. We have reviewed for Ray the transactions of Equatorial Guinea with Riggs since inception and not once did Riggs send money to any 'shady' entity or destination. I am best advised to work diligently to serve our clients than to worry over the wrangling of an angry individual who sees conspiracy in everything."[241]

Six months later, in June 2003, Riggs Bank hosted the E.G. President and a number of E.G. Ministers at a private meeting at the bank. Riggs attendees included the Chairman of the Board of Riggs Bank, the President of Riggs Bank, the President of Riggs National Corporation, and the E.G. account manager. The discussion included "various aspects of the existing relationship and the future of Equatorial Guinea's oil revenue."[242] Riggs officials interviewed by the Subcommittee said that corruption issues were never raised or discussed during this meeting.

Riggs Incomplete Response to Oversight of E.G. Accounts. Riggs Bank initially failed to identify to the Subcommittee a number of E.G. accounts at the bank and produced limited electronic mail.

In March 2003, the Subcommittee issued its first subpoena to Riggs Bank for information related to the E.G. accounts. Riggs initially identified for the Subcommittee only about 30 E.G. accounts, when it actually had over 60 accounts and CDs associated with the E.G. relationship. Riggs told the Subcommittee that the errors were because the bank had to compile the information manually and accounts had inadvertently been left out. When an OCC examiner received the same treatment in late 2003, she wrote in an internal email: "The bank did not have a comprehensive list of all EG accounts until after I compiled a list of about two dozen more accounts [than] they told me about – even though management has designated this a 'high risk' account and it is the largest (at over $600MM) relationship in the bank – incomprehensible."[243]

Initial document production was apparently largely controlled by the E.G. account manager, and resulted in Riggs failing to produce numerous documents subject to the Subcommittee's subpoena, including memoranda to top Riggs officials about the E.G. accounts and materials related to the E.G. account manager's handling of certain procurement matters for the E.G. government, including some which resulted in wire transfers from the E.G. oil account to Jadini Holdings, the offshore corporation controlled by the account manager. After the E.G. account manager was fired in January 2004, and almost one year after first receiving a Subcommittee subpoena, Riggs produced a substantial volume of additional documents responsive to the Subcommittee's request, but did not produce certain account documentation, including electronic mail communications by personnel who serviced the E.G. accounts.

In addition to slow and incomplete document production, Riggs failed to undertake a detailed internal review of the E.G. accounts until late 2003, despite receiving the first Subcommittee subpoena in March 2003, and an early warning from the OCC of an upcoming targeted review of the E.G. accounts which actually began in October 2003. Riggs apparently

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[240] See "The Crude Politics of Trading Oil," Los Angeles Times (12/6/02); and "Oil Boom Enriches African Ruler," Los Angeles Times (1/20/03).

[241] Memorandum by Simon Kareri to Larry Hebert on "Equatorial Guinea article" (12/12/02), Bates ZZ 000163.

[242] Riggs "Officers' Loan Committee Action" (9/29/03), Bates T 00003904-915, at 911.

[243] OCC email (12/16/03), Bates OCC 0000516986.

initiated its "comprehensive" review of the E.G. relationship in September 2003, after hiring additional investigative personnel to verify information supplied by the E.G. account manager.[244] This review, which included a detailed examination of E.G. account transactions, immediately uncovered suspicious activity, including a $140,000 check that had been issued by the son of the E.G. President for the E.G. account manager at Riggs, a number of wire transfers withdrawing millions of dollars from the E.G. oil account, and $11.5 million in cash deposits to the Otong account.

In December 2003, the OCC met with the Riggs Board of Directors at both the bank and the bank holding company to discuss its annual Report on Examination of the bank, as well as its ongoing examination of the E.G. accounts.[245] The OCC expressed a number of concerns about the E.G. accounts "center[ing] on the source of funds and ensuring that none are diverted for personal use." At one point, the OCC "observed that the account officer might not be completely objective and advised Compliance and Security to monitor the account carefully."[246] During this discussion, Joseph Allbritton, one of the Board members, stated in the presence of the OCC, that the bank had no intention of closing the E.G. accounts. However, Robert Allbritton told the Subcommittee staff that, while his father did make that statement during the Board meeting, it did not reflect the views of all Board members.[247]

Closure of E.G. Accounts. On February 23, 2004, Riggs officials met with the E.G. President and other E.G. officials to discuss the E.G. accounts and certain transactions.[248] An initial meeting took place at a hotel in downtown Washington, D.C. with the E.G. President in attendance, followed by a lengthier meeting at the bank between Riggs officials and E.G. officials other than the E.G. President. Among other questions, Riggs asked the President for additional information about certain companies, including Apexside Trading and Kalunga, which were recipients of more than $35 million in wire transfers from the E.G. oil account. The E.G. President declined to provide any additional information about the wire transfers to these companies, other than to say that the wire transfers had been authorized. Riggs subsequently advised the E.G. officials that the bank had decided to close the accounts. The accounts were actually closed beginning in March through July 2004.

VI. Riggs' AML Deficiencies and Regulators' Inadequate Oversight

A. Riggs' Indifference to its Anti-Money Laundering Obligations

Finding (3): Dysfunctional AML Program. For many years, Riggs Bank ignored repeated directives by federal bank regulators to improve its anti-money laundering program, instead employing a dysfunctional system that failed to safeguard the bank against money laundering or foreign corruption.

The evidence shows that, since at least 1997, Riggs had a dysfunctional anti-money laundering program, with major deficiencies. The list of major deficiencies is a long one.

For more than five years, for example, the information systems used at Riggs Bank were unable to identify all the accounts opened for a single client. When asked to perform the basic task of listing a client's accounts, bank personnel had to compile this information manually. This

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[244] See, e.g., internal memorandum from the Riggs Security & Investigations Group (12/18/03), Bates OCC 0000528401-406 (summarizing a "comprehensive review of the Equatorial Guinea (EG) relationship" that was "recently ... undertaken by the Security and Investigations Group.")

[245] See minutes of Board meeting (12/17/03), Bates RNB-GA 025183-91.

[246] Id. at Bates RNB-GA 025184.

[247] Subcommittee interview of Robert Allbritton (7/8/04).

[248] See, e.g., minutes of Riggs Audit Committee (2/25/04), Bates A 05728.

manual tasking impeded effective oversight by consuming disproportional time and resources.[249] When asked for a list of Equatorial Guinea accounts, for example, Riggs took weeks to produce it and omitted key accounts. This problem was identified in several OCC examinations.[250] Computer software capable of listing client accounts did not become operational at Riggs until the fourth quarter of 2003.[251]

Another major problem was that Riggs had not developed a system for identifying which of its clients had low, medium, or high money laundering risks so that it could allocate its AML resources and attention accordingly. Riggs' failure to identify high risk clients was repeatedly identified in OCC examinations as a problem.[252] In July 2003, the Federal Reserve found that Riggs' overall risk management policies and procedures were so inadequate that it required the Riggs National Corporation Board to issue a corporate resolution committing to improvements.[253] In 2004, FinCEN based its assessment of a civil monetary penalty against Riggs in part upon Riggs' continuing failure to "implement an effective system to identify and assess the BSA/AML risk present throughout the institution. ... [M]anagement was unable to define and analyze concentrations of risk in the accounts, customers, locations, and products of Riggs."[254]

Another key problem at Riggs was poor KYC documentation for international private banking clients and Embassy accounts. This documentation problem was repeatedly cited in OCC examinations and in audit reports prepared for the bank. For example, in 2000, an OCC examination stated, "[C]ustomer profile information ... is poor and inconsistent."[255] In 2001, a KPMG audit that examined 13 Embassy accounts at Riggs found that all 13 "had no documented OFAC checks performed," "had no completed KYC form," "no documented due diligence," and "no source funds listed."[256] KPMG stated that, in 2001, Riggs did not even require KYC forms for Embassy accounts. In 2002, an OCC examination stated: "KYC information on existing account relationships in the Embassy and IPB departments is not being updated and in many instances, contains only sparse information."[257] In 2004, when a senior Riggs official took control of the Embassy Banking and International Private Banking departments, he told the Subcommittee staff that, of the 15,000 client files in those departments, he estimated 85 percent had KYC documentation problems and reported that information to the Riggs Board.[258] The FinCEN filing in May 2004, stated that Riggs' customer due diligence program remained "weak," "was not implemented in an effective or consistent manner," and resulted in due diligence information that "was frequently missing."[259] These documentation deficiencies

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[249] The Subcommittee identified this problem in its last hearings on private banking and money laundering. See1999 Subcommittee Private Banking Hearings, at 881.

[250] See, e.g., OCC examination materials (11/21/03), Bates 001167-68; (3/20/03), Bates OCC 0000516987.

[251] Subcommittee interview of Ray Lund (6/7/04).

[252] See, e.g., OCC examination materials (10/23/00), Bates 0000536186-88; (6/21/02), Bates OCC 000029229; and (9/18/02), Bates OCC 0000028073.

[253] See letter from Federal Reserve to Riggs National Corporation (7/1/03), Bates OCC 0000014259.

[254] See In re Riggs Bank, N.A. (Case No. 2004-01), prepared by the Financial Crimes Enforcement Network (5/13/04), at section (B)(1).

[255] OCC examination materials (10/23/00), Bates 0000536184.

[256] Memorandum to the file by Andersen (12/14/01), regarding "Embassy Banking," Bates OCC 0000536382-85, at 384.

[257] OCC examination materials (6/21/02), Bates OCC 000029229.

[258] Subcommittee interview of Timothy Coughlin (7/7/04).

[259] See In re Riggs Bank, N.A. (Case No. 2004-01), prepared by the Financial Crimes Enforcement Network (5/13/04), at section (B)(1).

occurred despite strong policy statements by Riggs requiring detailed KYC information for client accounts.

Riggs also failed to have an effective system for identifying and monitoring accounts opened by political figures. Although its KYC forms had a box that could be checked for these accounts as early as 1997, Riggs failed to develop a procedure for readily identifying and monitoring them. In July 2000, for example, when the OCC asked Riggs for a list of accounts held by political figures, Riggs compiled the list manually and left off such key names as E.G. President Obiang and former Chilean President Pinochet. In 2003, a KPMG internal audit determined that there was no bank-wide policy on accounts for politically exposed persons, an incomplete list of these accounts, inadequate training of personnel, and a failure by both the International Private Banking and Embassy Departments to subject these high risk accounts to additional scrutiny.[260]

The OCC also repeatedly criticized Riggs for failing to conduct routine monitoring of any of its high risk accounts, including accounts in the International Private Banking and Embassy Departments, accounts held by persons in countries with poor anti-money laundering controls, and persons engaged in high risk businesses such as money transmitters.[261] In 2000, an OCC examination stated: "High risk accounts are not being appropriately identified, documented and monitored."[262] One example from the Riggs case study is Riggs' failure to question or track the multi-million dollar cash deposits to the Otong account, which over a two-year period from 2000 to 2002, totaled $11.5 million. Although Riggs had computer software that enabled its BSA officer to review large transactions on a daily basis, there is little evidence that such reviews actually took place or had any effect on account management.

Another major deficiency in Riggs' AML program was its failure to oversee clients' wire transfer activity to identify suspicious transactions. This major gap in Riggs' AML controls was identified in multiple OCC examinations, and may not yet be corrected.[263] One example of the importance of this deficiency is the wire transfers from the Equatorial Guinea oil account which sent over $35 million to unknown companies with bank accounts in Spain, Luxembourg, and Cyprus. These wire transfers took place over a two-year period, 2000-2002, with virtually no questions asked by Riggs personnel. A BSA investigator hired by Riggs in 2003, however, reviewed the wire transfer records and immediately identified these transfers as suspicious. Subsequent inquiries have since indicated that one or more of the unknown companies may be partly or wholly owned by the President of Equatorial Guinea.

Riggs also failed to implement an effective procedure for filing the Suspicious Activity Reports (SARs) required by the Bank Secrecy Act (BSA). The FinCEN civil monetary penalty assessment states that Riggs violated the BSA by "failing to file or by delinquently filing approximately 33 SARs" representing "at least $98 million in suspicious transactions." It states that another 61 SARs were filed more than 60 days after the suspicious activity occurred; some of these SARs referenced suspicious activity that occurred two or three years beforehand.[264] The Pinochet and Equatorial Guinea accounts provide specific examples of situations where Riggs failed to file a SAR despite clear evidence of suspicious activity. The evidence reviewed by the

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[260] See, e.g., OCC memorandum on "KPMG Report on Politically Exposed Persons," (10/30/03), Bates OCC 0000555085-86. Section 312 of the Patriot Act requires enhanced due diligence of private banking accounts opened for senior foreign political figures or their families. 31 U.S.C. § 5318(i)(3).

[261] See, e.g., OCC examination materials (10/23/00), Bates 0000536186-88; (6/21/02), Bates OCC 000029229. See also In re Riggs Bank N.A. (Case No. 2004-44), prepared by the Office of the Comptroller of the Currency, at 3.

[262] OCC examination materials (10/23/00), Bates 0000536186.

[263] See, e.g., OCC examination materials (10/23/00), Bates 0000536186; (6/21/02), Bates OCC 000029229-30.

[264] See In re Riggs Bank, N.A. (Case No. 2004-01), prepared by the Financial Crimes Enforcement Network (5/13/04), at section (C)(1) and (2).

Subcommittee is consistent with the statement in the FinCEN filing that: "Riggs' procedures to identify, analyze, and report suspicious activity were either non-existent or not implemented."[265]

Another problem was that Riggs had an ineffective system for alerting its personnel to the bank's receipt of a subpoena requesting information about a particular account, even though subpoenas often play an instrumental role in identifying high risk accounts and evaluating suspicious activity. According to the OCC, Riggs' standard procedure was to send any subpoena to its general counsel for processing.[266] The general counsel's office handled the information request and normally did not inform anyone else at the bank about the subpoena, including the Security Department, Compliance Department, or relevant account manager, instead following a policy of keeping the information confidential. The result was that few bank personnel knew when law enforcement or other inquiries were being made about specific accounts.[267] In the case of the Senate Subcommittee subpoena requesting information related to the Equatorial Guinea accounts, the initial subpoena was issued in March 2003, but most of Riggs senior officers were apparently unaware of it for some time, and the Riggs Board was not informed of the Senate inquiry until a year later.[268]

Still another serious deficiency was the bank's lax internal audit department. The OCC criticized Riggs's BSA audits in several BSA examinations as inadequate.[269] In 2003, the Federal Reserve found Riggs' internal audit function to be unsatisfactory due to untimely audits, insufficient audit reports, and poor communications with the Riggs Board's Audit Committee.[270] In 2004, the OCC stated that Riggs' audits "did not review all of the necessary areas, did not uncover or disclose the severity or the extent of weaknesses in the Bank's BSA compliance, and contained flawed testing and sampling."[271] In response to these and other criticisms, Riggs terminated its chief auditor in 2003, and agreed to establish a new auditing function that will report directly to the bank's Audit Committee.

Riggs has also been cited repeatedly for poor AML training of its employees.[272] Criticisms included inadequate training for completing KYC documentation, filing Currency Transaction Reports on cash transactions, reporting suspicious activity, and handling accounts for political figures. FinCEN also cited Riggs' poor training, stating that "[t]raining on monitoring and detecting suspicious activity was particularly weak at Riggs."[273]

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[265] Id.

[266] During his Subcommittee interview, Riggs General Counsel, Joseph Cahill, declined to discuss these matters in light of ongoing enforcement actions. Subcommittee interview of Mr. Cahill (6/25/04).

[267] See, e.g., In re Riggs Bank, N.A. (Case No. 2004-01), prepared by the Financial Crimes Enforcement Network (5/13/04), at section (B)(1) ("Riggs did not have procedures or internal controls to ensure that subpoenas and other government requests regarding accountholders were referred to the division responsible for investigating potential suspicious activity.").

[268] See, e.g., minutes of a special Riggs Board meeting (3/2/04), Bates RNB-GA 025253-59, at 56 ("On February 6, [2004], Riggs was informed that there would be a Senate investigation into the EG account manager's activities.").

[269] See, e.g., OCC examination materials (10/23/00), Bates 0000536184; (9/18/02), Bates OCC 0000028073-74.

[270] See letter from Federal Reserve to Riggs National Corporation (7/1/03), Bates OCC 0000014259.

[271] See In re Riggs Bank N.A. (Case No. 2004-44), prepared by the Office of the Comptroller of the Currency, at 4.

[272] See, e.g., OCC examination materials (10/23/00), Bates 0000536189; (6/21/02), Bates OCC 000029229; and (9/18/02), Bates OCC 0000028072-73.

[273] See In re Riggs Bank, N.A. (Case No. 2004-01), prepared by the Financial Crimes Enforcement Network (5/13/04), at section (B)(4).

In addition to all of these deficiencies, Riggs had a poor system for supervising its account managers. Account managers in the private banking and Embassy banking departments are required to fill contradictory roles – to develop a personal relationship with their clients and solicit their business, while also monitoring the clients' accounts for suspicious activity and questioning specific transactions. Human nature makes these contradictory roles difficult to perform, and anti-money laundering duties often suffer. Banks have dealt with this problem by setting up systems to ensure the actions of their account managers are reviewed by third parties, such as management supervisors, compliance personnel, auditors, or legal counsel.

In the case of Riggs, however, third party oversight did little to correct the deficient practices of its account managers. The key supervisor of the International Private Banking and Embassy Banking Departments, for example, the head of the International Banking Group, appears not to have objected to or corrected any of the actions taken by the account managers handling the Pinochet or E.G. accounts. Compliance personnel also did little to improve account management. As stated in the FinCEN civil monetary penalty assessment when discussing Riggs' compliance personnel: "Day-to-day oversight and monitoring of high-risk transactions, high-risk customers, and high-risk geographies were minimal."[274] Riggs internal auditors also did little BSA work, and the bank's general counsel told the Subcommittee that he had no role in any ongoing BSA matters and provided no supervision to anyone in this area. Board oversight was also so weak that, in 2003, the Federal Reserve required the Board to hire an independent consultant to report on how Board oversight could be strengthened.[275]

The corporate culture at Riggs failed to communicate the importance of the bank's anti-money laundering program. The Subcommittee was told that the bank's senior leadership clearly valued the Embassy accounts and accounts opened for foreign leaders, and stressed the importance of customer service. The 1994 trip to Chile by senior Board members to solicit the Pinochet account and the 2001 luncheon in honor of the Equatorial Guinea President illustrate the Board's personal involvement in these accounts. In 2002 and 2003, some Board members expressed opposition to closing the Pinochet and Equatorial Guinea accounts due to money laundering concerns. In March 2003, senior bank officers complained to the OCC about forcing the bank to adopt a rigorous AML program. These are not the actions or sentiments of a Board committed to AML excellence.

Even more telling is the fact that the Riggs Board failed over a five-year period to ensure that regulators' directives to improve the bank's AML program were implemented. Neither the bank nor the bank holding company took the steps necessary to make needed investments in information systems, BSA personnel, BSA training, or practical procedures to safeguard the bank against money laundering. Instead, Riggs tolerated fundamental deficiencies in its AML program year after year, exhibiting indifference at best to regulators' directives. The Subcommittee's investigation is wholly consistent with FinCEN's assessment that Riggs "willfully violated" the requirements of U.S. anti-money laundering laws.

B. Inadequate Regulatory Oversight of AML Deficiencies

Finding (4): Regulatory Failure at Riggs. For many years, OCC examiners accurately and repeatedly identified major anti-money laundering deficiencies at Riggs Bank, but OCC supervisors failed to take strong action to require improvements. OCC regulators were tolerant of the bank's weak anti-money laundering program, too willing to rely on bank promises to correct repeat deficiencies, and failed initially to use available enforcement tools. Federal Reserve regulators were slow and passive.

Finding (5): Conflicts of Interest. By taking a job at Riggs in 2002, after the OCC failed to take enforcement action against the bank in 2001 and 2002 for AML deficiencies, the former OCC Examiner-in-Charge at Riggs created, at a minimum, an

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[274] See In re Riggs Bank, N.A. (Case No. 2004-01), prepared by the Financial Crimes Enforcement Network (5/13/04), at section (B)(3).

[275] See letter from Federal Reserve to Riggs National Corporation (7/1/03), Bates OCC 0000014259.

appearance of a conflict of interest. In addition, despite federal law barring former employees from appearing before their former agencies on certain matters, and OCC rules barring former employees from attending meetings with the agency for two years without prior approval from the OCC ethics office, the former Examiner attended multiple meetings with OCC personnel related to Riggs' AML compliance, without obtaining the required clearance.

Given the widespread and fundamental deficiencies in Riggs' AML program, it is difficult to understand why federal regulators failed to act sooner to require the bank to correct them.

Several federal regulators have responsibility for AML oversight at Riggs. The OCC is the bank's primary regulator, with responsibility to oversee the safety and soundness of Riggs Bank, including its compliance with anti-money laundering laws. The Federal Reserve Bank in Richmond has oversight authority over the bank holding company, Riggs National Corporation, while the Federal Reserve Bank in Atlanta exercised oversight of Riggs International Banking Corporation, an Edge Act subsidiary in Miami, Florida. FinCEN has been delegated authority to impose civil monetary penalties on financial institutions that violate the Bank Secrecy Act.

As primary regulator of Riggs Bank, the OCC had the greatest responsibility for ensuring Riggs' AML compliance. The Comptroller of the Currency John D. Hawke, Jr. has already stated publicly, "it is clear to me that there was a failure of supervision" and that "we should have taken stronger action earlier."[276]

The Subcommittee reviewed over 60 boxes of materials related to OCC examinations of Riggs' anti-money laundering efforts since 1997, including examination reports, workpapers, correspondence, and electronic mail.[277] The Subcommittee also reviewed a more limited set of examination materials from the Federal Reserve. The evidence obtained by the Subcommittee shows that federal bank regulators, particularly the OCC, conducted numerous examinations of Riggs' AML compliance since 1997, including annual and targeted examinations resulting in about 20 detailed reports or memoranda.

The evidence shows that virtually all of the Riggs AML examinations identified major deficiencies with its anti-money laundering efforts. At the same time, all of the examinations prior to 2002, gave the bank's AML efforts a generally positive rating. This positive rating, according to OCC personnel, was given primarily because Riggs management had committed to correcting the identified deficiencies. But Riggs Bank did not carry through on its commitment, and some of the later examinations noted repeat deficiencies from earlier years. The OCC took no enforcement action, however, until negative press reports in 2002 and 2003 began concentrating public attention on questionable accounts at Riggs Bank involving Saudi Arabia and Equatorial Guinea. More thorough reviews followed, documenting widespread deficiencies and a lack of corrective action, and the OCC began to consider taking formal enforcement action against the bank. In July 2003, the OCC issued its first cease and desist order against Riggs Bank, directing the bank to revamp its AML programs. In May 2004, the OCC issued a second cease and desist order and a $25 million civil monetary fine for failing to comply with the 2003 order. FinCen issued a concurrent $25 million fine for the bank's willful violations of anti-money laundering laws. The Federal Reserve issued its first cease and desist order against the bank holding company in May 2004.

OCC Examinations In General. Much of the OCC workforce is devoted to conducting or supporting examinations of national banks. In general, for a mid-size bank like Riggs, an "Examiner-in-Charge" (EIC) is assigned on a full time basis to the bank. The EIC is responsible for developing an annual examination plan to review key components within the bank and ensure

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[276] Testimony of Mr. Hawke before the U.S. Senate Committee on Banking, Housing, and Urban Affairs (6/3/04).

[277] The Subcommittee did not, however, review materials related to the OCC's examination of Riggs' accounts related to Saudi Arabia, since that information is currently being reviewed by the full Committee on Governmental Affairs.

its safety and soundness. This plan often includes routine examinations that examine required components of bank operations on a periodic basis, as well as one-time examinations that target special areas of concern. The plan may also include one or more targeted examinations being conducted at multiple banks to examine particular issues of concern in the banking industry.

Once the annual plan is developed and approved, the OCC assigns a "National Bank Examiner" (NBE) to conduct the scheduled examinations at the bank. Throughout each examination, the assigned NBE keeps the EIC informed about the progress of the review, obtains guidance on how to handle specific matters, and provides a written report to the EIC at the conclusion of the examination. When an examination is completed, the EIC and NBE may hold an exit meeting with senior bank officials to inform them of the results. Once each year, the EIC prepares a "Report on Examination" summarizing the examinations conducted during the prior 12-month period, and presents the OCC's findings to the Board of Directors at the bank. EICs also typically communicate on a regular basis with bank personnel, and may speak more often with the bank's Board of Directors if specific concerns arise.

All examination reports and key memoranda are supposed to be included in an electronic database at the OCC known as Examiner View (EV). Key examination workpapers and supporting bank documentation are also required to be preserved for specified periods of time, either in paper or electronic form.[278]

If a bank is operating in an unsafe or unsound manner, or fails to comply with banking regulations or supervisory conditions, an EIC can recommend a variety of informal and formal enforcement actions. If sufficiently serious, proposed enforcement actions are referred for review to the Washington Supervisory Review Committee, which is composed of the OCC's top supervisory and enforcement officials. This Committee is also routinely alerted when problems are discovered related to a bank's AML compliance.[279] After reviewing the referred matter, the Committee can recommend an enforcement action to the Deputy Comptroller. The Deputy Comptroller reviews the matter and, in turn, makes a recommendation to the Comptroller of the Currency. The Comptroller then makes the final determination on how to handle the specified matter.

From 1998 to 2002, the EIC at Riggs Bank was R. Ashley Lee. On August 8, 2002, Mr. Lee recused himself from further dealings with Riggs Bank, because the bank had approached him about a possible position with the bank. Mr. Lee was assigned to other duties within the OCC until October 3, 2002, when he retired, departed from the agency, and began employment at Riggs Bank. Mr. Lee was replaced in the fall of 2002, by Lester Miller, who is the current EIC at Riggs.

From 1997 to 2003, the Riggs EIC reported to John Noonan, Deputy Assistant Comptroller for the Northeast District. In 2002, the OCC reorganized its supervisory structure, but kept Mr. Noonan in charge of Riggs Bank due to ongoing examinations uncovering serious problems. In 2003, Mr. Noonan retired from the OCC, and the Riggs EIC began reporting to Robert P. Sejnoha, Assistant Deputy Comptroller for Mid-size Banks. Mr. Sejnoha reports to Jennifer C. Kelly, Deputy Comptroller for Mid-size and Credit Card Bank Supervision. Ms. Kelly reports, in turn, to Timothy W. Long, Senior Deputy Comptroller, who reports to the Comptroller of the Currency John D. Hawke, Jr.

(1) Summary of Riggs Examinations

The key OCC examinations and supervisory actions over the last five years relating to Riggs' anti-money laundering efforts can be summarized as follows.[280]

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[278] See policy requirements in "Supervision Work Papers" (No. PPM 5400-8, revised).

[279] Subcommittee interview of Ashley Lee (6/30/04).

[280] This information is derived from a number of OCC examination materials, including an OCC document entitled, "Riggs Bank N.A. Timeline on OCC Supervision of Bank Secrecy Act/Anti-money Laundering" (hereinafter "OCC Timeline") (undated), Bates OCC 0000547377-83; and another OCC document entitled, "Riggs

1997 Consumer Compliance Examination. In August 1997, the OCC completed a consumer compliance examination of Riggs Bank, including its compliance with AML requirements. The examination stated that Riggs' AML efforts were satisfactory, but listed deficiencies in AML internal controls and training as matters requiring attention. Among other measures, the examination directed Riggs to improve AML and KYC training in several areas of the bank, including private banking; enhance KYC procedures in certain lines of business; and implement a system to identify suspicious wire transfers.

1998 AML Examination. In June 1998, the OCC completed an examination of Riggs' AML compliance efforts in its private banking and trust departments. The examination stated that Riggs' overall AML efforts were adequate, but listed as a deficiency poor KYC information in client profiles. Among other measures, the examination directed Riggs to strengthen its SARs policies and procedures, and improve its monitoring of international wire transfers.

1999 Consumer Compliance Examination. In July 1999, the OCC completed a consumer compliance examination of Riggs, including AML compliance efforts in its Embassy and retail banking departments. The examination stated that the Embassy Banking's overall AML efforts were satisfactory, but listed deficiencies in audit independence, frequency, and documentation; AML training; and bank information systems which failed to identify all unusual transactions.

1999 Russian AML Examination. In September 1999, the OCC completed a limited AML examination of Riggs' accounts for Russian clients. The examination found no indications of money laundering requiring a full-scope examination, but directed the bank to improve its documentation for correspondent bank accounts and establish procedures to monitor high risk accounts.

2000 AML Examination. In October 2000, the OCC completed an examination of Riggs' AML compliance efforts in its private banking, trust, and wire transfer departments. The examination stated that Riggs' overall AML compliance was "satisfactory," but certain "improvements are necessary."[281] A memorandum shared with the bank listed deficiencies in AML audits, poor KYC documentation, and inadequate AML training, all of which were described as "repeat supervisory concerns from previous examinations." The memorandum also stated that high risk accounts were "not being appropriately identified, documented, and monitored." When the Subcommittee asked the OCC why the bank's AML efforts were rated "satisfactory" in light of the listed deficiencies, the EIC indicated that the rating was justified because the bank was planning to remedy the identified deficiencies, and it had the necessary AML systems in place – it just wasn't using them.[282]

2000 London AML Examination. Also in 2000, the OCC completed AML examinations of six London banks, including Riggs Bank Europe, Ltd. (RBEL). The December 2000 examination report on RBEL stated that AML risk at the London bank was "high and increasing." The examination listed deficiencies which included inadequate account monitoring, poor audit documentation, and weak risk management.

2001 AML Uncooperative Countries Examination. In February 2001, the OCC completed a targeted examination of Riggs to determine the extent to which the bank was engaging in transactions involving countries deemed to be uncooperative with international money laundering efforts.[283] The examination found that Riggs did not have extensive

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Bank N.A. Timeline on OCC Supervision of BSA/AML Pre 9/11" (undated), Bates OCCX 00001-2.

[281] OCC examination materials (10/23/00), Bates OCC 0000536182-89.

[282] Subcommittee interview of Ashley Lee (6/30/04).

[283] The Financial Action Task Force has issued a list of these countries.

transaction activity with the listed countries, but also noted a number of problems with its AML operations, including a lack of KYC information and monitoring of high risk accounts. The report listed a number of measures that should be taken to improve the bank's AML operations.[284]

2001 Supervisory Review Committee Meeting. In June 2001, top OCC enforcement officials at the Washington Supervisory Review Committee reviewed a draft Report on Examination (ROE) summarizing the 2000 examinations of Riggs Bank, in part because the draft report discussed three targeted AML examinations which had found serious AML deficiencies at Riggs in both the United States and United Kingdom.[285] The Committee considered whether an enforcement action against the bank should be taken.[286] The EIC at Riggs recommended against any formal enforcement action, because the London deficiencies "have been largely addressed," the bank "generally does a satisfactory job of complying ... [i]n high risk areas," and management was committed to correcting other AML deficiencies.[287] The Committee accepted this recommendation, but also required the ROE to list the specific AML deficiencies and include strong language making it clear that the bank needed to correct them. The minutes stated that the identified AML deficiencies had been outstanding since 2000, with no acknowledgment that similar deficiencies had been identified since at least 1997.

2000 Annual Report on Examinations (ROE). In late 2001, the OCC completed the annual report summarizing OCC examinations of Riggs Bank in 2000, including the AML examinations.[288] This ROE carries an official date of February 28, 2001, but was actually issued much later in the year. It stated that Riggs' AML compliance "needs further improvement." It stated that the Riggs Board had made AML progress "a top priority for 2001 and improvements has been achieved," but "deficiencies remain and continued attention is warranted." The ROE prominently listed a number of AML deficiencies in the areas of account monitoring, audits, KYC documentation, training, and suspicious activity referrals. It also contained the statement that "[t]horough AML transaction monitoring procedures for the 'high-risk' areas were implemented in December 2000 and are effective," which later proved factually incorrect.

2002 Consumer Compliance Examination. In January 2002, the OCC completed a consumer compliance examination of Riggs Bank, including AML compliance. The examination stated that AML deficiencies were being addressed and were in various stages of correction, to be completed by the end of the first quarter in 2002. It rated the quality of risk management as satisfactory, with moderate compliance risk. The examination noted the departure of the bank's compliance officer and the hiring in June 2001, of a new compliance officer with 15 years of experience.

2002 AML Examination. In June 2002, the OCC completed an examination of Riggs' AML compliance efforts in its private banking, Embassy Banking, and wire transfer departments, and Bahamas operations. The examination stated that while Riggs' overall

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[284] In addition, in December 2001, an internal audit of Riggs Embassy accounts by KPMG found that 13 out of 13 files reviewed had missing KYC documentation and poor due diligence information.

[285] See OCC memorandum, "District SRC Minutes for meeting of June 28, 2001," (9/21/01), Bates 557411-14. The three examinations were the 2000 examination of the bank's overall AML compliance, the 2000 examination of AML compliance at Riggs Bank Europe, Ltd. in London, and the 2001 examination of Riggs' handling of accounts in countries that do not cooperate with international AML efforts.

[286] Although 12 U.S.C. § 1818(s) states that a cease and desist order "shall" be issued by the OCC for a bank that has failed to establish an AML program or has filed to correct identified AML deficiencies, the OCC has apparently interpreted this statute as giving it the discretion to decide whether or not such an order should, in fact, be issued.

[287] OCC memorandum, "District SRC Minutes for meeting of June 28, 2001," (9/21/01), Bates 557411-14, at 557413.

[288] Report on Examination (2/28/01), Bates OCC 0000557861-97.

AML compliance had "improved," further improvements were needed, particularly regarding wire transfers. A memorandum shared with the bank listed a number of deficiencies, including inadequate KYC information and training, inadequate monitoring of high risk accounts, and a lack of policies to govern cash transactions made Payable Upon Proper Identification (PUPID).[289] The memorandum did not indicate whether any of these AML deficiencies were repeat problems from 2000. The memorandum listed eight action items for the bank, and indicated that bank management had committed to addressing them by the end of 2002. They included improving KYC documentation and training, improving use of electronic monitoring systems for wire transfers, establishing PUPID policies and procedures, and strengthening analysis of wire transfer activity.

2002 Pinochet Examination. In July 2002, the OCC completed a targeted examination of the Pinochet accounts at Riggs bank.[290] OCC examiners had come across these accounts by chance in the course of another AML examination. The memorandum stated that the Pinochet accounts represented "a high risk to the bank's reputation as well as potential laundering of illegally obtained funds." It cited inadequate KYC documentation for the source of wealth in the accounts, questionable account transactions, and a failure by the bank to report suspicious activity. For reasons explained further below, this memorandum was never issued as a final examination report, was never communicated in a formal document given to the bank, and was not included in the OCC's electronic files for Riggs examinations.

2001 Annual Report on Examination (ROE). In August 2002, the OCC completed an annual Report on Examination summarizing the examinations of Riggs Bank during the prior year, including AML examinations. The ROE carries an official date of April 9, 2002, but was actually issued four months later. Despite an earlier AML examination which identified a number of AML deficiencies, the last ROE that emphasized the importance of the bank's completing needed AML improvements, and the recently completed Pinochet examination which identified troubling AML practices at the bank, the ROE paid minimal attention to AML issues. It stated briefly that AML "compliance needs lasting and progressive attention," but also stated that bank "[m]anagement has largely addressed or is in the process of addressing the significant deficiencies noted in our prior examination."[291] Many pages later, the ROE stated: "The bank has made good progress in addressing the issues and concerns surrounding the Bank Secrecy Act. However, the April 2002 BSA exam of Embassy Banking, International Private Banking, and wire transfer department identified various concerns that still need management's attention." The ROE does not list any of the outstanding AML deficiencies or set a deadline for the bank to make the necessary AML improvements. The 2001 ROE simply fails to follow through on the strong AML message sent in the 2000 ROE about the need for Riggs to implement an effective AML program.

2002 AML/ATF Examination. In October 2002, the OCC completed a targeted examination to assess the bank's AML risk management, policies and procedures to detect and report terrorist financing, and actions taken to improve AML operations since the 9-11 attack on the United States. Riggs was one of about two dozen banks to undergo this targeted review. An examination memorandum shared with the bank in October stated that AML risk at Riggs was "high and increasing," due to the bank's large volume of higher risk accounts and "the fact that controls are still being developed and/or enhanced."[292] It stated that the bank was "making progress" in AML compliance, but "further improvements are needed." The memorandum directed the bank to improve its AML procedures in five areas,

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[289] OCC examination materials (6/21/02), Bates OCC 0000029228-30.

[290] "Targeted Examination: Accounts related to Mr. Augusto Pinochet" (7/9/02), Bates OCC 0000517597-603.

[291] Report on Examination (4/9/02), Bates OCC 0000557969-8000, at 975 and 990.

[292] OCC examination materials (9/18/02), Bates OCC 0000028071-74.

including to re-assess the risk associated with certain accounts, develop better "risk matrices" to assign risk ratings to accounts in various areas of the bank, better document decisions on whether to file suspicious activity reports, improve AML training, and develop adequate AML audits. The memorandum does not indicate that any of the identified AML deficiencies were repeats from prior examinations.

2002 Meeting with Riggs Board of Directors. On October 15, 2002, the OCC met with the Riggs Board of Directors about its 2001 Report on Examination for the period, April 2001 to April 2002, and also discussed the targeted anti-terrorist financing and Pinochet examinations. Despite the bank's ongoing AML deficiencies and the disturbing AML practices uncovered during the Pinochet examination, the OCC told the Board that the bank's overall AML compliance was "satisfactory." The OCC also called on the bank to correct the remaining deficiencies, and the bank committed to resolving them by the end of 2002. One Board member, Ms. Allbritton, complained to the OCC about losing the Pinochet accounts.

2003 Saudi Targeted Examination. About a month after the Board meeting, beginning on November 22, 2002, media stories reported that a Riggs account associated with the Embassy of Saudi Arabia had allegedly sent funds that ended up benefitting two of the Saudi terrorists involved in the 9-11 attack on the United States, and the FBI was investigating.[293] The OCC has indicated that it first learned of the concerns associated with the Saudi accounts from these media reports.[294] In December 2002, the OCC met with senior bank management about the Saudi accounts, and, in January 2003, began a targeted examination of them. Initially planned to last one month, this examination uncovered increasingly serious problems and continued for more than five months.

2003 Equatorial Guinea Subpoena. In January 2003, another press report appeared alleging that Riggs accounts associated with Equatorial Guinea containing millions of dollars in oil revenues were being misused by E.G. officials. In March 2003, this Subcommittee issued its first subpoena to Riggs Bank requesting documents associated with the E.G. accounts. Later in 2003, the Subcommittee also issued subpoenas to the OCC to review its Riggs examination materials.

2003 Ongoing AML Examination. In March and April 2003, the OCC issued memoranda with AML updates. Both found significant ongoing AML deficiencies. One commented that Riggs' "efforts to correct previously identified deficiencies [are] less than satisfactory."[295] The OCC also held several meetings with Riggs officers. In one meeting in early March, Riggs officers complained that the AML examinations were "putting a tremendous burden on the bank" and asked whether Riggs was subject to an annual or three-year cycle of AML examinations.[296] The EIC at Riggs noted, "The BSA exam will continue to be challenging as the OCC and bank management have different views on the level of risk and potential impact to the bank." A few weeks later, however, the OCC offered a more positive assessment of Riggs' reaction, stating that after a March 17, 2003, meeting, Riggs "responded very quickly and strongly"; "developed a comprehensive action plan ... to address deficiencies; established a Board level BSA Committee to provide oversight; created a management BSA/AML Task Force to direct the implementation of the

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[293] Several investigations of these funds transfers are still underway. At least one, by the Presidential Commission on 9-11 determined that no credible evidence exists that any 9/11 operatives received substantial funding from any person in the United States. See "Staff Statement No. 16: Outline of the 9/11 Plot," National Commission on Terrorist Attacks Upon the United States (6/16/2004).

[294] OCC Timeline, Bates OCC 0000547380.

[295] OCC memorandum, "Bank Secrecy Act (BSA) Examination–Issues Update," (3/13/03), Bates OCC 0000028582-87. See also OCC memorandum, "Riggs Bank, NA, BSA/AML examination recap," (4/28/03), Bates OCC 0000028400-10.

[296] OCC examination materials, "Meeting with Riggs Bank N.A. Senior Management," (3/5/03), Bates OCC 0000026292-94.

action plan; and has hired a new BSA Officer with strong credentials with more staff to be added. The bank estimates spending approximately $12 [million] to upgrade BSA systems."[297]

2003 Enforcement Action Considered. In May 2003, the OCC's Washington Supervisory Review Committee met to consider taking a formal enforcement action against Riggs for its ongoing AML deficiencies. OCC officials discussed issuing both a cease and desist order and a civil monetary penalty against the bank. OCC officials were split on whether to impose a civil fine on the bank and, in June, referred the Riggs matter to FinCEN for the first time, asking FinCEN whether it would want to join in an enforcement action against the bank.

2002 Special Report on Examination (ROE). In June 2003, the OCC completed a special Report on Examination (ROE) which focused solely on its recently completed AML examination of Riggs.[298] This ROE identified a long list of serious AML deficiencies. The OCC discussed the findings in the ROE at a special Riggs Board meeting on June 25, 2003, and gave Riggs a letter asking why a civil monetary penalty should not be assessed against the bank.

2003 Cease and Desist Order. On July 16, 2003, the OCC issued a cease and desist order against Riggs Bank, to which the Board members consented. No civil fine was imposed on the bank at that time.

2002 Report on Examination (ROE). Later in 2003, the OCC completed a second Report on Examination (ROE) for Riggs Bank, summarizing the examinations of the bank from December 2002 through March 2003, including on AML issues. This ROE prominently mentioned the special ROE on AML problems and the July consent order, as well as other issues involving capital, asset quality, management, earnings, liquidity and risk management issues.

2003 Targeted Equatorial Guinea Examination. In October 2003, the OCC initiated a targeted examination of the Equatorial Guinea accounts at Riggs Bank. This examination eventually found numerous serious problems with the management of these accounts, including substantial evidence that the bank had not implemented many of the corrective actions that were supposed to have been completed by the end of 2002.

2003 RBEL AML Examination. In December 2003, the OCC completed an AML examination of Riggs Bank Europe, Ltd. in London. This examination found numerous AML deficiencies, with weak compliance management and high compliance risk.

2003 Meeting with Riggs Board. On December 17, 2003, the OCC met with the Riggs Board to present its Report on Examination for 2002, and its ongoing review of the E.G. accounts. Despite the special ROE in June 2003, identifying a long list of AML deficiencies, a Federal Reserve examination in May 2003, which cited the bank holding company for inadequate Board oversight, and the significant AML problems identified in the July 2003 consent order, OCC personnel told the Riggs Board that "[s]atisfactory progress is being made with the Consent Order"; "[o]verall board and management supervision is satisfactory"; and the OCC "had found no instances of money laundering or violations of BSA at Riggs."[299] The OCC did express concerns about the Equatorial Guinea accounts "center[ing] on the source of funds and ensuring that none are diverted for personal use," and the need to control the high money laundering risks associated with the

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[297] OCC Timeline at Bates OCC 0000547381.

[298] The OCC gave this report a formal date of January 6, 2003, even though it was actually issued six months later. The continual discrepancy between official OCC report dates and the dates the reports are actually issued – here represented by a six-month gap – is a confusing and misleading practice that should be discontinued.

[299] See minutes of Riggs Board meeting (12/17/03), Bates RNB-GA 025183-91, at 84.

bank's Embassy Banking and International Private Banking accounts. In response, a prominent Board member, Joseph Allbritton, told the OCC that the bank had no intention of closing the E.G. accounts.

2004 AML Update. In early January 2004, the OCC issued a supervisory target letter stating that the bank was making "satisfactory progress" in its AML efforts and in complying with the 2003 consent order. The letter recommended additional steps that needed to be taken, particularly with respect to Embassy Banking and International Private Banking accounts. About a week later, however, Riggs investigators examining the E.G. accounts uncovered additional serious problems, including misconduct by the E.G. account manager, questionable wire transfers, and multi-million-dollar cash deposits. By the end of January, the bank had fired the E.G. account manager and in March 2004, the head of its International Banking Group left the bank.

2004 Meeting with Riggs Management. On March 2, 2004, the OCC held an exit meeting with Riggs senior management regarding the E.G. accounts. At this meeting, the OCC informed the bank that although progress had been made in some AML areas, significant deficiencies remained, the bank's ratings would be downgraded, and the bank would likely be subject to additional enforcement action. The OCC delivered another 15-day letter asking the bank why it should not be subject to a civil monetary penalty.

2003 Report on Examination (ROE). In the first quarter of 2004, the OCC completed a Report on Examination (ROE) summarizing the examinations of Riggs Bank during the prior six months. This report prominently mentioned AML concerns and noted "unsafe and unsound practices involving the management, oversight, and control of the EG relationship; additional BSA violations ... and noncompliance with three key articles of the Consent Order."[300] It extensively detailed the OCC's concerns with the E.G. relationship. The ROE stated that the bank's ratings had been downgraded, and the bank was considered a "troubled institution."

2004 Cease and Desist Order and Civil Fine. On May 13, 2004, the OCC issued a second cease and desist order and, under 31 U.S.C. §1818(u), imposed a civil monetary penalty on the bank of $25 million. On the same date, under 31 U.S.C. § 5321, FinCEN imposed a concurrent civil fine of $25 million on the bank for willfully violating its anti-money laundering obligations. Riggs consented to both the cease and desist order and to the $25 million fine.

Federal Reserve Examinations. At the same time the OCC was examining Riggs Bank, the Federal Reserve was conducting AML examinations of the bank holding company, Riggs National Corporation (RNC), and the Edge Act subsidiary, Riggs International Banking Corporation (RIBC) in Miami, Florida. The key Federal Reserve examinations and supervisory actions over the last few years relating to Riggs' anti-money laundering efforts can be summarized as follows.[301]

2000 Annual Report on Examination. In 2000, the Federal Reserve completed a report on its inspection of Riggs National Corporation. This report mentioned AML compliance issues only in passing. It stated that the OCC had identified deficiencies in AML audit, monitoring, and training, and that "potentially high-risk areas are not being reviewed on a timely basis due to [personnel] vacancies."

2002 Annual Report on Examination. In June 2002, the Federal Reserve completed a report on its inspection of Riggs National Corporation covering both 2001 and the first quarter of 2002. This report, like the 2000 report, mentioned AML compliance issues only briefly. It stated that the OCC had identified some AML concerns at Riggs Bank

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[300] Report on Examination (9/30/03), Bates OCC 0000557735-69.

[301] This information is derived from Federal Reserve examination materials, and a Subcommittee interview of Federal Reserve officials (7/2/04).

which "are receiving adequate attention by management." It also noted "[a]dditional reputational risks are associated with" AML issues, but did not go into any detail.

2002 Board Meeting. On October 16, 2002, the Federal Reserve Bank of Richmond presented its annual examination findings to the RNC Board of Directors. After the meeting, the Chairman of the Board, Joseph Allbritton, told a senior Federal Reserve Bank official that, the day before, the OCC had expressed concerns about certain accounts which had been controlled by Augusto Pinochet and which Riggs had closed in response to OCC concerns, and he requested the Federal Reserve's views on the matter. The Federal Reserve representative did not express an opinion at that time, but did ask the OCC about the accounts. A month later, in November, negative media stories about Saudi Arabia accounts at Riggs Bank began, and by January 2003, the OCC had initiated its targeted examination of the Saudi Arabia accounts. A Federal Reserve examiner participated in the OCC examination, which uncovered questionable account activity and fundamental AML deficiencies.

2003 Targeted Examination of RNC Corporate Governance. In May 2003, the Federal Reserve completed a targeted examination of corporate governance practices at Riggs National Corporation, including Board oversight of Riggs Bank. The examination identified several deficiencies, including weak Board oversight, weak risk management, and unsatisfactory internal audits in which too few audits were completed, others took too long, and there was poor communication of audit results to the Board's Audit Committee. On July 1, 2003, the Federal Reserve sent a letter to Riggs requesting it to adopt a Board resolution that, among other measures, would require a consultant's report on the Board's composition, expertise and oversight, and revamped risk management and audit controls.

2003 Targeted RIBC AML Examination. In June 2003, the Federal Reserve completed a targeted examination of AML compliance at Riggs International Banking Corporation (RIBC) in Miami, Florida. The examination identified numerous AML deficiencies, including poor KYC documentation, inadequate monitoring of accounts, and inadequate procedures to identify and report suspicious activity. The examination directed the bank to undertake corrective actions.

2003 Annual Report on Examination. In September 2003, the Federal Reserve completed a report on its inspection of Riggs National Corporation covering the latter half of 2002 and the first half of 2003. The examination identified AML deficiencies and other problems, including poor corporate governance and risk management, inadequate audits, ongoing AML deficiencies identified by the OCC, and increasing operational and reputational risks. The report stated the Federal Reserve would monitor ongoing corrective actions.

2003 Targeted Equatorial Guinea Examination. In October 2003, the OCC initiated a targeted examination of the Equatorial Guinea accounts at Riggs Bank. A Federal Reserve examiner participated in that examination which eventually found questionable account activity and ongoing AML deficiencies.

2004 Targeted RIBC AML Examination. In April 2004, the Federal Reserve completed a targeted examination of RIBC's AML compliance. The report found ongoing "serious deficiencies," including a lack of account monitoring, poor KYC documentation that was not improved over the last year, inadequate AML training, AML policies and procedures that lack detail, CTR reports with a high error rate, and weak internal audit function. The report also stated: "Of particular concern is the fact that significant weaknesses in [RIBC's] BSA/AML program were identified at the previous examination and received minimal management attention." In addition, in January 2004, the OCC initiated an examination of Riggs' compliance with the OCC's 2003 consent order. A Federal Reserve examiner was kept informed of the OCC's examination findings and Riggs' failure to correct its AML deficiencies.

2004 Cease and Desist Order. On May 14, 2004, the day after the OCC and FinCEN imposed a $25 million civil fine on Riggs Bank, the Federal Reserve issued a cease and desist order against Riggs National Corporation, to which the Riggs Board members consented. The order noted that the bank holding company intended to close RIBC, and required the bank holding company to undertake a number of measures to strengthen management expertise, Board oversight, risk management practices, the internal audit function, and the bank's AML compliance.

(2) Analysis of the Issues

This brief summary of federal examiners' AML oversight at Riggs Banks establishes a number of facts and raises a number of concerns.

AML Deficiencies Identified. First, the record establishes that OCC examiners were doing a careful job of reviewing Riggs' AML compliance efforts, and these examiners accurately and repeatedly identified major AML deficiencies at the bank. Riggs was not a case of federal regulators' being unaware of AML compliance problems at Riggs.

Tolerance of AML Deficiencies. Second, the facts demonstrate a willingness by federal bank regulators to tolerate weak AML controls at Riggs and to allow even fundamental AML deficiencies to continue year after year without forceful action to stop them. Repeatedly, examination reports labeled Riggs' AML program as "satisfactory," while also identifying major AML deficiencies, a practice that sent contradictory signals about the bank's AML performance and need to improve.

Fundamental problems were identified in virtually every Riggs' AML examination since 1997, but for years, as long as Riggs promised to take corrective action, the OCC took no formal enforcement action against the bank. One of the OCC supervisors interviewed by the Subcommittee was blunt in explaining that the Riggs AML deficiencies went on so long, because the agency believed the bank's continual promises to do better. Given the significance of AML controls in fighting terrorism, corruption, drug trafficking, and other crimes, this tolerance of major AML deficiencies is not only inappropriate, but also contrary to law under 12 U.S.C. § 1818(s), which requires federal banking agencies to address repeat AML deficiencies with, at a minimum, a cease and desist order.

In the case of Riggs, an OCC examiner who had reported on AML deficiencies at the bank for several years in a row made an eloquent plea to her superiors for an "exhaustive" AML review, presumably to prompt a sustained effort by regulators to force Riggs to change its ways. In a lengthy email to her superiors in March 2003, listing numerous examples of questionable actions by Riggs, she stated in part:

> "Having just gone through ... several frustrating and stressful weeks uncovering and reporting the findings of our BSA examination at Riggs, discovering highly suspicious transactions and seriously deficient bank processes, our discovery on Tuesday ... compels me to formally express my fear of what we have yet to uncover at this bank. ... The bank failed to disclose to us at least two-dozen official embassy accounts in response to our request for a list of all embassy accounts. They only acknowledged the omitted accounts when we showed them a list we obtained from other sources .... I know first hand that a similar omission occurred during our 2000 BSA examination, where we requested ... a list of all accounts belonging to political figures. Nowhere listed was the highly controversial Augusto Pinochet .... During our 2000 BSA examination we found money exchangers, including one in Syria, for which the bank had insufficient customer information to support multi-million dollars in international wires. Bank management ... stated that it would close the accounts 'as soon as possible'. Our examiners returned six months later to find that the accounts were still open. ... How many times will we conduct an exam and find some new significant problem before we decide to complete an exhaustive review once and for all? I

wonder (at the risk of paraphrasing and butchering a perfectly good quote) if not Riggs who and if not now, when?"[302]

The length of this communication and the detailed nature of its evidence suggest an examiner who was fed up with repeat deficiencies at the bank.

Her supervisor responded: "Thanks ... for taking the time to put all of this together and raise it up for consideration. ... Clearly, Riggs' management has failed to respond properly to previously identified BSA related issues. And OCC (me) failed to take sufficient steps to assure that the bank's response was complete, and implemented."[303]

Undemanding Examiner-In-Charge. A third issue raised by the Riggs case history involves the role played by the OCC's Examiner-in-Charge (EIC) at the bank, including whether over the years he had become more of an advocate for Riggs than an arms-length regulator. EICs are often housed at the banks they oversee, and over the years become well acquainted with their banks' senior management. It is not unusual for EICs to be hired by the bank they oversaw. The OCC has estimated that this job switch happens once or twice each year.

In the case of Riggs, Mr. Lee was the EIC from 1998 until 2002. During that time, he took several actions that suggested overly close relations with the bank. At the Washington Supervisory Review Committee in 2001, for example, it was Mr. Lee who recommended against taking an enforcement action against the bank, despite three AML examinations identifying AML deficiencies, including poor KYC documentation, inadequate account monitoring, and audit problems. The Committee accepted the EIC's recommendation, instead settling for strong language in the 2000 Report on Examination listing the AML deficiencies and directing the bank to correct them. Over the next year, the EIC appears to have done little to ensure the promised corrective actions were actually carried out.

Another troubling incident was the EIC's decision in 2002 to exclude the memorandum and workpapers related to the OCC examination of the Pinochet accounts from the OCC's electronic database called Examiner View (EV). The purpose of EV is to ensure that key examination materials are preserved and readily accessible to OCC regulators overseeing financial institutions. OCC personnel interviewed by the Subcommittee spoke about the importance of entering examination materials into the EV, and the key role played by this database in ensuring the agency has a full understanding of a bank's examination record.

It is beyond dispute that the Pinochet examination memorandum and supporting workpapers were not included in the EV, and that only paper copies were retained. The key NBE who performed the Pinochet examination and who co-authored the memorandum told the Subcommittee that, in the presence of another NBE, the EIC specifically instructed him not to include the memorandum in the Riggs EV file. When asked how often he had received a similar instruction for other examination materials, the NBE replied, "Never." Other OCC personnel also expressed surprise and concern that an EIC would instruct an NBE not to include a key examination in the EV. When asked by the Subcommittee about this matter, the EIC denied telling the NBE not to include the memorandum in the EV, suggesting that the NBE must have been confused after they discussed the need to maintain the confidentiality of the examination results. However, both the NBE, and the second NBE present at the time, insist there was no confusion – that the instruction by the EIC was clear.[304]

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[302] Email from Lois Trojan (3/20/03), Bates OCC 0000489185-87.

[303] Email from John Noonan (3/25/03), Bates OCC 0000489185.

[304] In addition, the OCC has determined that, instead of including the Pinochet memorandum and workpapers in the EV, the EIC instructed one of the NBEs to insert a notice at the end of an unrelated examination report stating that a paper copy of the Pinochet examination results and related documentation is "maintained in the OCC's Washington/National Capital Area Field Office (located in the OCC's national headquarters)." See internal OCC emails exchanged between Ashley Lee, Lois Trojan and Joe Boss (7/15/02-7/23/02), Bates ZZ 000169; and copy of notice placed in the EV, Bates ZZ 000170. Insertion of this notice in the EV in July 2002, is additional proof that the EIC made a specific decision in 2002 to exclude the Pinochet examination memorandum and

Still another indication of how close the EIC was to Riggs was the fact that, when the bank learned Mr. Lee was going to retire from the OCC, it promptly offered him a senior position with the bank. After being approached by Riggs, Mr. Lee recused himself, on August 8, 2002, from further dealings with the bank. On October 3, 2002, he voluntarily retired from the OCC and assumed his new position at Riggs Bank.

Before he left the agency, OCC ethics officials informed Mr. Lee of certain post-employment restrictions on his allowable contacts with OCC personnel.[305] To prevent conflicts of interest, federal law has long barred federal employees who worked personally and substantially on a particular matter for the government from leaving their agency, turning around, and representing the other side in the same matter before their former agency.[306] The law also bars former employees for two years from communicating with or appearing before their former agency on a particular matter which the former employee knows or should have known was actually pending under his or her official responsibility during the year before the employee left the agency.[307] Violations of these post-employment restrictions are punishable by up to one year in prison and a civil fine equal to the greater of $50,000 for each violation or certain compensation earned by the former employee. Willful violations are punishable by up to five years in prison and a criminal fine of up to $50,000 for each violation.

The OCC has implemented these post-employment restrictions by publishing guidelines and requiring its ethics office to inform departing employees about their post-employment obligations.[308] OCC ethics officials advised Mr. Lee to consult with the ethics office prior to engaging in any contacts with OCC personnel, so that the OCC could advise him as to whether the proposed contact was permissible. These restrictions were conveyed to Mr. Lee through emails exchanged with the OCC ethics office, including a memorandum prepared for him by the ethics office.[309] Mr. Lee was clearly aware of the restrictions and understood how to contact the OCC ethics office for additional guidance, since he actually requested and obtained approval of his meeting with OCC officials about a new Riggs loan review system that had not been at the bank during his OCC tenure.[310]

Evidence obtained by the Subcommittee shows, however, that Mr. Lee failed to respect the OCC post-employment restrictions. On several occasions in 2004, without obtaining prior approval from the OCC ethics office, Mr. Lee attended meetings at which OCC personnel

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workpapers from the EV database. A bank examiner wishing to read the referenced materials would not be able to access these materials on an OCC computer, but would have to track down the actual paper copies kept in storage at the specified OCC office.

[305] See, e.g., memorandum from Jason D. Redwood, counsel in the OCC ethics office, to Mr. Lee and John Noonan (9/12/02), Bates OCC 0000557526-27.

[306] See post-employment restrictions contained in 18 U.S. § 207(a)(1).

[307] See post-employment restrictions contained in 18 U.S. § 207(a)(2).

[308] See, e.g., "OCC Ethics Rules, A Plain English Guide" (12/97, revised 3/12/04); "Guidelines for OCC Employees on How to Handle Contacts with Former OCC Employees" (OCC Ethics bulletin Board, 1/8/01); "Ethics Rules for Resigning or Retiring OCC Employees," (Document No. 1997-215A, 5/8/02).

[309] See, e.g., memorandum from Jason D. Redwood, counsel in the OCC ethics office, to Mr. Lee and Mr. Noonan (9/12/02), Bates OCC 0000557526-27. This memorandum states in part: "The two rules that apply to Ashley are the permanent representational bar, applicable to 'particular matters' that he 'personally and substantially' participated in while at the OCC, and the two-year representational bar, applicable to matters Ashley supervised during his last year at the OCC. ... I believe the most important points to be remembered are .... To the maximum extent possible, refrain from direct communications between OCC examiners and Ashley until about November, 2004, and permanently with regard to particular matters in which he was personally and substantially involved. ... If direct communications with Ashley potentially involve matters that were under Ashley's supervision as EIC of Riggs, please obtain my prior approval in writing." Mr. Lee responded in another email: "I will ensure that I operate within these rules." Email from Mr. Lee to Mr. Redwood and Mr. Noonan (9/13/02), Bates OCC 0000557529.

[310] See emails exchanged between Mr. Lee, Mr. Redwood, and Mr. Noonan (9/12-13/02), Bates OCC 0000557529.

discussed Riggs' AML compliance.[311] As explained earlier, Mr. Lee had supervised a number of AML examinations of Riggs during his OCC tenure, and made specific recommendations about enforcement actions in this area.[312] Despite his past involvement with and supervision of AML issues at Riggs, he failed to consult with the OCC ethics office about whether it would be a post-employment violation if he attended meetings with the OCC related to Riggs' AML issues. When the Subcommittee asked him about these meetings, Mr. Lee acknowledged attending them, but claimed that he made a deliberate decision not to speak at them so that he would not violate the post-employment ban.[313] His decision not to speak, however, could also be viewed as an admission that Mr. Lee knew he had supervised Riggs' AML compliance issues, at a minimum, and should not have been in any contact with the OCC on Rigg's AML issues without getting prior clearance from the OCC ethics office.

In addition, OCC guidance for current OCC employees states:

> "When an OCC examiner goes to work for a bank where he or she served as EIC within the year preceding his or her departure from the OCC, the current EIC at the bank shall advise the former EIC that he or she will not be permitted to attend meetings with the OCC or otherwise communicate with or appear before the OCC for a period of two years following his or her departure, unless approval is granted in writing by the appropriate OCC ethics official prior to the meeting, communications, or appearance."[314]

It is undisputed that Mr. Lee did not obtain prior written approval from the OCC ethics office before attending meetings in which the OCC discussed Riggs' AML compliance issues. It is also clear that no one from the OCC took the steps required by this guidance to exclude Mr. Lee from those meetings so that no post-employment violation would occur.

Mr. Lee's actions – recommending against a formal enforcement action, suppressing the Pinochet examination materials, accepting a job offer at the bank he regulated, and ignoring post-employment restrictions on OCC contact – all suggest this Examiner had become much too close to Riggs during the years he was responsible for overseeing it.

Failure to Use Enforcement Tools. The facts also demonstrate a clear reluctance by OCC supervisors to make use of available enforcement tools to compel compliance with the anti-money laundering laws. In 2001, for example, the OCC's Washington Supervisory Review Committee reviewed three examinations detailing major, repeat AML deficiencies at Riggs. The Committee knew or should have known that these deficiencies had been outstanding for at least three years. Despite these compelling facts, the Committee went along with the EIC's recommendation against taking any enforcement action against the bank, and settled instead for including forceful language in the annual 2000 Report on Examinations given to Riggs. This

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[311] See, e.g., OCC document, "Riggs EBD Weekly Update Meeting" (3/25/04), Bates OCC 0000542891 ("We met with Tim Coughlin - Head of Embassy Banking and Risk Manager Ashley Lee to get a weekly update of actions taken in the Embassy Banking Division (EBD) to ensure the area meets compliance with the Consent Order."); minutes of Riggs Audit Committee meeting (2/25/04), Bates A 05723-35(Ashley Lee attended executive session in which OCC discussed E.G. examination); minutes of Riggs BSA Compliance and Audit Committees meeting (3/22/04), Bates A 05795-803 (Ashley Lee attended meeting in which OCC discussed high risk accounts and AML compliance). See also Subcommittee interviews of Ashley Lee (6/30/04) and Joseph Cahill (6/25/04).

[312] See, e.g., OCC Interim Target Memorandum on "Riggs Bank, N.A.: Bank Secrecy Act," from Ashley Lee to Riggs Bank officers (10/23/00), Bates OCC 0000536182-89; OCC Interim Target Memorandum on "Bank Secrecy Act/Anti-Money Laundering (BSA/AML) Exam," from Ashley Lee to Riggs Bank officers (6/21/02), Bates OCC 0000029228-31.

[313] Subcommittee interview of Ashley Lee (6/30/04).

[314] OCC guidance, "Contacts with Former OCC Employees," (undated), Bates OCCX 00032-33. See also government-wide guidance issued by the federal Office of Government Ethics indicating that a former federal employee's mere presence at a meeting with his or her former agency can constitute a violation. Memorandum entitled, "Regarding Revised Post-Employment Restrictions of 18 U.S.C. § 207," (10/26/90), at 4 ("An 'appearance' extends to a former employee's mere physical presence at a proceeding when the circumstances make it clear that his attendance is intended to influence the United States.").

ROE prominently listed the bank's AML deficiencies and directed the bank to correct them. After the sternly worded report was issued in 2001, however, no OCC supervisor took the steps necessary to follow through and ensure the bank actually corrected the identified problems.

In 2002, while the OCC carefully investigated the Pinochet accounts and raised appropriate questions about the attendant money laundering risks, the OCC appears not to have even considered taking enforcement action against the bank for hiding these accounts from the OCC for two years and ignoring the money laundering risk. In fact, the record suggests senior OCC officials spent more time reassuring Riggs that it would keep the Pinochet accounts confidential than considering whether to initiate an enforcement action. In the end, the OCC failed even to issue a final examination report on the Pinochet matter.

In 2003, after uncovering extremely troubling information in connection with accounts associated with Saudi Arabia, the OCC took its first enforcement action against the bank, issuing a cease and desist order requiring it to revamp its AML program. While this order was a more comprehensive and formal directive compared to those in prior examination reports, it imposed no punitive measures such as a civil fine. OCC enforcement officials were clearly considering imposing a fine as demonstrated by their delivery in June 2003 of a "15-day letter" to Riggs. These letters give the recipient 15 days to explain why the OCC should not impose a civil fine for misconduct.

Riggs responded with a letter opposing imposition of a civil fine for its AML deficiencies. After reviewing the letter, some OCC enforcement personnel supported going ahead with the fine, while some OCC personnel from the bank supervisory office advised against it.[315] Rather than resolve the issue internally at that time, the OCC decided to refer the Riggs case to FinCEN, which has delegated authority under 31 U.S.C. § 5321 to impose civil fines for willful AML violations. This referral took place in June 2003. It is difficult to understand, however, why FinCEN had not already been informed about the case, given its publicity. FinCEN and the OCC then took another year before, in May 2004, imposing a civil fine on the bank for $25 million.

It is also worth noting that the key OCC enforcement actions that were taken against Riggs Bank took place after negative press reports began raising public questions about Riggs' AML safeguards. For example, the OCC's in-depth review of the Saudi accounts followed press articles that began appearing in November 2002, suggesting links between certain Riggs accounts and the 9-11 terrorist attack. This examination resulted in the OCC's identifying the same deficiencies as in earlier years, but in contrast to the agency's prior willingness to rely on oral promises by the bank to improve, the OCC issued a public cease and desist order requiring corrective action. The OCC's examination of the E.G. accounts in 2003 and 2004 was, in turn, prompted by a negative press article in January 2003, and by the Subcommittee's investigation of these accounts throughout 2003. The OCC has indicated that it was the E.G. examination that opened their eyes to still more bank misconduct and to evidence of the bank's utter failure to implement promised AML reforms, resulting in the decision to impose a civil fine on the bank.

The OCC has acknowledged that it acted too slowly in the Riggs case. At a hearing, the Comptroller of the Currency John D. Hawke, Jr. admitted that, "We gave the bank too much time." In May 2004, he sent a memorandum to the OCC's Quality Management Division to review the Riggs case and, among other matters, assess "whether our examination team took appropriate and timely actions to address any shortcomings they found in the bank's processes and in its responses to matters noted by the examiners."[316]

AML Assessments. A final issue raised by the Riggs case history involves the treatment of AML deficiencies in the examination reports actually given to the bank. A careful reading of the OCC examination reports shows that AML deficiencies did not receive consistent treatment in the annual Reports of Examination (ROE) given to the Riggs Bank Board of Directors. A ROE

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[315] Subcommittee interviews of OCC personnel.

[316] Memorandum from John D. Hawke, Jr. to Ronald A. Lindhart (5/20/04), "Engagement Memorandum: Retrospective of BSA/AML violations at Riggs Bank, N.A., McLean, Virginia."

has special significance, because it is the standard mechanism used by the OCC to convey to the Board a comprehensive assessment of the bank's safety and soundness, and bank directors are typically required to sign the last page of the ROE, certifying that they have personally reviewed it. The ROE typically provides a bank's latest CAMELS ratings and offers assessments of the bank's performance on a number of key factors: capital adequacy, asset quality, bank management, earnings, liquidity, sensitivity to market risk, management of nine risk factors, financial analysis, information technology systems, and consumer compliance. The ROE also provides examination conclusions and comments, and "matters requiring attention" by the bank. Currently, the ROE does not routinely offer an assessment of a bank's anti-money laundering program. Instead, if an AML problem arises, the topic is dealt with in the ROE on an ad hoc basis, with a special section or discussions in the management, risk assessment, or consumer compliance sections.

In the case of Riggs, the ROEs issued by the OCC in 1998 and 1999, contained virtually no AML information, other than a brief mention near the end of each report that an AML examination had taken place during the year. Neither report conveyed any AML examination results or other AML assessment. Neither report gave any hint to the Board of Directors that AML deficiencies had been identified in 1997, 1998, and 1999 AML examinations of Riggs.

In contrast, the 2000 ROE prominently identified a host of AML deficiencies at the bank, with strong language calling for immediate corrective action. The discussions of AML problems appeared in a special section and in several standard sections of the ROE. In 2001, the approach taken in the ROE changed again. The ROE made a brief statement that AML compliance "needs lasting and progressive attention," but also stated that the bank had made "good progress in addressing the issues" and devoted little overall space to the bank's AML performance. The 2001 ROE was also issued much later in the year – in mid 2002.

The subsequent ROE, which supposedly covered 2002, was actually issued in late 2003. In contrast to the low-key approach taken in 2001, this ROE again treated AML deficiencies as a major concern, citing numerous deficiencies and the consent order issued in July 2003. In addition, the OCC issued a special ROE devoted solely to AML problems at the bank and required all Riggs directors to review and sign it. Although this ROE carries an official date of January 6, 2003, it was actually issued six months later in June 2003.

Viewed together, the ROEs issued to Riggs Bank from 1998 to 2003, demonstrate that current practice at the OCC is to communicate AML assessments to Boards on an ad hoc basis.[317] This ad hoc treatment can, and in the Riggs case did, lead to confusing signals regarding the extent of AML deficiencies, whether the bank was doing enough to correct them, and the importance placed on corrective action by the OCC. A more uniform treatment of AML issues in the annual ROEs given to Board members would elevate the importance of these issues, and possibly increase both consistent treatment by regulators and completed corrective actions by banks.

C. AML Oversight Generally

Finding (6): Uneven AML Enforcement. Current AML enforcement efforts by federal agencies are uneven and, at times, ineffective, as demonstrated by cases in which federal regulators have allowed AML compliance problems to persist at some financial institutions for years, failed after three years to issue final regulations implementing the Patriot Act's due diligence requirements, and failed to issue revised guidelines for bank examiners testing AML compliance with the Patriot Act's due diligence requirements combating money laundering and foreign corruption.

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[317] Federal Reserve Banks issue a "Report of Bank Holding Company Inspection" that is similar to the OCC's ROE. In the Riggs case, these reports also treated AML concerns in an inconsistent, ad hoc fashion, and would also benefit from standard, annual AML assessments.

The failure to take quick and forceful enforcement action in the Riggs matter is not an isolated case. It is symptomatic of uneven and, at times, ineffective enforcement by all federal bank regulators of bank compliance with their anti-money laundering obligations.

In addition to Riggs, a number of AML cases demonstrate that federal banking regulators have allowed AML compliance problems to persist for years without correction. Recently, the General Accounting Office (GAO) testified before the Senate Committee on Banking, Housing, and Urban Affairs and described several of these cases.[318]

GAO reported, for example, that the Federal Reserve Bank of New York (FRBNY) allowed AML problems to continue at Banco Popular de Puerto Rico for four years before taking enforcement action.[319] This bank's AML program had numerous fundamental flaws which, among other problems, allowed an individual later convicted of money laundering to make repeated cash deposits at the bank, from 1995 to 1998, totaling $21.5 million. During this period, the FRBNY conducted four examinations of the bank, but none identified AML deficiencies. In 1999, four years after the money launderer began making cash deposits, the FRBNY received a law enforcement tip about possible drug proceeds being laundered through the bank, initiated an in-depth examination of the bank's AML program, and found widespread, significant AML deficiencies. In 2000, the FRBNY and FinCEN imposed a civil fine of $20 million on the bank, required it to revamp its AML program, and participated with the Department of Justice in entering into an agreement with the bank which deferred a criminal prosecution against the financial institution.

GAO also reported on a case in which the OCC allowed AML problems to persist for six years at Broadway National Bank, a small community bank in New York City.[320] This bank's AML program was also fundamentally flawed; its deficiencies included a complete absence of any policies or procedures to identify or report suspicious activity. In 1998, over 100 suspect accounts were identified at the bank, including 12 accounts controlled by an individual who later pled guilty to laundering money for a Colombian drug cartel and who made repeated cash deposits of $100,000 or more from 1992 until 1998. In March 1998, alone, this individual deposited $4 million in cash at the bank and withdrew $3.2 million through 90 wire transfers, of which 87 went to Colombia. The bank also allowed other clients to engage in multiple structured cash deposits to avoid reporting requirements. During the relevant time period, the OCC conducted a single AML examination of this small community bank and found its overall 1995 AML compliance "satisfactory." In 1998, the OCC received a law enforcement tip that caused it to conduct an in-depth examination of the bank's AML program and uncovered significant AML deficiencies. In 1998, the OCC issued a cease and desist order requiring the bank to revamp its AML program. In 2002, the bank pleaded guilty to three felony charges for failing to maintain an AML program, failing to file suspicious activity reports related to $123 million in cash deposits, and helping customers structure $76 million in cash transactions to evade currency reporting requirements. The bank agreed to pay a $4 million criminal fine. In 2003, the bank's two most senior officers each paid the OCC a civil fine of $35,000.

A third example involves a credit union which GAO reported had ongoing AML violations for eight years before the National Credit Union Administration (NCUA) took enforcement action.[321] From 1989 to 1997, the Polish and Slavic Federal Credit Union in Brooklyn, New York, failed to file numerous Currency Transaction Reports (CTR) for cash transactions exceeding $10,000. It also improperly exempted from its CTR filings the credit union's former

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[318] See "Anti-Money Laundering: Issues Concerning Depository Institution Regulator Oversight," (Report No. GAO-04-833T, 6/3/04), testimony provided by the General Accounting Office before the U.S. Senate Committee on Banking, Housing, and Urban Affairs.

[319] Id. at 6-7.

[320] Id. at 9. The Subcommittee also investigated this bank, conducting several interviews of Broadway National Bank officials in 1999, as part of an ongoing money laundering investigation at that time. The information recited here is derived from both the GAO testimony and the Subcommittee's 1999 investigation.

[321] GAO testimony, at 7-8.

Chairman of the Board, who owned a travel agency and money remitter business and did not qualify for a CTR exemption. This individual's remitter business reportedly made over 1,000 cash deposits in excess of $10,000 during the eight years, but no CTRs were filed. In 1997, the NCUA initiated a series of enforcement actions against the credit union, and in 1999, placed it in conservatorship due to inadequate internal controls. In 2000, three years after the misconduct, FinCEN determined that the credit union had failed to establish an adequate AML program, and assessed a civil fine of $185,000.

Another example involves a bank which had ongoing AML violations for a number of years before the Federal Deposit Insurance Corporation (FDIC) and Federal Reserve Board took enforcement action. According to FinCEN, the Korean Exchange Bank, which has branches and subsidiaries in major cities across the United States, allowed customers to make suspicious cash deposits, engage in structured cash transactions, and send suspicious wire transfers, without filing suspicious activity reports.[322] For example, the bank accepted without inquiry 37 cash deposits totaling $1.2 million over a two-month period from a company that allegedly imported wigs, while allowing an allegedly related company to deposit $16 million in repeated cash deposits from 1986 to 1999. A New York account for the second company, opened in 1998, received cash deposits of over $3.8 million in eight months and withdrew most of the deposited funds within a short time through 70 wire transfers sent to various beneficiaries in Korea and Japan. The FDIC conducted at least three examinations of the bank from 1999 to 2001, which identified major AML deficiencies. In 2000, the FDIC, Federal Reserve, and four state banking agencies issued a joint consent order requiring the bank to revamp its AML program. Three years later, in 2003, FinCEN imposed a $1.1 million civil fine on the bank, for failing to file 39 suspicious activity reports from 1998 to 2001, involving nearly $32 million, and for failing to verify the identity of persons who were not regular bank customers but claimed cash from wire transfers of $3,000 or more.

A final example involves thrifts overseen by the Office of Thrift Supervision (OTS). GAO reported that in September 2003, the Inspector General (IG) of the Treasury Department reviewed OTS enforcement actions taken against thrifts with substantive AML violations.[323] The IG report stated that OTS examiners had found substantive AML violations at 180 of 986 thrifts examined from January 2000 through October 2002, a rate of about 18 percent. OTC had issued written enforcement actions for only 11 of the 180 thrifts, which is about six percent. Moreover, five of the 11 enforcement actions were described by the IG as untimely, incomplete, or ineffective. The IG also reported that, of 68 sampled cases in which the OTS had "relied on moral suasion and thrift management assurances" to obtain AML compliance, 47 thrifts, or 69 percent, took the required corrective action, but 21 thrifts, or 31 percent, did not. In fact, at some of the 21 thrifts that took no corrective action, the IG reported that BSA compliance worsened.

These cases indicate that all of the federal banking regulators, not just the OCC, need to strengthen their AML enforcement efforts. The Federal Reserve, FDIC, NCUA, and OTS each allowed AML deficiencies to continue for years before taking any enforcement act. They took one or more additional years to impose civil fines. Regulators need to make more prompt use of available enforcement tools, including civil fines, when financial institutions ignore their AML obligations.

In addition to uneven enforcement actions, the U.S. Department of Treasury, FinCen, and all of the federal bank regulatory agencies, have failed to take needed regulatory actions to ensure consistent implementation and enforcement of the Patriot Act provisions combating money laundering and foreign corruption. First, despite enactment in October 2001, three years ago, neither Treasury nor any of the federal agencies has issued a final rule implementing the Patriot Act's requirements for financial institutions to exercise due diligence when opening certain accounts for foreign clients, including private banking accounts for senior foreign political

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[322] See In re Korea Exchange Bank (Case No. 2003-04, 6/20/03), in which the Financial Crimes Enforcement Network imposes a $1.1 million civil monetary penalty on the bank. This example was not discussed in the GAO testimony.

[323] Id., at 9-10.

figures.[324] A proposed due diligence rule was issued by Treasury and FinCEN in mid-2002, and attracted significant public comment at the time, but years later has yet to be finalized.[325] The proposed rule included some controversial interpretations of the law's due diligence requirements[326] and, in some cases, omitted guidance that would have provided useful direction to both financial institutions and regulators interpreting the law.[327]

Instead of issuing a final rule, on July 23, 2002, the Treasury Department issued an "interim final rule" which essentially repeated the statutory language in the Patriot Act, and directed banks to implement a due diligence program "that comports with existing best practice standards" and, in the case of senior foreign political figures, is "consistent with" Federal Reserve guidance on private banking activities issued in 1997, and federal guidance on "enhanced scrutiny for transactions that may involve the proceeds of foreign corruption issued jointly by Treasury, the bank regulators, and the State Department in January 2001."[328] This interim rule provides general direction on banks' due diligence obligations, but virtually none of the specifics in the proposed rule. One senior OCC enforcement official commented in 2003: "[T]here is no final rule out on section 312, and the interim rule imposes little more than a 'good faith' standard."[329] By failing to devote the resources needed to finalize the Section 312 due diligence rule, the Treasury Department has left both regulators and financial institutions without appropriate guidance.

In addition to failing to issue a final due diligence rule, federal banking agencies have also failed to update their AML examination manuals to include guidance on ensuring bank compliance with the due diligence requirements in the Patriot Act. OCC examiners, for example, are using a four-year-old examination manual, issued in 2000, which contains no reference to the due diligence requirements that became effective in July 2002, for private banking accounts, including accounts opened by senior foreign political figures.

VII. Foreign Corruption and Oil Transparency

Finding (7): Unseen Payments. Oil companies operating in Equatorial Guinea may have contributed to corrupt practices in that country by making substantial payments to, or entering into formal business ventures with, individual E.G. officials, their family members, or entities they control, with minimal public disclosure of their actions.

The Riggs case history has additional significance for international anti-corruption efforts. Over the past decade, Africa has become an increasingly important source of oil and natural gas for the United States.[330] U.S. oil companies have dedicated increasing resources to the discovery

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[324] See Section 312 of the Patriot Act, codified at 31 U.S.C. § 5318(i).

[325] See 67 F.R. 37,736 (5/30/02).

[326] For example, the proposed regulations suggested creating a due diligence exception for certain offshore shell banks that had no basis in the statutory language. See comment letter on the proposed regulation submitted by Senators Levin, Grassley and Kerry (10/11/02), at 4-7.

[327] For example, the proposed regulations failed to provide any guidance on the enhanced due diligence obligations of banks wishing to open accounts for senior foreign political figures or their family members. See id. at 8.

[328] See 67 F.R. 48,348 (7/23/02). The interim final rule also completely exempted a number of categories of financial institutions from any duty to comply with the Patriot Act's due diligence requirements. The interim final rule states: "Treasury anticipates issuing a final rule no later than October 25, 2002."

[329] Internal OCC email (10/16/03), Bates OCC 0000505424.

[330] See, e.g., "Promoting Transparency in the African Oil Sector," report prepared by the Center for Strategic and International Studies Task Force on Rising U.S. Energy Stakes in Africa (March 2004); "Doing the Sums on Africa - Developing Africa's Economy – By Invitation," The Economist, (5/20/2004)(West Africa could supply up to 25% of the U.S.'s hydrocarbon imports within a decade).

and development of African reserves and production facilities. Nigeria, Angola, Gabon, and Equatorial Guinea are now the top four producers of oil on the continent, and each is a supplier to the United States. Each is also known to have major problems with corruption, poverty, and violence. As international and non-governmental organizations intensify their efforts to ensure that oil and gas proceeds are not misappropriated, natural resource development does not destabilize the region, and oil wealth is used to advance the well-being of Africa's population,[331] the Riggs case history offers useful information about how oil companies sometimes operate within a developing economy.

When analyzing large transactions involving the E.G. oil account and other E.G. accounts at Riggs Bank, the Subcommittee staff became aware of a number of substantial payments made by oil companies to particular E.G. government offices, E.G. officials, their family members, or entities controlled by the officials or their family members. Research into these payments uncovered a number of business transactions between the oil companies and E.G. individuals that may have attracted little or no public notice. The nature of these transactions and the amount of money involved raise legitimate questions about these and other business dealings within the country.

Among other information uncovered during research into various oil company payments, the Subcommittee's investigation found that some E.G. officials and their families had come to dominate certain sectors of the E.G. economy and, in some cases, had become virtual economic gatekeepers for foreign companies wishing to do business in the country. For example, according to internal Riggs documents, the E.G. President controls several E.G. businesses which virtually monopolize the E.G. construction, supermarket, and hotel industries and generate significant revenues in other areas as well.[332] The E.G. President's son apparently dominates the timber industry and also has key companies in other economic sectors.[333] The E.G. President and his wife also appear to control significant parcels of E.G. land which they have leased or sold to some foreign corporations. This type of economic dominance compels foreign companies wishing to operate in Equatorial Guinea to do business with the E.G. President, his relatives, or the entities they control, at times providing them with lucrative returns. How oil companies can and should respond to this situation raises a number of difficult policy issues.

A. Oil Companies in Equatorial Guinea

Over the past decade, oil companies with a major presence in Equatorial Guinea include: ChevronTexaco Corporation; CMS Energy Corporation whose E.G. oil interests were purchased by Marathon Oil Company in 2002; Devon Energy Corporation; ExxonMobil Corporation; Triton which was acquired in 2001 by Amerada Hess Corporation; and Vanco Energy Company. Currently, ExxonMobil, Hess, and Marathon have substantially greater E.G. operations than the others.

To do business in Equatorial Guinea, each of these oil companies entered into one or more oil production sharing contracts with the E.G. government. These contracts require the oil companies to provide a certain percentage of the oil they discover to the E.G. government and to pay E.G. taxes on the profits they make in the country.

The E.G. government instructs the oil companies where to send payments owed to the government. The records examined by the Subcommittee indicate that most of the payments made by the oil companies went to E.G. government accounts, including many that went to the E.G. oil account at Riggs. However, the records also show a number of payments to other accounts or individuals. For example, Marathon made a number of payments to E.G. accounts other than the oil account, including accounts for the E.G. Embassy Missions in Washington and

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[331] See, e.g. "Oil, Diamonds, and Sunlight: Fostering Human Rights Through Transparency in Revenues from Natural Resources," Andreanna M. Truelove, 35 Geo. J. Int'l L. 207 (Fall 2003).

[332] Riggs memorandum to the file by Simon Kareri (11/28/01), Bates RNB 000040.

[333] See Riggs "Officers' Loan Committee Action" (7/18/02), Bates RNB 010508-18, at 12.

New York.[334] Hess made payments to approximately 33 different E.G. government vendors between May 1997 and March 2004.[335] In addition, some of the oil companies have, on occasion, entered into business ventures with E.G. officials, their family members, or entities they control.

B. Oil Company Payments

The Subcommittee's review of E.G. account documents and related materials indicates that three of the oil companies have, on occasion, made large payments to individual E.G. officials, their family members, or entities controlled by them. These payments were for leases, land purchases, services, employment of E.G. nationals, and Embassy operations. All six oil companies made payments for educational expenses for E.G. students. A brief description of these payments follows.

(1) Payments for Leases and Land Purchases

A memorandum to the file written by the Riggs E.G. account manager on the President's business holdings states that land leases from certain oil companies were generating significant revenues for the E.G. President, since the large-acreage compounds used by the companies were located on farm land leased from him.[336]

ExxonMobil's E.G. subsidiary, Mobil Equatorial Guinea Inc. ("MEGI"), leases buildings and land in what MEGI refers to as the "Abayak Compound," which is an area of approximately 50 acres for offices and employee living facilities.[337] From March 19, 1996 until June 22, 2001, MEGI leased the Abayak Compound using two leases – a buildings lease and a land lease – each of which was obtained directly from the E.G. President's wife.[338] On June 22, 2001, the leases were amended to change the lessor to Abayak S.A., an E.G. company controlled by the E.G. President.[339] According to ExxonMobil, the E.G. President's wife is actively involved in the management and administration of the property.[340] MEGI delivers rental checks to the Lessor's representative, as instructed, some of which were deposited into a Riggs account held in the name of the President's wife.[341]

In addition, between 2001 and 2003, pursuant to a lease agreement for the rental of a house for an ExxonMobil area manager, another ExxonMobil subsidiary, Mobil Oil Guinea Ecuatorial (MOGE), paid $45,020 to Francisco Pascual Obama Asue, the E.G. Minister of Agriculture.

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[334] Letter from Marathon Oil Company to the Subcommittee (6/18/04), at 6.

[335] Letter from Amerada Hess Corporation to the Subcommittee (5/03/2004), attachment 2.1(a).

[336] Riggs memorandum to the file by Simon Kareri (11/28/01), Bates RNB 000040.

[337] Letter from ExxonMobil Corp. to the Subcommittee (6/02/04), attachment 1, at 1.

[338] Id. The "buildings lease" is for the original buildings in the Abayak Compound. The initial rent under this lease was $130,000 per year and increased to $175,500 in 2001, with an escalation provision of no more than 15% every three years by mutual agreement of the parties. The "land lease" covers land that was undeveloped forest when first leased. The initial annual rent was $7,000 per year, which was increased to $10,000 per year when a 2001 amendment added approximately 5 acres of adjacent land.

[339] Id.

[340] Letter from ExxonMobil Corp. to the Subcommittee (4/20/04), attachment 1, at 5.

[341] Riggs account records show, for example, that ExxonMobil made a rental payment to the President's wife for about $111,000 on 6/11/98, Bates RNB 000975-000976; and another for about $161,000 on 5/16/00, letter from ExxonMobil Corp. to the Subcommittee (6/2/04), attachment 1, at 2. See also a 4/12/99 payment by ExxonMobil of about $93,000 to the E.G. President's wife, Riggs account records, Bates RNB 028695, which also was a Abayak Compound rental payment.

Between 2000 and May 2004, MOGE also paid $236,160 to ATSIGE, a labor contractor owned by the E.G. Interior Minister.[342]

In addition, the Amerada Hess Corporation (Hess) has paid E.G. officials and their relatives nearly $1 million for building leases.[343] Of the 28 leases Hess identified for rentals in Malabo, Equatorial Guinea, 18 were leased from persons connected to the government or the Obiang family.[344] With the exception of four houses and one office, Hess indicated that it planned to cancel all of these leases by April 30 of this year. One of these leases was negotiated and executed in 2000 by Triton (which was acquired by Hess in late 2001) and involved leasing property from a fourteen-year-old relative of the President, who was represented by his mother. Under this lease, Hess and Triton have paid $445,800 to the relative and his mother.[345]

Triton also purchased a tract of land near Bata Airport from military officer General Antonio Obana Ndong for approximately $300,000 for use as a heliport.[346]

Marathon has paid or agreed to pay the E.G. President over $2 million for the purchase of land. In January 2004, to expand its Alba Field operations and liquid petroleum gas plant, Marathon negotiated with Abayak S.A. for the purchase of 50 hectacres of land located in Punta Europa, Equatorial Guinea.[347] Marathon delivered to Abayak a check for more than $611,000 made out to D. Teodoro Obiang Nguema.[348] In January 2004, Marathon also negotiated with Abayak, as the agent for D. Teodoro Obiang Nguema, for the purchase of an additional 208 hectacres of Punta Europa land to be used for a proposed liquified natural gas plant.[349] As of June 18, 2004, this purchase was still pending, but the agreed upon purchase price was about $1.4 million.[350]

(2) Payments for Services

Security Services. Two of the oil companies doing business in Equatorial Guinea, Hess and ExxonMobil, told the Subcommittee that they buy their security services through Sociedad Nacional de Vigilancia (Sonavi), a company owned by the President's brother, Armengol Ondo Nguema. These companies told the Subcommittee staff that Sonavi has a monopoly on security services in E.G., and Hess told the Subcommittee that Soanvi's rates were not negotiable as they are driven by E.G. law.[351] Between January 2000 and May 2004, Hess paid a total of about

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[342] Letter from ExxonMobil Corp. to the Subcommittee (6/17/04), attachment 1, at 2.

[343] Letter from Amerada Hess Corp. to the Subcommittee (4/23/04), at attachment 4.1, Bates AHC 00030; letter from Amerada Hess Corp. to the Subcommittee (6/02/04) at attachment to paragraph 4, Bates AHC 00104.

[344] Id.

[345] Letter from Amerada Hess Corp. to the Subcommittee (6/02/04), at 3 and at attachment to paragraph 4, Bates AHC 00104. In an interview with Subcommittee staff, a Hess representative explained that in 2003, Hess was served with a court order instructing it to stop paying the President's relative and make rental payments to another Equatorial Guinea citizen whom the court declared had documented that he was the legitimate property owner. Hess complied, and approximately two months later a Minister of the E.G. government asked Hess why it had stopped making payments on the lease and informed Hess that the youth was his Godson. When Hess informed the Minister of the court order, the Minister called the judge who had issued the court order. According to Hess, while on the telephone with the Minister, the judge rescinded the court order, and Hess started paying the relative for the lease again.

[346] Letter from Amerada Hess Corp. to the Subcommittee (6/02/04), at 1.

[347] Letter from Marathon Oil Co. to the Subcommittee (4/16/04), at 3.

[348] Id.

[349] Id. See also letter from Marathon Oil Co. to the Subcommittee (6/18/04), attachment 1, at 2.

[350] Id.

[351] Letter from Amerada Hess Corp. to the Subcommittee (6/02/04), at 2.

$300,500 to Sonavi.[352] Hess planned to end its contract with Sonavi, but told the Subcommittee that there was a possibility that it would be ordered to continue employing government-nominated companies like Sonavi for security services, and prevented from using exclusively its own security guards.[353]

From August 1997 to October 2000, ExxonMobil, the other oil company that uses Sonavi, had one of its subsidiaries pay Sonavi $683,900 for security services in Equatorial Guinea.[354] In addition, between 2000 and 2003, a different ExxonMobil entity paid approximately $26,400 to Sonavi for security.[355] ExxonMobil told the Subcommittee that it had determined that its relationship with Sonavi was at arm's length and that payments made had been consistent with market rates.[356]

Four other oil companies told the Subcommittee that they are allowed to get their security services from other sources.

Employing E.G. Nationals. Marathon told the Subcommittee that, after acquiring CMS Energy's E.G. oil interests in 2002, Marathon continued CMS's practice of obtaining laborers through APEGESA, an entity Marathon believes is partially owned by Juan Olo, the former E.G. energy minister and current President of the Board of Directors of GEOGAM. Marathon reimburses APEGESA for the compensation it pays to workers, and also pays a fee of approximately 20% of the salaries of the workers. Since 2002, Marathon has paid APEGESA about $7.5 million.[357]

Between 2002 and May 2004, Marathon also used the services of a company called Multi-Services Systems (MSS) to employ local nationals. E.G. officials are believed to hold an interest in and serve as officers of MSS. Marathon's payments to MSS cover the compensation paid to the workers, and a fee of approximately 20% of the salaries of the workers. The total amount paid to MSS during this period was about $6.9 million.[358]

(3) Payments to Support E.G. Mission and Embassy

In some instances, E.G. officials have directed some oil payments be paid to support E.G. embassies. At the request of the E.G. Minister of Mines and Energy, for example, Marathon has directed $5,400 per month via wire transfer to a Chase Manhattan Bank account for the Permanent Mission of Equatorial Guinea in support of the E.G. Permanent Mission to the United Nations in New York.[359] According to the company, these payments have been deducted from the E.G. government's royalties.

Under another production sharing contract, Marathon is also required to pay $7,000 a month to assist the E.G. government in maintaining an embassy in Washington D.C. At the

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[352] Id.

[353] Id.

[354] Letter from ExxonMobil Corp. to the Subcommittee (6/02/04), attachment 1, at 2.

[355] Letter from ExxonMobil Corp. to the Subcommittee (6/17/04), attachment 1, at 4.

[356] Letter from ExxonMobil Corp. to the Subcommittee (6/02/04), attachment 1, at 2.

[357] Letter from Marathon Oil Co. to the Subcommittee (6/18/04), at 3.

[358] Id., at 5.

[359] Id., at 6-7.

request of the Minister of Mines and Minerals, Marathon also pays $3,500 a month for the Embassy personnel's medical insurance and $2,700 for social security payments.[360]

Marathon also told the Subcommittee that under one of its production contracts it is required to purchase services, materials and equipment for the government's use as reasonably requested by the government. The company is authorized to deduct the cost of such purchases from amounts payable to the E.G. government.[361]

(4) Payments for E.G. Students

Evidence obtained by the Subcommittee indicates that all six of the oil companies also made significant payments for expenses incurred by E.G. students seeking to obtain advanced training or a university education outside of Equatorial Guinea. Many and perhaps all of these students were the children or relatives of E.G. officials, but the evidence is unclear regarding the extent to which each of the oil companies was aware of the students' status. Making these payments is apparently a required condition in some oil production sharing agreements.[362]

The evidence indicates that some of the oil companies directly paid students' tuition bills and living expenses. In March 2001, however, Riggs Bank opened the first of two accounts intended to be used for E.G. student expenses[363] and agreed to provide administrative support for the students who were studying in the United States and were funded out of a Riggs account. A U.K. company, Exploration Consulting Ltd. ("ECL"), apparently provided similar services for E.G. students studying in the United Kingdom.[364] Some of the oil companies then halted direct funding of E.G. students, instead making deposits to one or more E.G. student accounts administered by Riggs or ECL, and relied on these third parties to pay the students' bills.[365]

According to ChevronTexaco, it provided $150,000 each year between 2001 and 2004 for E.G. student training expenses to various E.G. Ministry of Mines and Energy accounts. The 2001 and 2002 payments were made to an account at Societe Generale in Equatorial Guinea. The 2003 payments were made by wire transfers of $90,000 to Riggs in Washington, D.C. and $60,000 to Lloyds in the United Kingdom. The 2004 payment was made to an account at Lloyds.[366]

Devon indicated to the Subcommittee that in June 2003, pursuant to the educational training obligations contained in two of its Production Sharing Contracts, it made a payment of approximately $150,000. In January 2004 it made a similar payment of $200,000. The payments

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[360] Id. Payments are made by wire transfer to Riggs Bank for the account of the Embassy of the Republic of Equatorial Guinea, Account No. 76772007. Marathon was advised in May 2004 by the E.G. Ambassador, Teodoro Biyogo Nsue, that the Riggs Bank account had been closed and future payments to the E.G. Embassy were to be made to an account at The Congressional Bank, Potomac, MD.

[361] Id.

[362] See, e.g., letter from Marathon Oil Co. to the Subcommittee (4/16/04), attachment at 3 ("Marathon is required under both the Alba Production Sharing Contract and the Block D Production Sharing Contract to contribute, at the Ministry of Mines and Mineral's request, to a fund maintained by the Ministry for the training of citizens of the Republic of Equatorial Guinea.").

[363] For a description of these two Riggs accounts, see Section V(C) of this Report. The first account was opened in the name of "Republica de Guinea Ecuatorial-Cuenta Estudiantes MME," and the second, opened in May 2002, was in the name of "Republica de Guinea Ecuatorial-Fondo Especial Para Becas."

[364] See letter from Marathon Oil Co. to the Subcommittee (6/18/04), at 16.

[365] See, e.g., communications between CMS and Simon Kareri regarding four students (8/21/01 and 8/23/01), Bates RNB 006340-43 and 46–56.

[366] Letter from ChevronTexaco to the Subcommittee (7/8/04), attachment at 2. For 2003 Riggs payment, see also Riggs listing of account activity from January-July 2003, Bates RNB 006602-09, at 606.

were made by check to either the Ministry of Mines and Energy or the Treasury of the Republic of E.G. as required by the contract.[367]

ExxonMobil did not provide the Subcommittee with any information indicating it had made payments in support of E.G. students. A Riggs document states, however, that ExxonMobil, along with Marathon, directly funded 28 to 35 E.G. students in 2003.[368] The document does not provide a dollar amount.

Between 2001 and 2003, Hess made payments totaling at least $1.9 million in support of E.G. students studying in the United States or Canada. Hess (via its predecessor Triton) made these payments through a Triton subsidiary, Triton Equatorial Guinea, Inc.[369] Triton also directly funded two E.G. students at the University of South Carolina paying more than $50,000 per student.[370] In addition, on or about March 6, 2001, as a favor, Triton Equatorial Guinea, Inc. transferred over $250,000 to a Riggs account established to provide funding for the education of the children of Armengol Ondo Nguema, the E.G. President's brother, using funds he supplied.[371] These payments exceed $2 million altogether.

Marathon is obligated under its Production Sharing Contracts to pay almost $300,000 a year for E.G. student training. For its 2002 obligations, Marathon made a payment of $150,000 to the E.G. student account at Riggs, and a payment of $70,000 to a similar account at Lloyds Bank in London.[372] Marathon indicated to the Subcommittee that it anticipates making an additional $590,000 in similar payments for its 2003 and 2004 obligations.[373] CMS and Riggs records dated before Marathon's acquisition of CMS's interests in 2002 indicate that in August 2001 CMS paid $275,000 into one of the E.G. student accounts at Riggs Bank.[374]

Marathon also provided direct support to students.[375] Records indicate that CMS (which later sold its E.G. interests to Marathon) directly funded four E.G. students between 1996 and 2001.[376] After Marathon purchased CMS' oil interests in Equatorial Guinea in 2002, Marathon funded two students who had previously been supported by CMS.[377] Marathon told the

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[367] Letter from Devon Energy Corp. to the Subcommittee (4/26/04), at 3.

[368] See email from Riggs to the OCC (12/4/03), Bates OCC 0000510314, listing students "funded directly by the Exxon and Marathon Oil Companies."

[369] See letter from Amerada Hess Corp. to the Subcommittee (5/3/04), attachment 2.1(b) entitled, "Houston/Dallas Payments to the EG Government During the Period May 2, 1997 to December 31, 2003," Bates AHC 00086. See also, e.g., letter from Riggs Bank to President Obiang (2/8/02), Bates RNB 006703.

[370] See "Follow Up Questions for Hess," (7/13/04), containing responses from Amerada Hess to questions from the Subcommittee, at 1.

[371] See letter from Amerada Hess to the Subcommittee (6/2/04), attaching copies and English translations of a letter from Andy Mormon, Temporary General Manager, Triton Equatorial Guinea, to Armengol Ondo Nguema (3/5/01), "Reference: $250,000 Transfer for your children who are studying in the United States and Canada," and a letter from E.G. Minister Baltasar Engonga Edjo to Andy Morman (3/6/01), "Reference: USD $250,000 transfer in favor of Armengol Ondo Nguema, relating to the funding of his children's school expenses," Bates AHC 00095-97 and 00101-03.

[372] Letter from Marathon Oil Co. to the Subcommittee (04/16/04), attachment at 4.

[373] Letter from Marathon Oil Co. to the Subcommittee (06/18/04), at 7.

[374] Id., Bates RNB 006340-43, at 41.

[375] See email from Riggs to the OCC (12/4/03), Bates OCC 0000510314, listing 28-35 students "funded directly by the Exxon and Marathon Oil Companies."

[376] See communications between CMS and Riggs Bank regarding four students (8/21/01 and 8/23/01), Bates RNB 006341-43, at 41, and 006346-56, at 53-55.

[377] These students attended the Berlitz Language Center in Houston to learn English and then the Houston Community College. See letter from the Marathon Oil Co. to the Subcommittee (6/18/04), at 17.

Subcommittee that "it came to the attention of Marathon that the two students might be related to President Obiang. Although this was never verified with certainty, Marathon informed the [E.G.] Minister on August 27, 2003, that Marathon would discontinue this practice. ... The last payment Marathon made in support of these students was in November of 2003."[378] In fiscal year 2003 alone, the funding Marathon provided for these two students exceeded $14,000.[379]

Vanco also made four payments to accounts for the Ministry of Mines and Energy for the training of E.G. students. Two payments totaling about $158,000 were made between 2000 and 2001 to Lloyds Bank London, and two payments exceeding $190,000 were made between 2002 and 2003 into an E.G. student account at Riggs Bank.[380]

Altogether, the Subcommittee was able to document payments in excess of $4 million made by oil companies to support more than 100 E.G. students studying abroad, most of whom were the children or relatives of wealthy or powerful E.G. officials.

C. Joint Business Ventures

In a few instances, some oil companies have also entered into business ventures with companies owned or controlled by high ranking E.G. officials or their family members.

Mobile Oil Guinea Ecuatorial (MOGE). In 1998, for example, ExxonMobil entered into a business venture with Abayak S.A., the construction and real estate company controlled by the E.G. President, to form Mobile Oil Guinea Ecuatorial ("MOGE"), an oil distribution business in Equatorial Guinea that supplies Mobile Equatorial Guinea Inc. ("MEGI").[381] According to ExxonMobil, Mobil International Petroleum Corporation owns 85 percent of MOGE and Abayak owns 15 percent.[382] Dividends declared by MOGE in 2001, 2002, and 2003, resulted in dividend payments to Abayak of approximately $10,500 each year.[383]

GEOGAM. Guinea Equatorial Oil & Gas Marketing Ltd. (GEOGAM) is a special purpose, state-owned corporation that was established in 1996, and may be partially privately held by E.G. officials.[384] Marathon has entered into two business ventures with GEOGAM. The first is Atlantic Methanol Production LLC (AMPCO), a company which owns and operates a methanol plant in Equatorial Guinea. Marathon and one other oil company each own 45% of AMPCO, while 10% is owned by GEOGAM. Between 2002 and May 2004, AMPCO paid dividends to GEOGAM totaling over $4 million.[385]

Marathon's second business venture with GEOGAM is Alba Plant, LLC, a company that owns a liquid petroleum gas facility in Equatorial Guinea. Marathon owns 52.17% of Alba Plant

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[378] Id. at 18.

[379] See letter from Max Birley, Vice President of Marathon E.G. Production Limited, to Cristobal Manana Ela, E.G. Minister of Mines and Energy, (10/16/03), Bates RNB 006261-006263.

[380] Letter from Vanco Energy Company to the Subcommittee (06/08/2004), attachment 3. For Riggs payments see also Riggs listing of account activity from January-July 2003, Bates RNB 006602-09, at 605; and letter from Riggs Bank to President Obiang (2/8/02), Bates RNB 006703.

[381] Letter from ExxonMobil Corp. to the Subcommittee (06/17/04), attachment 1, at 3.

[382] Id.

[383] Id., at 3-4.

[384] See, e.g. letter from Marathon Oil Co. to the Subcommittee (7/13/04), attachment at 1 (according to a GEOGAM representative, GEOGAM is 25 percent owned by the E.G. government and 75 percent owned by Abayak, the company controlled by the E.G. President).

[385] Letter from Marathon Oil Co. to the Subcommittee (6/18/04), attachment at 16.

LLC, while GEOGAM owns 20%.[386] In 2002, Alba Plant paid dividends to GEOGAM totaling more than $87,000.[387]

GEPetrol. GEPetrol is a special purpose, state-owned corporation that may also be partially privately held, possibly by E.G. government officials. Marathon has told the Subcommittee that it believes GEPetrol is owed 100% by the government,[388] but some evidence obtained by the Subcommittee suggests that GEPetrol could have one or more E.G. officials as part owners.

Marathon has entered into three business ventures with GEPetrol. The first is a company called LNG Holdings Limited, which is developing the LNG project. Marathon owns 75 percent of LNG Holdings, while GEPetrol owns 25 percent.[389] GEPetrol also has an interest in the Alba Block Production Sharing Contract, which includes the producing Alba Field, as well as an interest in an area known as Block D.[390]

Another joint venture potentially involving GEPetrol is found on what is known as Block N, located on the Corisco Bay shelf. Devon Energy Company's wholly-owned subsidiary owns 31 percent of the participating interest in Block N. The E.G. Ministry of Mines and Energy holds another 15 percent of Block N, but the Production Sharing Contract provides that this interest can be assigned to GEPetrol.[391]

D. Transparency Initiatives

Earlier this year, the Center for Strategic and International Studies issued a report describing the increasing importance to the United States of oil-producing countries in Africa.[392] This report also called for major U.S. and international efforts to increase transparency efforts in these countries to reduce corruption. The report explained:

> "The task force concluded that a key to promoting political, economic, and social reform is transparency in public finance. If leaders tell their citizens how much revenue the government takes in and where it is spent, the resulting transparency will engender more realistic public expectations, more plausible national development programs, and better means to combat corruption and promote democracy, respect for human rights, and the rule of law. Transparency will benefit U.S. companies as well. Respect for the rule of law, codified regulatory practices, and transparent bidding and award practices deter corruption and encourage a level playing field for U.S. companies."

The report called on the United States to undertake a sustained, high-level effort to promote transparency efforts in West and Central Africa and commended, in particular, three international transparency initiatives: the Extractive Industries Transparency Initiative, G-8 Anti-Corruption and Transparency Initiative, and the Publish What You Pay Campaign.

Extractive Industries Transparency Initiative (EITI). EITI is a voluntary program launched by U.K. Prime Minister Tony Blair at the World Summit on Sustainable Development in Johannesburg in September 2002. The initiative is administered by the U.K.'s Department for

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[386] Letter from Marathon Oil Co. to the Subcommittee (4/16/04), attachment at 13.

[387] Letter from Marathon Oil Co. to the Subcommittee (6/18/04), attachment at 13.

[388] Id., at 18.

[389] Id., at 19.

[390] Id., at 18.

[391] Letter from Devon Energy Corp. to the Subcommittee (4/26/04), at 2.

[392] "Promoting Transparency in the African Oil Sector," report prepared by the Center for Strategic and International Studies Task Force on Rising U.S. Energy Stakes in Africa (March 2004).

International Development. It encourages (a) governments, (b) publicly traded, private and state-owned extractive companies, and (c) international organizations, non-governmental organizations (NGOs), and others with an interest in the extractive industries sector to work together voluntarily to develop a framework to promote transparency of payments and revenues in the extractive sector in countries heavily dependent upon these resources.[393]

The EITI would require that host governments report, in an accessible and timely manner, all significant "Benefit Streams" from certain extractive industries activities on a consolidated cash-basis and that they request companies to do what is necessary to enable this consolidated reporting. Host governments would also be responsible for ensuring that all relevant future contracts and agreements are designed in a manner that allows all parties to adhere to the Reporting Guidelines and asking companies to do the same. To facilitate this consolidated reporting, state-owned companies would be required to report their equity share of significant benefit streams to host governments from their extractive industries activities on a consolidated cash-basis.[394]

A number of countries, including Equatorial Guinea, have made public statements regarding their willingness to participate in EITI. However, only a few nations have actually begun taking steps toward implementation.[395] As these and other countries develop their reporting guidelines, it is important that the EITI ensure that all payments are included in the disclosure. The current draft guidelines define "Host Government" to include "the governing regimes and institutions of a state within whose territorial boundaries companies within the Extractive Industries operate. [It also] includes local, regional, state and federal representatives of these regimes and institutions and entities that are controlled by these regimes and institutions."[396] Implementing countries should clarify this definition to ensure that it encompasses payments not only to agencies and government officials, but also to their relatives and entities controlled by these officials and their relatives. Furthermore, since the draft guidelines classify state-owned oil companies as companies rather than part of the host government,[397] EITI must make sure that there are mechanisms to ensure that funds routed to state-owned companies are fully reflected, even if a portion of the funds go to private individuals as appears to be the case in Equatorial Guinea's GEOGAM.

G-8 Anti-Corruption and Transparency Initiative. On July 3, 2003, the G-8 nations adopted at their Evian Summit an "Action Plan on Fighting Corruption and Improving Transparency."[398] This initiative is significantly broader than the EITI as it does not focus on one particular industry sector, but rather on the entire budget of a country. As described at the Sea Island G-8 summit in June 2004, the focus of the initiative is "transparency in public budgets, including revenues and expenditures, government procurement, the letting of public concessions and the granting of licenses. Special emphasis will be given to cooperation with countries with large extractive industries sectors."[399]

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[393] See www.dfid.gov.uk/News/News/files/eiti_stat_of_principals.htm.

[394] "Revised Draft Reporting Guidelines," Extractive Industries Transparency Initiative, (5/23/03), http://62.189.42.51/DFIDstage/News/News/files/eiti_draft_report_guidelines.pdf.

[395] Subcommittee staff communications with the EITI Team Leader at the U.K. Department for International Development (June and July 2004).

[396] Id. at 5.

[397] Id.

[398] See www.g8.fr/evian/english/navigation/2003_g8_summit/summit_documents/ fighting_corruption_and_improving_transparency_-_a_g8_action_plan.html. The G-8 nations are: United States, France, Russia, United Kingdom, Italy, Germany, Japan, and Canada.

[399] See http://www.g8usa.gov/d_061004e.htm.

Four pilot "Compacts to Promote Transparency and Combat Corruption" are currently underway with four different countries.[400] For countries with significant extractive industries, the G-8's Action Plan, as outlined at the 2003 Evian summit, sets out principles that include encouraging governments and companies to disclose to an independent third party such as the IMF, World Bank, or Multilateral Development Banks, revenue from the extractive sectors. This information would be published at an aggregated level, in accessible and understandable ways, while protecting proprietary information and maintaining contract sanctity. The principles outlined for the pilot programs include working with participating governments to develop and implement action plans for establishing standards of transparency with respect to all budget flows (revenues and expenditures) and with respect to the awarding of government contracts and concessions.[401]

Publish What You Pay Coalition. Publish What You Pay (PWYP) is a third initiative organized by a coalition of more than 190 non-governmental organizations. This initiative calls for publicly-traded natural resource and oil companies to be required by market regulators, as a condition of public listing, to disclose aggregate information about tax payments, royalty fees, license fees, share purchases, revenue sharing payments, payments-in-kind, forward sales of future revenues, and commercial transactions with governments or public sector entities, for the products of every country in which they operate. The campaign was founded by Global Witness, Open Society Institute, Oxfam, Save the Children UK, CAFOD, and Transparency International UK.[402]

Unlike the EITI, PWYP focuses solely on disclosure by extraction companies. Another significant difference between PWYP and EITI is that PWYP seeks mandatory rather than voluntary compliance.

The PWYP coalition has highlighted a number of ways to promote revenue transparency in the extractive industries. These include: (a) non-legislative adjustments to accounting requirements and stock market listing rules; (b) a future International Financial Reporting Standard for the extractive industries to be developed by the International Accounting Standards Board; and (c) legislative adjustments to existing anti-bribery 'books and records' provisions enforced by national securities and financial regulators.[403]

On March, 30, 2004, the European Parliament approved by a vote of 390-8, with 102 abstentions, an amendment to the "Transparency Obligations Directive" in the European Union's (EU) Financial Services Action Plan calling on E.U. member states to promote public disclosure of payments to governments by extractive companies listed on European stock exchanges. This directive is expected to introduce minimum requirements for information that must be provided by companies listed on securities markets in the European Union.[404]

E. Foreign Corrupt Practices Act

In 1977, Congress enacted the Foreign Corrupt Practices Act ("FCPA") to criminalize illicit payments to foreign public officials by U.S. businesses and individuals.[405] The FCPA has two basic sets of provisions: (a) the anti-bribery provisions, which prohibit domestic and foreign companies and U.S. citizens and aliens from paying anything of value to any foreign official,

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[400] See http://www.g8usa.gov/documents.htm. The countries are Georgia, Nicaragua, Nigeria, and Peru.

[401] See www.g8.fr/evian/english/navigation/2003_g8_summit/summit_documents/ fighting_corruption_ and_improving_transparency_-_a_g8_action_plan.html.

[402] See www.publishwhatyoupay.org.

[403] Id.

[404] Id.

[405] See 15 U.S.C. § 78dd-1 et seq.

government employee, officers of a public international organization, foreign political party or candidate, or any agent of those entities, if the purpose is to cause the payee to act, or refrain for acting, in a way to assist the company in obtaining or retaining business; and (b) the accounting provisions, which impose certain accounting and record-keeping requirements on publicly traded companies.[406]

Based on guidelines issued by the U.S. Sentencing Commission, federal courts are required to take into account the existence or absence of effective corporate compliance programs when handing down criminal sanctions with respect to violations of the FCPA.[407] The presence of an effective compliance program can significantly reduce a corporation's sentence as well as prevent a breach of fiduciary duty by the company's board of directors.

Each of the six major oil companies doing business in Equatorial Guinea has a written FCPA compliance policy. These policies and the resulting FCPA practices vary significantly from company to company. It is also not clear that the written policies are fully effective in monitoring the companies' business dealings in Equatorial Guinea. For example, when asked to list payments to E.G. officials and their family members, ExxonMobil said it did not have a complete listing and would need additional time to research about 500 contracts.[408] Another company, Amerada Hess, told the Subcommittee that because it is very common for E.G. officials to have shares in private companies or family interests in private concerns, there may be a number of such instances of which the company is unaware.[409]

VIII. Recommendations

Based upon its investigation, the Subcommittee Minority staff makes the following recommendations.

(1) **Strengthen Enforcement.** To strengthen anti-money laundering (AML) enforcement, federal bank regulators should require prompt correction of AML deficiencies identified by their examiners, make greater use of formal enforcement tools, including more timely use of civil fines, and consider developing a policy requiring mandatory enforcement actions within a specified period of time against any financial institution with repeat AML deficiencies.

(2) **Take Regulatory Action.** By the end of 2004, federal regulators should issue final regulations and revised examination guidelines implementing the due diligence requirements of the Patriot Act, including for private banking accounts opened for senior foreign political figures or their family members.

(3) **Issue Annual AML Assessments.** Federal bank regulators should include on a routine basis AML assessments in the Report on Examination given to banks each year, and should make those AML assessments available to the public, both to increase bank compliance with requirements to combat money laundering and foreign corruption, and to alert other financial institutions to banks with inadequate AML controls.

(4) **Strengthen Post-Employment Restrictions.** Using 41 U.S.C. § 423(d) as a model, Congress should enact legislation to impose a one-year cooling-off period for federal Examiners-in-Charge of a financial institution before they can accept a position with the financial institution they oversaw.

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[406] Id. See also "The Foreign Corrupt Practices Act and the Due Diligence Process," 1368 PLI/Corp 579, 583 (2003).

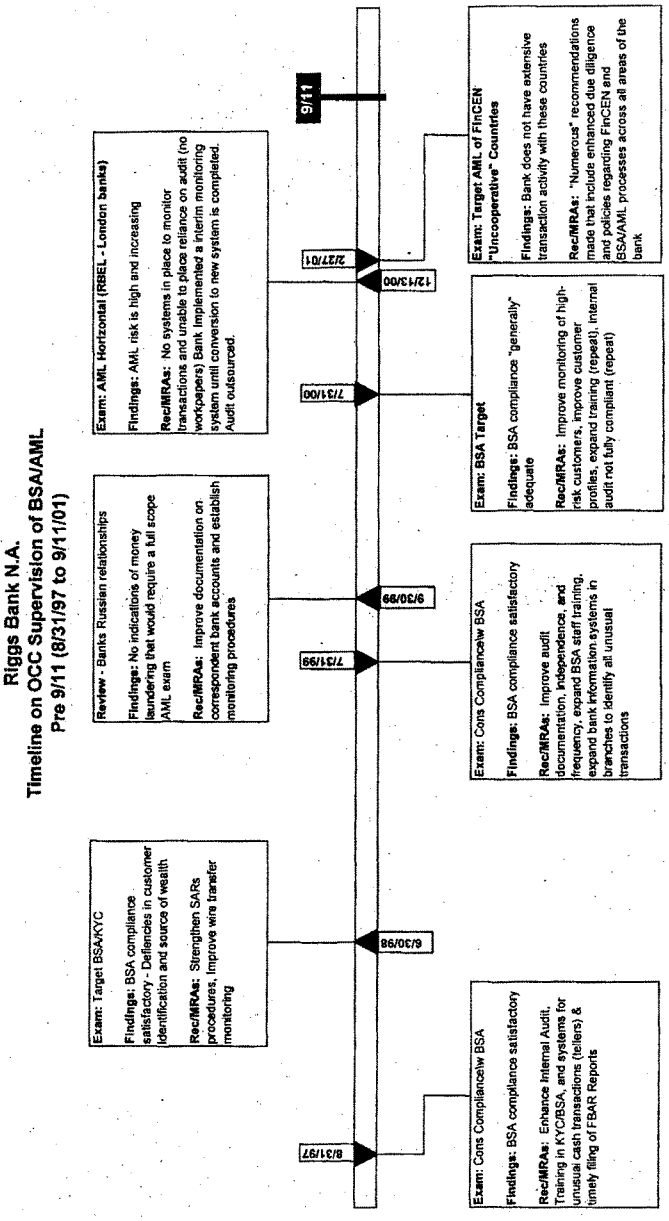
[407] See U.S.S.G. § 2(b)4.1.

[408] Subcommittee staff discussion with ExxonMobil (6/7/04).

[409] Letter from Amerada Hess Corp. to the Subcommittee (4/23/04), at 2.

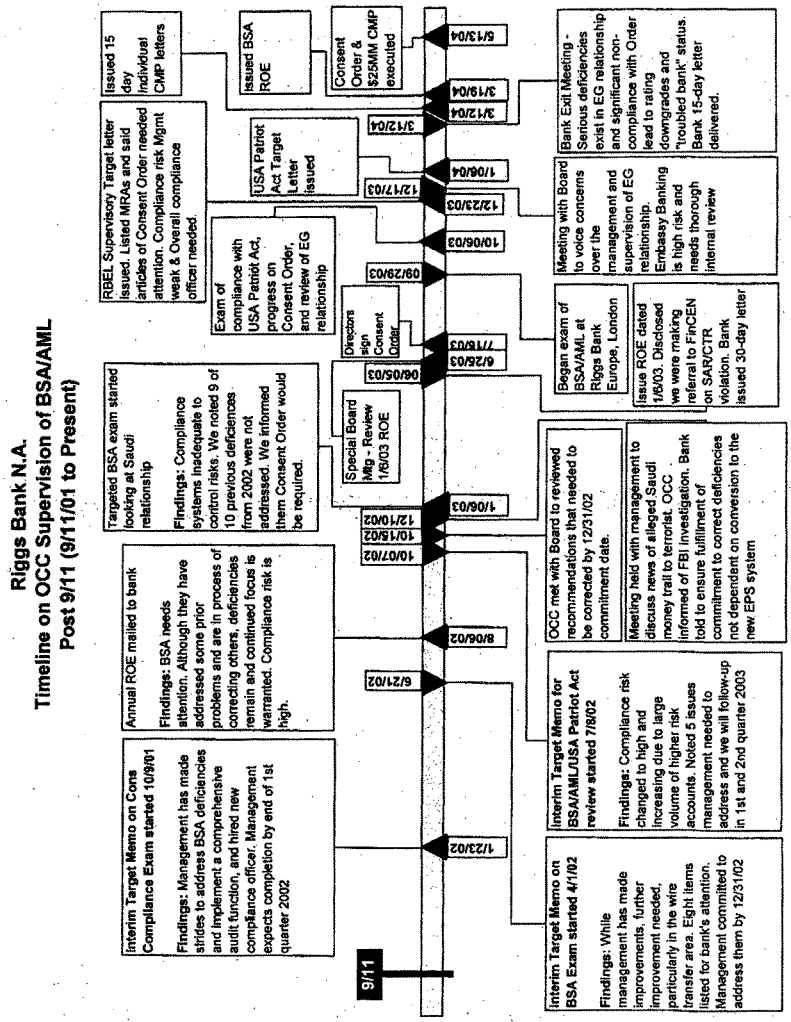
(5) Authorize Intrabank Disclosures. The United States should work with the European Union and other international bodies to enable financial institutions with U.S. and foreign affiliates to exchange client information across international lines to safeguard against money laundering and terrorist financing.

(6) Increase Transparency. Oil companies operating in Equatorial Guinea should publicly disclose all payments made to or business ventures entered into with individual E.G. officials, their family members, or entities controlled by them, and should prohibit future business ventures in which senior government officials or their family members have a direct or beneficial interest. Congress should amend the Foreign Corrupt Practices Act to require U.S. companies to disclose substantial payments made to, or business ventures entered into with, a country's officials, their family members, or entities controlled by them.



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OCCX00001

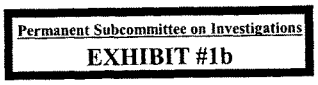

Riggs Bank N.A.
Timeline on OCC Supervision of BSA/AML
Post 9/11 (9/11/01 to Present)
9/11
1/23/02
6/27/02
8/06/02
10/07/02
10/15/02
12/10/02
1/06/03
6/25/03
7/15/03
09/05/03
09/29/03
10/06/03
12/23/03
12/17/03
1/06/04
3/12/04
3/19/04
5/13/04
Interim Target Memo on Cons Compliance Exam started 10/9/01
Findings: Management has made strides to address BSA deficiencies and implement a comprehensive audit function, and hired new compliance officer. Management expects completion by end of 1st quarter 2002
Annual ROE mailed to bank
Findings: BSA needs attention. Although they have addressed some prior problems and are in process of correcting others, deficiencies remain and continued focus is warranted. Compliance risk is high.
Targeted BSA exam started looking at Saudi relationship
Findings: Compliance systems inadequate to control risks. We noted 9 of 10 previous deficiences from 2002 were not addressed. We informed them Consent Order would be required.
Special Board Mtg - Review 1/6/03 ROE
Directors sign Consent Order
RBEL Supervisory Target letter issued. Listed MRAs and said articles of Consent Order needed attention. Compliance risk Mgmt weak & Overall compliance officer needed
Exam of compliance with USA Patriot Act, progress on Consent Order, and review of EG relationship
USA Patriot Act Target Letter issued
issued 15 day individual CMP letters
issued BSA ROE
Consent Order & $25MM CMP executed
Interim Target Memo on BSA Exam started 4/1/02
Findings: While management has made improvements, further improvement needed, particularly in the wire transfer area. Eight items listed for bank's attention. Management committed to address them by 12/31/02
Interim Target Memo for BSA/AML/USA Patriot Act review started 7/8/02
Findings: Compliance risk changed to high and increasing due to large volume of higher risk accounts. Noted 5 issues management needed to address and we will follow-up in 1st and 2nd quarter 2003
OCC met with Board to reviewed recommendations that needed to be corrected by 12/31/02 commitment date.
Meeting held with management to discuss news of alleged Saudi money trail to terrorist. OCC informed of FBI investigation. Bank told to ensure fulfillment of commitment to correct deficiencies not dependent on conversion to the new EPS system
Began exam of BSA/AML at Riggs Bank Europe, London
Issue ROE dated 1/6/03. Disclosed we were making referral to FinCEN on SAR/CTR violation. Bank issued 30-day letter
Meeting with Board to voice concerns over the management and supervision of EG relationship. Embassy Banking is high risk and needs thorough internal review
Bank Exit Meeting - Serious deficiencies exist in EG relationship and significant non-compliance with Order lead to rating downgrades and "troubled bank" status. Bank 15-day letter delivered.

OCCX00002

Cash Deposits into Otong Account Controlled by EG President

	DATE	AMOUNT
	April 20, 2000	$1,000,000.00
	March 8, 2001	$1,000,000.00
	March 20, 2001	$1,500,000.00
	Sept. 5, 2001	$2,000,000.00
	Sept. 17, 2001	$3,000,000.00
	April 12, 2002	$3,000,000.00
TOTAL:		**$11,500,000.00**

Prepared by the Permanent Subcommittee on Investigations, Minority Staff, July 2004



Transfers to and from Equatorial Guinea's Oil Account at Riggs Bank Involving Kalunga Company S.A.

	DATE	DEBITS	CREDITS
	June 7, 2000	$1,332,044.00	
	June 21, 2000		$47,058.00
	Aug. 10, 2000	$1,110,000.00	
	Sept. 5, 2000	$292,200.00	
	Oct. 16, 2000	$1,362,500.00	
	Jan. 30, 2001	$2,698,800.00	
	April 10, 2001	$1,349,400.00	
	May 9, 2001	$1,349,400.00	
	May 7, 2002	$798,000.00	
	June 26, 2002	$167,000.00	
	Oct. 31, 2002	$336,934.57	
	April 7, 2003	$7,425,000.00	
	July 24, 2003	$770,567.00	
	Sept. 3, 2003	$335,137.00	
	Nov. 21, 2003	$4,800,000.00	
	Dec. 11, 2003	$1,637,000.00	
	Dec. 11, 2003	$720,000.00	
TOTAL:		**$26,483,982.57**	**$47,058.00**

Prepared by the Permanent Subcommittee on Investigations, Minority Staff, July 2004

Permanent Subcommittee on Investigations
EXHIBIT #1c

Transfers from Equatorial Guinea's Oil Account at Riggs Bank To Apexside Trading, Ltd.

	DATE	AMOUNT
	July 10, 2000	$697,400.00
	Aug. 28, 2000	$1,096,800.00
	Oct. 16, 2000	$1,561,587.30
	Jan 10, 2001	$538,953.00
	April 10, 2001	$2,127,385.00
	May 30, 2001	$45,580.00
	July 18, 2001	$246,707.05
	July 25, 2001	$1,233,835.00
	July 25, 2001	$167,304.76
	Aug. 22, 2001	$389,939.83
TOTAL:		**$8,105,491.94**

Prepared by the Permanent Subcommittee on Investigations, Minority Staff, July 2004

Permanent Subcommittee on Investigations
EXHIBIT #1d

U.S. STATE DEPARTMENT REPORT ON EQUATORIAL GUINEA, 2000

"Earnings from offshore oil exploitation are approximately $140 million per year. However, the investment and other uses of oil revenues lacked transparency despite repeated calls in previous years from international financial institutions and citizens for greater financial openness. Poor fiscal management and lack of public accounting transparency in national finances have undermined the country's economic potential. Little evidence is apparent that the country's oil wealth is being devoted to the public good ... The government's human rights record remained poor and continued to commit serious abuses ... Citizens do not have the ability to change their government in fair elections."

SOURCE: U.S. STATE DEPARTMENT 2000 EQUATORIAL GUINEA COUNTRY REPORT ON HUMAN RIGHTS PRACTICES – FEBRUARY 2001

Permanent Subcommittee on Investigations
EXHIBIT #1e

U.S. STATE DEPARTMENT REPORT ON EQUATORIAL GUINEA, 2001

"Earnings from offshore oil exploitation are approximately $194 million (25.9 billion CFA francs) per year. However, the investment and other use of oil revenues lacked transparency despite repeated calls from international financial institutions and citizens for greater financial openness. Poor fiscal management and a lack of transparency in public accounting of national finances have undermined the country's economic potential. There is little evidence that the country's oil wealth is being devoted to the public good. Most foreign economic assistance was suspended due to the lack of economic reform and the government's poor human rights record. The government's human rights record remained poor and it continued to commit numerous serious abuses; however, there were improvements in some areas. Citizens do not have the ability to change their government peacefully in fair elections."

SOURCE: U.S. STATE DEPARTMENT 2001 EQUATORIAL GUINEA COUNTRY REPORT ON HUMAN RIGHTS PRACTICES – MARCH 2002

U.S. STATE DEPARTMENT REPORT ON EQUATORIAL GUINEA, 2002

"Investment and other use of oil revenues lacked transparency despite repeated calls from international financial institutions and citizens for greater financial openness. Poor fiscal management and a lack of transparency in public accounting of national finances have undermined the country's economic potential. There is little evidence that the country's oil wealth is being devoted to the public good. Most foreign economic assistance was suspended due to the lack of economic reform and the Government's poor human rights record; however, some countries resumed aid during the year ... The government's human rights record remained poor; although there were some improvements noted in a few areas, numerous serious problems remain. Citizens ability to change their government peacefully remain somewhat restricted. "

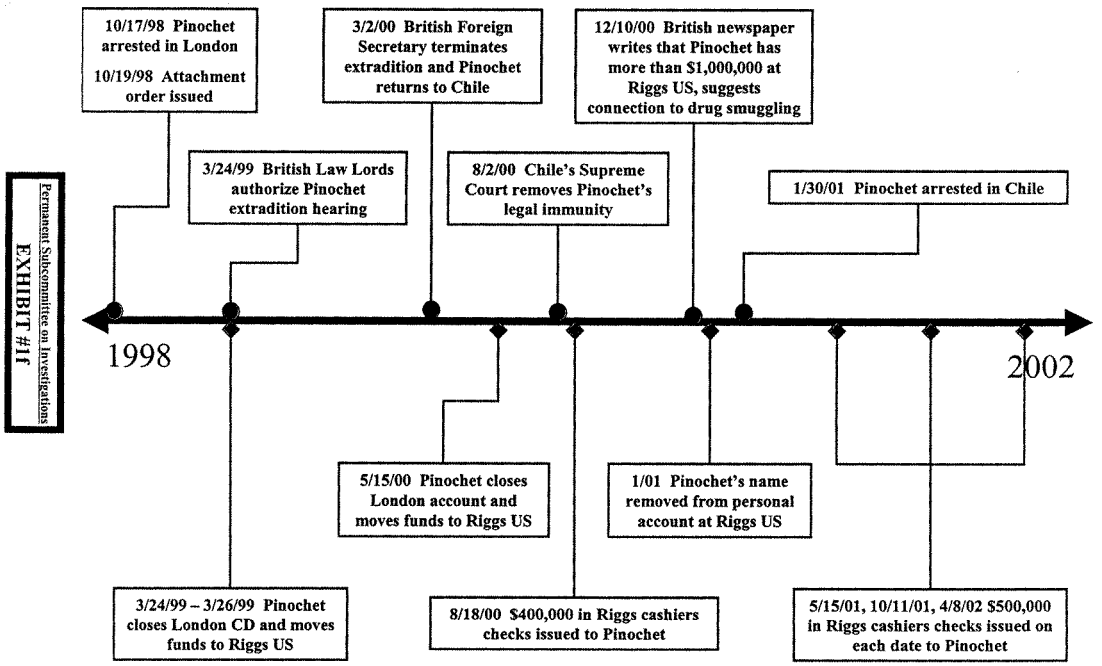
SOURCE: U.S. STATE DEPARTMENT 2002 EQUATORIAL GUINEA COUNTRY REPORT ON HUMAN RIGHTS PRACTICES – MARCH 2003

U.S. STATE DEPARTMENT REPORT ON EQUATORIAL GUINEA, 2003

"Poor fiscal management and a lack of transparency in public accounting of national finances have undermined the country's economic potential. Oil companies have paved roads in Malabo, upgraded the island's electricity generating system, and funded a variety of health and environment projects designed to improve citizens' well being; however, there was little evidence that the Government used the country's oil wealth for the public good. Most oil wealth appears to be concentrated in the hands of top government officials while the majority of the population remained poor. Most foreign economic assistance was suspended due to the lack of economic reform and the Government's poor human rights record."

SOURCE: U.S. STATE DEPARTMENT 2003 EQUATORIAL GUINEA COUNTRY REPORT ON HUMAN RIGHTS PRACTICES – FEBRUARY 2004

Pinochet Legal & Financial Timeline: 10/98-5/02



Permanent Subcommittee on Investigations
EXHIBIT #1f

Prepared by the Permanent Subcommittee on Investigations, Minority Staff, July 2004

Permanent Subcommittee on Investigations
EXHIBIT #1g

Sample of Oil Company Payments in Equatorial Guinea

Oil Company	Transaction	Amount	Recipient
ChevronTexaco	Support to E.G. Students	$150,000/year	E.G. bank accounts for student expenses
Devon	Support to E.G. Students	$350,000	E.G. bank accounts for student expenses
ExxonMobil	Joint Business Venture (Oil Distribution Company)	15% ownership share	Company owned by E.G. President
ExxonMobil	Land Lease	$366,000	E.G. President's wife
ExxonMobil & Hess	Security Services	$1,000,000	Company owned by E.G. President's brother
Hess	Building Leases	$1,600,000	E.G. officials and their relatives
Hess	Office Lease	$445,800	E.G. President's 14 year old relative
Marathon	Joint Business Venture (Methanol Plant)	10% ownership share	Company controlled by E.G. President
Marathon	Joint Business Venture (Liquid Petroleum Gas Facility)	20% ownership share	Company controlled by E.G. President
Marathon	Land Purchase	$2,000,000	E.G. President
Vanco	Support to E.G. Students	$350,000	E.G. bank accounts for student expenses

Chart Prepared by Permanent Subcommittee on Investigations Minority Staff, July 2004.

RIGGS "KNOW YOUR CUSTOMER" POLICY

"It is the policy of Riggs National Corporation (RNC) and its subsidiaries, including Riggs Bank N.A. (Riggs) to conduct business only with individuals, companies, trusts (beneficial owners)... that we know to be of good reputation and who, to the best of our knowledge through proper and thorough due diligence, have accumulated their wealth through legitimate and honorable means. Riggs will not accept as a customer any individual, company or trust relationship whom we have any reason whatsoever to believe... has obtained funds through illegal or illicit means. Riggs requires that information provided is scrutinized and corroborated to ensure the validity of the information."

SOURCE: RIGGS KNOW YOUR CUSTOMER COMPLIANCE POLICIES AND PROCEDURES MANUAL – JANUARY 2001

Permanent Subcommittee on Investigations
EXHIBIT #1h

RIGGS

ATTACHMENT C

RIGGS & CO
KNOW YOUR CUSTOMER
CLIENT PROFILE

Date: July 9, 1998

[redacted]: Existing

KYC Input: [redacted]

SECTION 1: OFFICE OF FOREIGN ASSETS CONTROL

Date of OFAC list Checked: June 18, 1998

Verified by whom: GB
(Initials)

If the customer/business appears on this list (exact match), do not proceed with account opening.

SECTION 2: CLIENT DATA

NAME/TITLE: Ashburton Company LTD
DATE ACCOUNT OPENED: May 31, 1996 Account No. 76 715 547

	NAME	RELATIONSHIP	PASSPORT	COUNTRY	DOB/PIC DATE
1.	Ashburton Co			Bahamas	May 15, 1946
2.					
3.					
4.					
5. (POA)					

CONFIDENTIAL ADDRESS:
c/o Deloitte & Touche
Dehands House 2nd Terrace W.
Centreville Nassau Bahamas
Phones: (242) 302-4859

MAILING ADDRESS:
Same or
P.O. Box N-7120
Nassau, Bahamas

HOLD MAIL (N) (Y/N)
NO

SPECIAL INSTRUCTIONS:
E-mail/tel/FAX/other:

	RELATED ACCOUNTS	PHONE Nos.	FAX Nos.
1	N/A	N/A	N/A
2			
3			

Approval Date: April 17, 1998
Revision Date: April 6, 1998

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RNB 030067

Permanent Subcommittee on Investigations
EXHIBIT #2

RIGGS

ATTACHMENT C

RIGGS & CO
KNOW YOUR CUSTOMER
CLIENT PROFILE

[redacted]
AMOUNT: $Existing Customer since 1985 SOURCE OF FUNDS: High paying position in investment income. Family wealth.
SOURCE USED TO VERIFY (i.e. will, sales receipt, contract, financial stmts., etc.)

AMOUNT OF TOTAL RELATIONSHIP $ 5.3 MM

SECTION 3: CLIENT BACKGROUND AND INFORMATION (of Ultimate beneficiary & major shareholder)

NAME OF PERSON REFERRING CLIENT: Embassy Banking Division
RELATIONSHIP OF PERSON REFERRING CLIENT: Bank to customer
ORIGINAL SOURCE OF WEALTH: Family Wealth/High paying position in Public Sector for many years
SOURCE USED TO VERIFY: Position and wealth are a matter of public knowledge
CURRENT SOURCE OF INCOME: Investment Income
ESTIMATED ANNUAL INCOME: $150 to $200 M
REASON FOR BANKING WITH RIGGS: Services offered by International Banking Division
(i.e., services offered, international services, embassy banking services, etc.)

BACKGROUND/OCCUPATION OF PERSON(S) OR CORPORATION (Attach additional sheets, as necessary)
(FOR BUSINESSES: Detail nature of business, location of business, list of suppliers/vendors, major clients, countries in which business operates, import/export business, legal status of company, and other information deemed pertinent)
(FOR INDIVIDUALS: Description with background)
Client is a private investment company domiciled in the Bahamas used as a vehicle to manage the investment needs of benefitial owner, now a retired professional, who achieved much success in his career and accumulated wealth during his lifetime for retirement in an orderly way.

BENEFICIAL OWNDER(S) OF ACCOUNT(S)? Kept in Vault [redacted]

FOR BUSINESS ACCOUNTS, attach financial statements, marketing brochures, annual reports, etc.

SECTION 4: INVESTMENT SUITABILITY

RISK PROFILE: Ξρ CONSERVATIVE (CDS/Bonds) X MODERATE (Stocks/Bonds) ρ AGGRESSIVE (Stocks & Emerging Markets Paper)

ALSO BANKS WITH: Not known
Accounts with Investment/Brokerage Firms:
Approximate Total Personal NETWORTH: US$ $50 to $100MM

INVESTMENTS NOT WITH RIGGS: ρ CDS$ ρ Stocks$ ρ Bonds$ ρ Other$
BRIEF DESCRIPTION OF INVESTMENTS: Not known

Approval Date: April 17, 1998
Revision Date: April 6, 1998

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ATTACHMENT C

RIGGS & CO
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CLIENT PROFILE

PRESENTLY:
RIGGS INVESTMENTS:

CDS	[redacted]	$ 2,000,000.00	(EXPECTED)	$
BONDS	[redacted]	$	(EXPECTED)	$
STOCKS	[redacted]	$	(EXPECTED)	$
RIMCO	[redacted]	$ 4.3 MM	(EXPECTED)	$1 to 2 MM
MM FUNDS	[redacted]	$	(EXPECTED)	$
OTHER	[redacted]	$	(EXPECTED)	$

CLIENT'S INVESTMENT OBJECTIVES: Capital appreciation -moderate

SECTION 5: PRODUCT NEEDS

DEPOSITS	INVESTMENTS	CREDIT	TRUST
ρ Checking	X Discretionary	ρ Loan	ρ Int'l Trust
ρ Money Market	X Non-Discretionary	ρ Overdraft	ρ PIC
ρ Time Deposits	X Mutual Funds	ρ L/C Credit	ρ Trading Co.
ρ FX Deposits	ρ RIMCO	ρ Credit Cards	ρ Personal Trust

SECTION 6: EXPECTED ACTIVITIES/VOLUMES AND PRODUCT USAGE

A. Checking Account (# Checks Drawn/mo): Minimal (0 TO 5)
Checking Account: LARGEST amount PER CHECK to be drawn: Low $ 5 TO 10,000
Wire Transfers: HIGHEST amount Expected per Wire Transfer: Low $ 50 TO 100,000
Wire Transfers: Number of Wire Transfers Anticipated/one mo. Period: Low ONE TO THREE
Incoming/Outgoing/Both: Low ONE TO THREE

B. Expected Average Balances in Operating Account: $100,000.00
Method for Effecting Deposits into Account: ρ Check
ρ Wire Transfer
ρ Both

AMOUNT OF CASH expected to be deposited into account: Not known (BUT based on past - 1-3)
NUMBER OF Deposits expected in one month period: Not known (BUT based on past Records 1 - TO - 3)
ANTICIPATED Volume of CASH Sales (Businesses only): _____

C. Expected Amount of LOANS/LETTERS OF CREDIT/OVERDRAFTS: N/A
PURPOSE of the CREDIT: _____
SOURCE of Collateral: _____

Is the expected/described activity deemed reasonable based on the type of Account, customer resources, and/or nature of business in which the client Is involved? **Refer to Section IIC of the policy discussing "typical" customer.**

X Yes ρ No

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RIGGS

ATTACHMENT C

RIGGS & CO
KNOW YOUR CUSTOMER
CLIENT PROFILE

SECTION 7: REFERENCES

A. If a client is already an existing PB/IPBD/TRUST/RIMCO customer, check here and skip the remainder of Section 7.

B. If referred by an EXISTING PB/IPBD/TRUST/RIMCO CLIENT..._____
Client/Account No.
Document verbal recommendations from existing client in Call Report.
COMMENTS:_____

C. If referred by a RIGGS BANK OFFICE(R):....._____
Location/Officer
Attach copy of Letter of Recommendation from RIGGS referral officer(s) signed by an authorized representative of Riggs or an internal memorandum.

D. Direct solicitation by Account Officer

(For Business Accounts and/or Large Accounts [as defined by business unit])
FIRST Bank Reference: _____
_____
_____

SECOND Bank Reference: _____
_____
_____

Document all corroboration of references and information provided.

E. High Profile/Visibility, Publicity Elected/Appointed Clients

Attach a brief background memorandum of recommendation signed by the Senior Vice President/Manager of International Banking, the Division Manger of Domestic Private Banking, the Executive Director of Trust, or the Executive Director of RIMCO, as applicable.

ANY ADDITIONAL COMMENTS:

RIGGS

ATTACHMENT C

RIGGS & CO
KNOW YOUR CUSTOMER
CLIENT PROFILE

KYC STATUS:

ALL CLIENTS	YES/NO	LARGE ACCOUNTS/BUSINESSES N/A	YES/NO
(All "No's" must be explained)			
Passports Verified:	Yes	Credit Bureau Report	
Address Verified:	Yes	Financial Statements	
Telephone Verified:	Yes	Annual Report	
Name of Referral on file:	Yes	List of Suppliers/Vendors	
Original Source of Wealth Verified:	Yes	Corporate Resolution(s)	
Current Activity Within Normal Range:	Yes	Marketing Materials	
Two forms of photo ID			

PERSONAL INVESTMENT CORPS N/A	YES/NO	RIMCO N/A	YES/NO
Account Data Form	Yes	W-8/W-9	
Certificate of Ownership	Yes	Governing Instrument	
W-8	Yes	10K/10Q	
Two Signature Cards	Yes	Statement of Portfolio Assets	
Riggs Corporate Resolution Form	Yes	Corporate Resolutions	
Riggs Resolution for Bank Accounts	Yes	Customer Statement – Source of Wealth	
Articles of Incorporation	Yes		
By-laws for Commonwealth Companies	Yes		
Copy of Passport -N/A PIC managed by Riggs Bahamas			

DATE OF NEXT REVIEW **To be determined.**

Waiver approval of any of the above must be initialed, dated and supported.

SECTION 8: NEW ACCOUNT APPROVAL

☒ Documentation Checklist complete

RECOMMENDED BY:	REVIEWED BY:	APPROVED BY:
7/13/98 Fernando Bagueira	for	7/13/98
Account Officer/Date	Managing Director/Date	Supervising Officer/Date
Sean Terry /Fernando Bagueira	S. Terry 7/14/98	

RNB 030071

Approval Date: April 17, 1998
Revision Date: April 6, 1998

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ELECTRONIC COMMUNICATION AGREEMENT & SECURITY PROCEDURE

You, our Customer, request that we, Riggs Bank N.A., act upon electronic communications we receive that we believe come from you. For your convenience in conducting financial transactions, you desire to use electronic communications. We are willing to accept orders concerning your accounts based upon the terms set out in this agreement.

We will accept instructions for the following types of transactions:

1. directing transfers of funds from any of your deposit accounts or custodial accounts
   - a. to another of your accounts with us
   - b. to another of your accounts with another bank or financial firm
   - c. to the accounts of a third person whether with us or at another bank or financial firm.
2. making payments to you or to third persons by check (including our official check), by bank draft, by wire transfer, by automated clearing house payment, or by any other payment method, and charging your account for the payment.
3. canceling payments or payment instructions, including accepting stop payment requests or cancellation instructions involving your deposit or outstanding accounts.
4. renewing, redeeming, canceling or closing any account or sub-account.
5. issuing, amending, canceling or extending any letter of credit, and performing any act we believe to be necessary or desirable in connection with the letter of credit.
6. placing investments in custodial accounts, securities, or mutual funds, renewing any investments or modifying any investment decision.

You understand and agree that your instructions may require us to access other of your accounts and services (such as loans, investment accounts, and other deposit accounts at Riggs Bank) in order to implement any instruction received.

We will accept electronic communications by any of the following methods sent to our offices:

* facsimile instruction
* telecopy
* telegraph
* telefax
* cable
* telephone calls

Any electronic communication must either include, or be confirmed by, a telephonically transmitted facsimile instruction that includes a signature that purports to be the signature of any person authorized to issue instructions regarding the account.

As part of the security procedure, we will compare the signature on the facsimile instruction to the signatures on file with us. If, in our view, the signature compares favorably to a signature we have on file, we will then call a phone number in our records for a verbal confirmation of the instruction received and noting evidence of that call in our records. We will request confirmation of the instruction from any person who answers the phone and identifies himself/herself as the issuer of the instruction.

You also understand that there are risks involved in using electronic communications because unauthorized persons may attempt to impersonate you to make transactions. Fraudsters may attach a copy of your signature to an instruction not sent by you in an attempt to gain access to your account. You agree that if we use the procedures set out in this agreement, then any instruction we receive will be considered by us as authorized by you, even if you later determine that the transaction was neither made by you nor by your authorized representative.

You also agree that we have no liability to you for any damages or losses you may incur if we fail to make a transfer you requested because we, in good faith, believed that you did not authorize the transfer or we believe that the security procedure has been compromised.

Once we have received and confirmed an instruction, we have no obligation to permit cancellation, but may do so if the cancellation is received and confirmed prior to any action taken by us on the original instruction.

Except as specifically modified by this agreement, the rules and regulations of account governing your account(s) continue to apply.

X:	X:	X:
Name: Lionel E. Haven	Name: Macgregor N. Robertson	Name:
(Company Name: Ashburton Company Limited)		
Date: July 20, 1998	Date: July 20, 1998	Date:

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RIGGS

81152187, 81307599, 81386784, 81403302, 81415950, 81305710, 81372286, 81482764

NAME & CURRENT MAILING ADDRESS

ASHBURTON COMPANY LIMITED
RBTC - C/O DELOITTE & TOUCHE
DEHANDS HOUSE - 2ND TERRACE WEST
CENTREVILLE, NASSAU
BAHAMAS

TAXPAYER IDENTIFICATION NUMBER (TIN)

Social Security Number: NRA

OR

Employer Identification Number:

ACCOUNT NUMBER(S)

K715547, 81440234

Please check appropriate box:

☐ Individual/Sole proprietor
☐ Corporation
☐ Partnership
☐ Other_____

NOTE: If joint names, list first and circle the individual/entity whose TIN you provide us. Only the joint owner whose TIN is provided should sign the certification.

SUBSTITUTE
Form W-9

TAXPAYER IDENTIFICATION NUMBER CERTIFICATION

By signing below, you certify under penalties of perjury that:

(1) The taxpayer identification number (TIN) shown on this form is your correct TIN; and

(2) You are not subject to backup withholding because: (a) you are exempt from backup withholding, or (b) you have not been notified by the Internal Revenue Service (IRS) that you are subject to backup withholding as a result of a failure to report all interest and dividends, or (c) the IRS has notified you that you are no longer subject to backup withholding. (You must cross out item (2) if you have been notified by the IRS that you are currently subject to backup withholding because of underreporting interest or dividends on your tax return.)

If you qualify as an exempt payee under the criteria listed on the reverse, check here ☐

Signature of Individual or Authorized Signer _____ Date _____

NOTE: COMPLETE FORM W-8 OR FORM W-9. DO NOT COMPLETE BOTH.

SUBSTITUTE
Form W-8

CERTIFICATION OF FOREIGN STATUS

By signing below you certify under penalties of perjury that you are not a U.S. citizen or resident (or you are filing for a foreign corporation, partnership, estate or trust).

1. ASHBURTON COMPANY LIMITED (Print Name of Beneficial Owner)	1. (Print Name of Joint Owner)	1. (Print Name of Joint Owner)
2. Dehands House (Permanent Address (include apt. or suite no.))	2. (Permanent Address (include apt. or suite no.))	2. (Permanent Address (include apt. or suite no.))
P.O. BOX N 7120 Nassau, Bahamas (City, province or state, postal code & country)	(City, province or state, postal code & country)	(City, province or state, postal code & country)
3. (U.S. TIN (if any))	3. (U.S. TIN (if any))	3. (U.S. TIN (if any))
4. X [signature] (Signature) 11/17/98 (Date)	4. X _____ (Signature) _____ (Date)	4. X _____ (Signature) _____ (Date)

NOTES: A) On joint accounts, each individual must provide the requested information.
B) On joint accounts, if any person is a U.S. citizen or resident, that person must provide their Social Security Number and complete Form W-9 "Taxpayer Identification Number Certification" above. The account will then be treated for U.S. tax reporting purposes as being held by that U.S. person.

APPLIED FOR TAXPAYER IDENTIFICATION NUMBER

By signing below, you certify under penalties of perjury that:

1) A taxpayer identification number (TIN) has not been issued to you; 2) you have already applied for or intend to apply for a TIN in the near future with the appropriate Internal Revenue Service Center or Social Security Administration Office; and 3) you will provide the number to Riggs as soon as it is obtained.

IRS regulations require Riggs to withhold 31% of any interest payments made to your account until you provide us with a certified TIN on Form W-9. If your certified TIN is received within 60 days of the account opening date and you are not subject to backup withholding for other reasons, Riggs will refund any amounts withheld during that 60-day period unless the 60-day period extends into the following calendar year. Any amounts withheld after the 60-day period or in a prior calendar year cannot be refunded by Riggs.

Signature _____ Date _____

Form **W-8** (Rev. November 1992) Department of the Treasury Internal Revenue Service

Certificate of Foreign Status

Please print or type

Name of owner (If joint account, also give joint owner's name.) (See Specific Instructions.) | U.S. taxpayer identification number (if any)

ASHBURTON COMPANY LTD.

Permanent address (See Specific Instructions.) (Include apt. or suite no.)

DEHANDS HOUSE, 2ND TERRACE WEST CENTREVILLE COLLINS AVENUE

City, province or state, postal code, and country

NASSAU, BAHAMAS

Current mailing address, if different from permanent address (include apt. or suite no., or P.O. box if mail is not delivered to street address.)

P. O. BOX N-7120

City, town or post office, state, and ZIP code (If foreign address, enter city, province or state, postal code, and country.)

NASSAU, BAHAMAS

List account information here (Optional, see Specific Instructions.) ▶ | Account number | Account type | Account number | Account type

Notice of Change in Status.—To notify the payer, mortgage interest recipient, broker, or barter exchange that you no longer qualify for exemption, check here . . . . . ▶ ☐
If you check this box, reporting will begin on the account(s) listed.

Certification.—(Check applicable box(es)). Under penalties of perjury, I certify that:

[X] For **INTEREST PAYMENTS,** I am not a U.S. citizen or resident (or I am filing for a foreign corporation, partnership, estate, or trust).

[X] For **DIVIDENDS,** I am not a U.S. citizen or resident (or I am filing for a foreign corporation, partnership, estate, or trust).

[X] For **BROKER TRANSACTIONS** or **BARTER EXCHANGES,** I am an exempt foreign person as defined in the instructions below.

Please Sign Here

▶ Signature DIRECTOR | March 18, 1998 Date

General Instructions

(Section references are to the Internal Revenue Code unless otherwise noted.)

Purpose

Use Form W-8 or a substitute form containing a substantially similar statement to tell the payer, mortgage interest recipient, middleman, broker, or barter exchange that you are a nonresident alien individual, foreign entity, or exempt foreign person not subject to certain U.S. information return reporting or backup withholding rules.

Caution: *Form W-8 does not exempt the payee from the 30% (or lower treaty) nonresident withholding rates.*

Nonresident Alien Individual

For income tax purposes, "nonresident alien individual" means an individual who is neither a U.S. citizen nor resident. Generally, an alien is considered to be a U.S. resident if:

- The individual was a lawful permanent resident of the United States at any time during the calendar year, that is, the alien held an immigrant visa (a "green card"), or
- The individual was physically present in the United States on:

(1) at least 31 days during the calendar year, and

(2) 183 days or more during the current year and the 2 preceding calendar years (counting all the days of physical presence in the current year, one-third the number of days of presence in the first preceding year, and only one-sixth of the number of days in the second preceding year).

See **Pub. 519,** U.S. Tax Guide for Aliens, for more information on resident and nonresident alien status.

Note: *If you are a nonresident alien individual married to a U.S. citizen or resident and have made an election under section 6013(g) or (h), you are treated as a U.S. resident and may not use Form W-8.*

Exempt Foreign Person

For purposes of this form, you are an "exempt foreign person" for a calendar year in which:

1. You are a nonresident alien individual or a foreign corporation, partnership, estate, or trust.

2. You are an individual who has not been, and plans not to be, present in the United States for a total of 183 days or more during the calendar year, and

3. You are neither engaged, nor plan to be engaged during the year, in a U.S. trade or business that has effectively connected gains from transactions with a broker or barter exchange.

If you do not meet the requirements of 2 or 3 above, you may instead certify on **Form 1001,** Ownership, Exemption, or Reduced Rate Certificate, that your country has a tax treaty with the United States that exempts your transactions from U.S. tax.

Filing Instructions

When To File.—File Form W-8 or substitute form before a payment is made. Otherwise, the payer may have to withhold and send part of the payment to the Internal Revenue Service (see **Backup Withholding** below). This certificate generally remains in effect for three calendar years. However, the payer may require you to file a new certificate each time a payment is made to you.

Where To File.—File this form with the payer of the qualifying income who is the withholding agent (see **Withholding Agent** on page 2). Keep a copy for your own records.

Backup Withholding

A U.S. taxpayer identification number or Form W-8 or substitute form must be given to the payers of certain income. If a taxpayer identification number or Form W-8 or substitute form is not provided or the wrong taxpayer identification number is provided, these payers may have to withhold 20% of each payment or transaction. This is called backup withholding.

Note: *On January 1, 1993, the backup withholding rate increases from 20% to 31%.*

Reportable payments subject to backup withholding rules are:

- Interest payments under section 6049(a).
- Dividend payments under sections 6042(a) and 6044.
- Other payments (i.e., royalties and payments from brokers and barter exchanges) under sections 6041, 6041A(a), 6045, 6050A, and 6050N.

If backup withholding occurs, an exempt foreign person who is a nonresident alien individual may get a refund by filing **Form 1040NR,** U.S. Nonresident Alien Income Tax Return, with the Internal Revenue

(Continued on back.)

81152.187

Form **W-8**
(Rev. November 1992)
Department of the Treasury
Internal Revenue Service

Certificate of Foreign Status

Please print or type

Name of owner (If joint account, also give joint owner's name.) (See Specific Instructions.)
ASHBURTON COMPANY LIMITED

U.S. taxpayer identification number (if any)

Permanent address (See Specific Instructions.) (Include apt. or suite no.)
DEHANDS HOUSE, 2ND TERRACE WEST, COLLINS AVENUE, CENTREVILLE

City, province or state, postal code, and country
NASSAU, BAHAMAS.

Current mailing address, if different from permanent address (Include apt. or suite no., or P.O. box if mail is not delivered to street address.)
P.O. BOX N-7120

City, town or post office, state, and ZIP code (If foreign address, enter city, province or state, postal code, and country.)
NASSAU, BAHAMAS.

List account information here (Optional, see Specific Instructions.)	Account number	Account type	Account number	Account type
	76 715 547	MMK	81 151 950	CD

Notice of Change in Status.—To notify the payer, mortgage interest recipient, broker, or barter exchange that you no longer qualify for exemption, check here . . . . . ▶ ☐
If you check this box, reporting will begin on the account(s) listed.

Please Sign Here

Certification.—(Check applicable box(es)). Under penalties of perjury, I certify that:

☑ For **INTEREST PAYMENTS,** I am not a U.S. citizen or resident (or I am filing for a foreign corporation, partnership, estate, or trust).

☑ For **DIVIDENDS,** I am not a U.S. citizen or resident (or I am filing for a foreign corporation, partnership, estate, or trust).

☑ For **BROKER TRANSACTIONS** or **BARTER EXCHANGES,** I am an exempt foreign person as defined in the instructions below.

▶ Signature — Date 5/13/96

General Instructions

(Section references are to the Internal Revenue Code unless otherwise noted.)

Purpose

Use Form W-8 or a substitute form containing a substantially similar statement to tell the payer, mortgage interest recipient, middleman, broker, or barter exchange that you are a nonresident alien individual, foreign entity, or exempt foreign person not subject to certain U.S. information return reporting or backup withholding rules.

Caution: *Form W-8 does not exempt the payee from the 30% (or lower treaty) nonresident withholding rates.*

Nonresident Alien Individual

For income tax purposes, "nonresident alien individual" means an individual who is neither a U.S. citizen nor resident. Generally, an alien is considered to be a U.S. resident if:

- The individual was a lawful permanent resident of the United States at any time during the calendar year, that is, the alien held an immigrant visa (a "green card"), or
- The individual was physically present in the United States on:

(1) at least 31 days during the calendar year, and

(2) 183 days or more during the current year and the 2 preceding calendar years (counting all the days of physical presence in the current year, one-third the number of days of presence in the first preceding year, and only one-sixth of the number of days in the second preceding year).

See **Pub. 519,** U.S. Tax Guide for Aliens, for more information on resident and nonresident alien status.

Note: *If you are a nonresident alien individual married to a U.S. citizen or resident and have made an election under section 6013(g) or (h), you are treated as a U.S. resident and may not use Form W-8.*

Exempt Foreign Person

For purposes of this form, you are an "exempt foreign person" for a calendar year in which:

1. You are a nonresident alien individual or a foreign corporation, partnership, estate, or trust,

2. You are an individual who has not been, and plans not to be, present in the United States for a total of 183 days or more during the calendar year, and

3. You are neither engaged, nor plan to be engaged during the year, in a U.S. trade or business that has effectively connected gains from transactions with a broker or barter exchange.

If you do not meet the requirements of 2 or 3 above, you may instead certify on **Form 1001,** Ownership, Exemption, or Reduced Rate Certificate, that your country has a tax treaty with the United States that exempts your transactions from U.S. tax.

Filing Instructions

When To File.—File Form W-8 or substitute form before a payment is made. Otherwise, the payer may have to withhold and send part of the payment to the Internal Revenue Service (see **Backup Withholding** below). This certificate generally remains in effect for three calendar years. However, the payer may require you to file a new certificate each time a payment is made to you.

Where To File.—File this form with the payer of the qualifying income who is the withholding agent (see **Withholding Agent** on page 2). Keep a copy for your own records.

Backup Withholding

A U.S. taxpayer identification number or Form W-8 or substitute form must be given to the payers of certain income. If a taxpayer identification number or Form W-8 or substitute form is not provided or the wrong taxpayer identification number is provided, these payers may have to withhold 20% of each payment or transaction. This is called backup withholding.

Note: *On January 1, 1993, the backup withholding rate increases from 20% to 31%.*

Reportable payments subject to backup withholding rules are:

- Interest payments under section 6049(a).
- Dividend payments under sections 6042(a) and 6044.
- Other payments (i.e., royalties and payments from brokers and barter exchanges) under sections 6041, 6041A(a), 6045, 6050A, and 6050N.

If backup withholding occurs, an exempt foreign person who is a nonresident alien individual may get a refund by filing **Form 1040NR,** U.S. Nonresident Alien Income Tax Return, with the Internal Revenue

(Continued on back.)

RNB 030077

RIGGS

CORPORATE RESOLUTION
FOR BANK ACCOUNTS

The Riggs National Banks of Washington, D.C., Virginia and Maryland

I, CLAUDETTE D. SANDS Secretary of ASHBURTON COMPANY LIMITED
(exact name of corporation)

a corporation organized and existing under the law of the State/District of COMMONWEALTH OF THE BAHAMAS do hereby certify to The Riggs National Banks of Washington, D.C., Virginia, and Maryland, that the following is a true copy of a resolution duly adopted, in accordance with the By-Laws, by the Board of Directors of the corporation at a meeting held, or by written consent dated, MAY 15, , 19 96 and that the resolution is in full force and effect as of this date, has not been modified and is not inconsistent with any of the provisions of the By-Laws or the Charter of this corporation.

"RESOLVED, That The Riggs National Banks of Washington, D.C, Virginia, and Maryland ("Bank") is hereby designated a depository for the funds of this corporation, and the corporation agrees to be bound by the rules and regulations of account for the type of deposit accounts opened (including fee schedules), as amended from time to time, and that the officers and agents of the corporation are authorized to deposit funds of the corporation in any office of the Bank, and the Bank is hereby authorized and directed to pay checks and other orders for the payment of money drawn in the name of this corporation when signed by any one of the following:

President

Treasurer

Secretary

Assistant Secretary

(Note: It is suggested that titles be used rather than names.)

and the Bank is not required, in any case, to inquire respecting the application of any such instrument executed by virtue of this resolution, or of the proceeds therefrom, nor be under any obligation to see to the application of such instrument or proceeds even if drawn to the individual order of any signing person, or payable to the Bank or for the signer's account, or given in payment for the signer's personal obligation, even if the corporation account becomes overdrawn; and the corporation shall indemnify and hold harmless the Bank against any claim or liability arising out of the payment of any such instrument pursuant to this resolution."

I FURTHER CERTIFY that the following now occupy the respective offices designated in this resolution herein quoted and are duly qualified:

NAMES	TITLES OF OFFICES HELD:
J. Richard Evans	President
Lionel E. Haven	Treasurer
Claudette D. Sands	Secretary
S. Bruce Knowles	Assistant Secretary

IN WITNESS WHEREOF, I have affixed my official signature and the seal of this corporation, this 15th, day of May, 19 96.

Secretary

CORPORATE SEAL

ATTEST: Employer Identification Number

FM-00383 (Rev. 3/95)

RNB 030079

TYPE	BR	ACCT. NUMBER	SF	TAX ID NUMBER	DATE OPEN	AMT. OPEN	RC
075	76	76 715 547	1	FOREIGN ENTITY	5/31/96	1,100,000	076

BUSINESS/COMPANY NAME: ASHBURTON COMPANY LIMITED

INSTRUCTIONS: "NEW ACCOUNT"

THE SIGNERS AGREE TO THE CONDITIONS PRINTED ON THE REVERSE SIDE OF THIS CARD

AUTHORIZED SIGNATURES	PRINT NAMES	TITLE
1.	J. RICHARD EVANS	PRESIDENT
2.	LIONEL E. HAVEN	TREASURER
3.	CLAUDETTE D. SANDS	SECRETARY
4. Bruce Knowles	S. BRUCE KNOWLES	ASSISTANT SECRETARY
5.		
6.		

MAILING ADDRESS	TELEPHONE	SIC CODE	FSN CLASS CODE
P.O. BOX N-7120	809-323-3426	0670	35319
NASSAU, BAHAMAS.	ZIP CODE	IDENTIFICATION	
TYPE OF BUSINESS: Private Investment Company	BANK REFERENCE	AUTHORIZING	

RIGGS

ATTACHMENT C

RIGGS & CO
KNOW YOUR CUSTOMER
CLIENT PROFILE

NEW:_____ KYC Input: 5/99

SECTION 1: OFFICE OF FOREIGN ASSETS CONTROL

Date of OFAC list Checked: N/A : co. created Verified by whom: BT (Initials)

If the customer/business appears on this list (exact match), do not proceed with account opening.

SECTION 2: CLIENT DATA

NAME/TITLE: Althorp Investment Ltd.
DATE ACCOUNT OPENED: 4/16/98 Account No. 84602/24

	NAME	RELATIONSHIP	PASSPORT	COUNTRY	DOB/PIC DATE
1.					
2.					
3.					
4.					
5. (POA)					

CONFIDENTIAL ADDRESS: Deheaus House - Second Terrace West Centreville Nassau Bahamas

MAILING ADDRESS: 800 17th St NW Washington D.C.

HOLD MAIL (N)(Y/N)

SPECIAL INSTRUCTIONS:
E-mail/tel/FAX/other:

	RELATED ACCOUNTS	PHONE Nos.	FAX Nos.
1			
2			

Approval Date: April 17, 1998
Revision Date: April 6, 1998

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RIGGS

ATTACHMENT C

RIGGS & CO
KNOW YOUR CUSTOMER
CLIENT PROFILE

3			

INITIAL DEPOSIT AMOUNT: $ £1,000,000 SOURCE OF FUNDS: Personal Investments
SOURCE USED TO VERIFY (i.e. will, sales receipt, contract, financial stmts., etc.)

AMOUNT OF TOTAL RELATIONSHIP $ £1,000,000

SECTION 3: CLIENT BACKGROUND AND INFORMATION [note: Beneficial owner has other investment company w/ Riggs]

NAME OF PERSON REFERRING CLIENT: Existing client (C. Thompson)
RELATIONSHIP OF PERSON REFERRING CLIENT:
ORIGINAL SOURCE OF WEALTH: Family + salary
SOURCE USED TO VERIFY: Personal visits
CURRENT SOURCE OF INCOME: Retirement
ESTIMATED ANNUAL INCOME: 100,000
REASON FOR BANKING WITH RIGGS: Extensive official relationship
(i.e., services offered, international services, embassy banking services, etc.)

BACKGROUND/OCCUPATION OF PERSON(S) OR CORPORATION (Attach additional sheets, as necessary)
(FOR BUSINESSES: Detail nature of business, location of business, list of suppliers/vendors, major clients, countries in which business operates, import/export business, legal status of company, and other information deemed pertinent)
(FOR INDIVIDUALS: Description with background)

The Beneficial owner of A Thorp is retired. He was a senior member of his govt + had a long relationship with Riggs in this capacity. This trust was established for grandchildren

BENEFICIAL OWNER(S) OF ACCOUNT(S)?
FOR BUSINESS ACCOUNTS, attach financial statements, marketing brochures, annual reports, etc.

SECTION 4: INVESTMENT SUITABILITY

RISK PROFILE: ρ CONSERVATIVE (CDS/Bonds) ρ MODERATE (Stocks/Bonds) ρ AGGRESSIVE (Stocks & Emerging Markets Paper)

ALSO BANKS WITH: Not Certain
Accounts with Investment/Brokerage Firms:
Approximate Total Personal NETWORTH: US$ 5,000,000

INVESTMENTS NOT WITH RIGGS: ρ CDS$ not known ρ Stocks$ ρ Bonds$ ρ Other$
BRIEF DESCRIPTION OF INVESTMENTS:

Approval Date: April 17, 1998
Revision Date: April 6, 1998

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RIGGS

ATTACHMENT C

RIGGS & CO
KNOW YOUR CUSTOMER
CLIENT PROFILE

Note: refers to Athorp only

RIGGS INVESTMENTS:

CDS	(INITIAL)	$ 1,000,000	(EXPECTED)	$ —
BONDS	(INITIAL)	$	(EXPECTED)	$
STOCKS	(INITIAL)	$	(EXPECTED)	$
RIMCO	(INITIAL)	$	(EXPECTED)	$
MM FUNDS	(INITIAL)	$	(EXPECTED)	$
OTHER	(INITIAL)	$	(EXPECTED)	$

CLIENT'S INVESTMENT OBJECTIVES:

SECTION 5: PRODUCT NEEDS

DEPOSITS	INVESTMENTS	CREDIT	TRUST
ρ Checking	ρ Discretionary	ρ Loan	ρ Int'l Trust
ρ Money Market	ρ Non-Discretionary	ρ Overdraft	ρ PIC
ρ Time Deposits	ρ Mutual Funds	ρ L/C Credit	ρ Trading Co.
ρ FX Deposits	ρ RIMCO	ρ Credit Cards	ρ Personal Trust

SECTION 6: EXPECTED ACTIVITIES/VOLUMES AND PRODUCT USAGE

A. Checking Account (# Checks Drawn/mo): 2-5
Checking Account: LARGEST amount PER CHECK to be drawn: 50,000
Wire Transfers: HIGHEST amount Expected per Wire Transfer: 50,000
Wire Transfers: Number of Wire Transfers Anticipated/one mo. Period: 2
Incoming/Outgoing/Both: Both

B. Expected Average Balances in Operating Account: $ Fixed
Method for Effecting Deposits into Account: ρ Check
ρ Wire Transfer
ρ Both
These funds are static — just for grandchildren
AMOUNT OF CASH expected to be deposited into account:
NUMBER OF Deposits expected in one month period:
ANTICIPATED Volume of CASH Sales (Businesses only):

C. Expected Amount of LOANS/LETTERS OF CREDIT/OVERDRAFTS:
PURPOSE of the CREDIT:
SOURCE of Collateral:

Is the expected/described activity deemed reasonable based on the type of Account, customer resources, and/or nature of business in which the client Is involved? **Refer to Section IIC of the policy discussing "typical" customer.**

X Yes ρ No

RNB 029997

Approval Date: April 17, 1998
Revision Date: April 6, 1998

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RIGGS

ATTACHMENT C

RIGGS & CO
KNOW YOUR CUSTOMER
CLIENT PROFILE

SECTION 7: REFERENCES

A. If a client is already an existing PB/IPBD/TRUST/RIMCO customer, check here and skip the remainder of Section 7.

B. If referred by an EXISTING PB/IPBD/TRUST/RIMCO CLIENT..._____
Client/Account No.
Document verbal recommendations from existing client in Call Report.
COMMENTS:_____

C. If referred by a RIGGS BANK OFFICE(R):....._____
Location/Officer
Attach copy of Letter of Recommendation from RIGGS referral officer(s) signed by an authorized representative of Riggs or an internal memorandum.

D. Direct solicitation by Account Officer

(For Business Accounts and/or Large Accounts [as defined by business unit])
FIRST Bank Reference: _____
_____
_____

SECOND Bank Reference: _____
_____
_____

Document all corroboration of references and information provided.

E. High Profile/Visibility, Publicity Elected/Appointed Clients

Attach a brief background memorandum of recommendation signed by the Senior Vice President/Manager of International Banking, the Division Manger of Domestic Private Banking, the Executive Director of Trust, or the Executive Director of RIMCO, as applicable.

ANY ADDITIONAL COMMENTS:

RIGGS

ATTACHMENT C

RIGGS & CO
KNOW YOUR CUSTOMER
CLIENT PROFILE

KYC STATUS:

ALL CLIENTS	YES/NO	LARGE ACCOUNTS/BUSINESSES	YES/NO
(All "No's" must be explained)			
Passports Verified:	Y	Credit Bureau Report	
Address Verified:		Financial Statements	
Telephone Verified:	Y	Annual Report	
Name of Referral on file:	Y	List of Suppliers/Vendors	
Original Source of Wealth Verified:		Corporate Resolution(s)	
Current Activity Within Normal Range:	Y	Marketing Materials	
~~Two~~ forms of photo ID	Y		
ok			

PERSONAL INVESTMENT CORPS	YES/NO	RIMCO	YES/NO
Account Data Form	Y	W-8/W-9	
Certificate of Ownership	Y	Governing Instrument	
W-8	Y	10K/10Q	
Two Signature Cards	Y	Statement of Portfolio Assets	
Riggs Corporate Resolution Form	Y	Corporate Resolutions	
Riggs Resolution for Bank Accounts	Y	Customer Statement – Source of Wealth	
Articles of Incorporation	Y		
By-laws for Commonwealth Companies	Y		
Copy of Passport	n/a		

DATE OF NEXT REVIEW

Waiver approval of any of the above must be initialed, dated and supported.

SECTION 8: NEW ACCOUNT APPROVAL

Documentation Checklist complete

RECOMMENDED BY:	~~REVIEWED~~ Approved BY:	~~APPROVED~~ Renewed BY:
Account Officer/Date	Managing Director/Date	Supervising Officer/Date
3/3/99	5/3/99	5/3/99

RNB 029999

Approval Date: April 17, 1998
Revision Date: April 6, 1998

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ALTHORP INVESTMENT CO., LTD.

I, **CARLTON N. MORTIER** Secretary of **ALTHORP INVESTMENT CO., LTD.**, do hereby certify that the following persons have been appointed authorized signatories to act on the Company's behalf, and you are hereby authorized and requested to honor and comply with all instructions signed by any one of Group "A" along with any one of Group "B":

"A" Signatories		"B" Signatories	
J. Richard Evans		Macgregor N. Robertson	
Carlton N. Mortier		Raymond L. Winder	
Claudette D. Sands		S. Bruce Knowles	
		Montgomery L. Braithwaite	
		Anthony S. Kikivarakis	
		Geoffrey D. Andrews	
		Mark E. Munnings	

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Company this 12th of June, 2001.

Secretary

I, **J. RICHARD EVANS** Director of the Company, do hereby certify under the seal of the Company that **CARLTON N. MORTIER** is on the date hereof the duly appointed Secretary of the Company and the signature set forth above is a genuine signature.

DATED this 12th day of June, A.D., 2001.

Director

RNB 030000

ALTHORP INVESTMENT CO., LTD.

I, **CLAUDETTE D. SANDS**, Assistant Secretary of **ALTHORP INVESTMENT CO., LTD.**, do hereby certify that the following persons have been appointed authorized signatories to act on the company's behalf, and you are hereby authorized and requested to honor and comply with all instructions signed by any one of Group "A" along with any one of Group "B":

"A" Signatories		"B" Signatories	
J. Richard Evans		Macgregor N. Robertson	
Carlton N. Mortier		Raymond L. Winder	
Claudette D. Sands		S. Bruce Knowles	
Sandy C. Watkins		Montgomery L. Braithwaite	
		Anthony S. Kikivarakis	
		Geoffrey Andrews	
		Mark Munnings	

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Corporation this 8th day of September, 1999.

Assistant Secretary

I, **J. RICHARD EVANS**, Director of the Corporation, do hereby certify under the seal of the Corporation that **CLAUDETTE D. SANDS** is on the date hereof the duly appointed Assistant Secretary of the Corporation and the signature set forth above is a genuine signature.

DATED this 8th day of September, A.D., 1999

Director

RNB 030001

ALTHORP INVESTMENT CO., LTD.

I, Lionel E. Haven, Secretary of Althorp Investment Co., Ltd., do hereby certify that the following persons have been appointed authorized signatories to act on the company's behalf, and you are hereby authorized and requested to honor and comply with all instructions signed by any one of Group "A" along with any one of Group "B":

"A" Signatories		"B" Signatories	
J. Richard Evans		Macgregor N. Robertson	
Carlton N. Mortier		Raymond L. Winder	
Lionel E. Haven		S. Bruce Knowles	
Claudette D. Sands		Montgomery L. Braithwaite	
		Anthony S. Kikivarakis	
		Geoffrey Andrews	
		Mark Munnings	

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Corporation this 16th day of April, 1998.

Secretary

I, J. Richard Evans, the President of the Corporation, do hereby certify under the seal of the Corporation that Lionel E. Haven is on the date hereof the duly appointed Secretary of the Corporation and the signature set forth above is a genuine signature.

DATED THIS 16th day of April, 1998

President

RIGGS

RIGGS & CO. KYC PROFILE*

NEW: ☒ Up-Dated As of: MARCH 29,2002

SECTION 1: OFFICE OF FOREIGN ASSETS CONTROL/HIGH PROFILE ACCOUNTS

Date of OFAC List Checked (www.ofaccompliance.com): FEB. 12, 2002 and in previous listings during 1995-2000 2001 Verified by: SB

If the customer/business appears on this list (exact match), **do not** proceed with account opening. Contact the Compliance Department at ext. 5024.

If the customer/business is a high profile/visibility or publicly elected/appointed client, the file must contain (1) representative copies of published information on the client, (2) a brief memo from the officer summarizing the information known about the client and risks raised, and (3) evidence of concurrence by the division head with the memo.

☐ Not a High Profile Customer ☒ High Profile Customer, Memo Attached

SECTION 2: CLIENT INFORMATION

Note: The client can be an individual, PIC, Trust, etc. If there are multiple entities for any one client, the officer must provide a full list of the known entities as an attachment to this profile, create multiple profiles, or consult with the BSA officer on which approach is appropriate.

NAME / TITLE L. HIRIART and/or A. UGARTE (AUGUSTO PINOCHET UGARTE)(LUCIA HIRIART R)

TYPE OF ACCOUNT Individual

DATE ACCOUNT OPENED: 3/24/99 ACCOUNT NO.: 76 835 282

ARE THERE OTHER NAMES ON THIS ACCOUNT? ☒ No ☐ Yes If "yes," attach a list of those names.

CONFIDENTIAL ADDRESS:	MAILING ADDRESS:	HOLD MAIL: Yes ☒ No ☐
PEDRO LIRA URQUETA # 11985 LO BARNECHEA SANTIAGO CHILE	HOLD MAIL - IPB	SPECIAL INSTRUCTIONS: PERSONAL DELIVERY BY AUTHORIZED RIGGS OFFICER
TELEPHONE: THROUGH MOTHER AGENCY Office: 56-2 338 1520 SANTIAGO BANK Home: Mobile: N/A 362-216-7254	FAX: N/A Office: N/A Home: N/A Mobile: N/A	E-Mail: N/A Office: N/A Home: N/A

Provide a list of the other accounts that the customer has with Riggs Bank or its affiliates. This list must cover all account types and contain the account number(s) or a Riggs Bank/affiliate contact, including the contact's telephone number. As indicated below, this list is attached or in the bank's vault.

☐ Attached ☒ Vault

*Note: A completed form is not required for certain types of accounts over which the customer does not have control. See the Instructions for additional information.

SECTION 3: RELATIONSHIP WITH RIGGS

REFERAL INFORMATION (Document all efforts to corroborate of references and information provided.)

- **Riggs Person Referring Client, if Any:** _____
  (Provide a Brief Description of the Referral or Attach Referral Letter)

- **External Referral Source:** This Relationship came to IPB through Riggs Embassy Division due to our close Professional Relationship with the Chilean Embassy in the US and the Diplomatic Missions stationed in Washington D.C.
  (i.e., previous banker, investment manager, etc.)

DIRECT SOLICITATION (Document all efforts to corroborate of references and information provided.) N/A

Attach at least one (1) bank reference, two (2) are preferred. Due to the long standing Relationship with 1stb. Banking these were waived

FIRST Bank Reference: _____
(Name of bank, contact, contact's phone number)

SECOND Bank Reference: N/A
(Name of bank, contact, contact's phone number)

ACCOUNT RELATIONSHIP

Initial Deposit Amount in this Account: $_____

Total Riggs Relationship: $_____ (approximate)

Source of Initial Funds/Wealth: (e.g., Business/Inheritance/Salary, etc.) Profits & Dividends from Several Business Family owned

Sources of Current Income: Investment Income, Rental Income and Pension Fund Payments from Previous Posts

Estimated Annual Income: (All Sources) 300 000 to 500 000 (estimate) At present a Riggs officer is obtaining exp. date for this 1302.

Estimated Net Worth: _____

Employer and Current Position: Retired Army General

Reasons for Banking with Riggs: International Services -

Purpose for the Account: (i.e., operating account, investment vehicle, etc.) Transactions of small to medium size outside home country - Receipt of Investment income at times.

EXPECTED TRANSACTION TYPES AND NUMBER

The purpose of these questions is to enable Riggs to "understand the normal and expected transactions of the customer," as required by the FRB and the OCC. If the customer does not provide the information needed for this understanding, the account officer must make a reasonable estimate of what is expected to be usual activity for that account. (Note: for accounts that exclusively involve J. Bush & Co., RIC, RIMCO, and certain types of trust accounts, this section does not apply.)

A) Checking Account
- Number of checks expected in expected one-month period: ☒ 1 – 50 ☐ 51 – 100 ☐ 100 – 150 ☐ 150+
- Largest amount per check to be drawn $ 100,000

B) Expected Average Balances in Operating Account: $ 20,000.00

Deposits primarily come to account from –
☐ Checks ☐ Wire Transfers ☒ Both

C) Amount of cash expected to be deposited into the account: up to $5000.00

Number of deposits expected in average one-month period:
☒ 1 – 10 ☐ 11 – 20 ☐ 21 – 30 ☐ 30+

Anticipated volume of cash sales (Businesses only): $ N/A

D) Wire Transfers

- Number of wire transfers expected one-month period: ☒ 1 – 10 ☐ 11 – 20 ☐ 21 – 30 ☐ 30+
  ☐ Incoming ☐ Outgoing ☒ Both
- To/From High Risk Countries (per OFAC, FinCen, etc.) NO
- Highest amount expected per wire transfer: $ 250,000

E) LOANS/LETTERSOF CREDIT/ OVERDRAFTS: ☐ 1 – 3 ☐ 4 – 7 ☐ 8+ N/A PURPOSES OF THE CREDIT: N/A SOURCES OF COLLATERAL: N/A

F) Is the expected/described activity deemed reasonable based on the type of account, customer resources, and/or other nature of business in which the client is involved? ☒ YES ☐ NO

Refer to Section IV of the Riggs policy describing "typical" customers in terms suggested by managers of PB, IPBD, RIMCO, and Trust.

SECTION 4: NEW ACCOUNT APPROVAL

☐ Documentation Checklist complete

RECOMMENDED BY:	REVIEWED/APPROVED BY:
Account Officer: Fernando Bagnasco, Mng. Director LATAM Fernando Bagnasco	Richard Dorman Baer Susan Tsang
Date: 03/29/02	

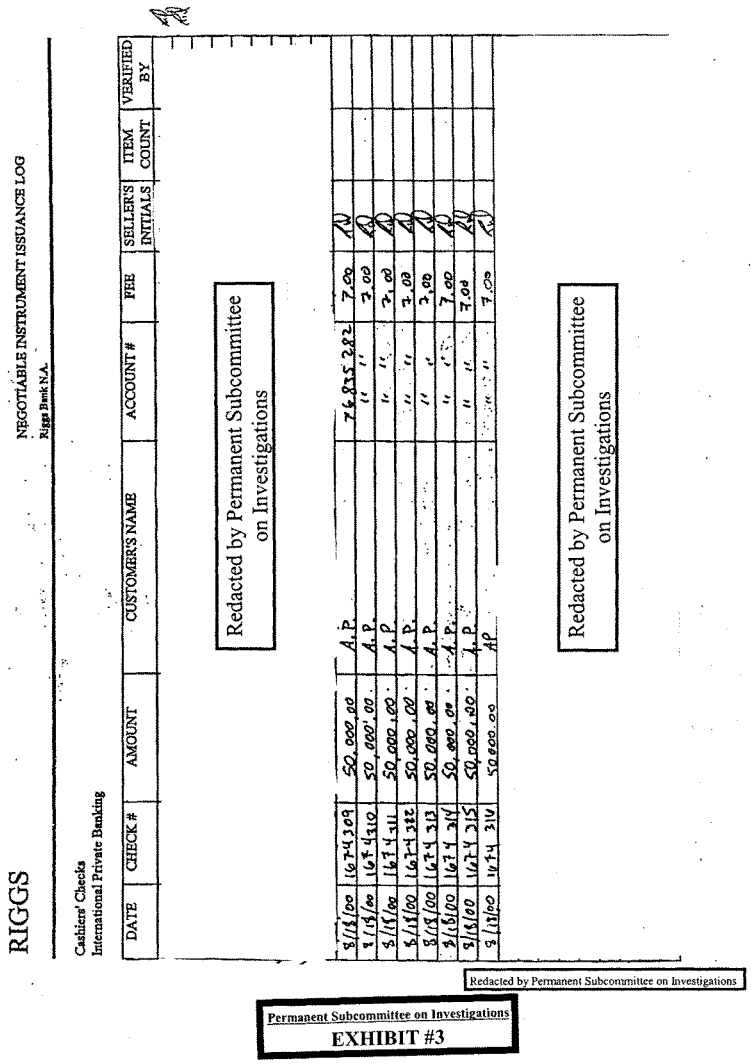
Note: Additional information on Source of Wealth Approved by Head of Private Banking

- **If there is a material change in the customer's account activity, the BSA/AML Compliance Summary must be updated.**

ATTACHMENTS CHECKLIST

All blanks in the checklist must be explained. Please use this space or attach a separate sheet with the explanation.

ALL CLIENTS	Location	Initials	LARGE ACCOUNTS/ BUSINESSES	Location	Initials
a) Passports Verified (Non-US residents):	Yes/NA	F.B	a) Credit Bureau Report:		
b) Address Verified:	Yes File	F.B	b) Financial Statements		
c) Telephone Verified:	Yes File	F.B	c) Annual Report:		
d) Name of Referral on file:	Yes File	F.B.	d) List of Suppliers/Vendors:		
e) Original Source of Wealth Verified:	Yes File	F.B.	e) Corporate Resolution(s):		
f) One form of Photo ID on file:	Yes File	F.B.	f) Marketing Materials		
g) Description of Referral:	Yes File	F.B.			
h) List of Related Accounts	Yes None	F.B			
j) List of Other Names on Accounts:	N/A	F.B			
PIC/CORPORATE ACCOUNTS			**RIMCO/Bush/RIC**		
a) Account Data Form:			a) W-8:		
b) Certificate of Ownership:			b) Governing Instrument:		
c) W-8 (BEN) (IMY) (EXP):			c) 10K/10Q:		
d) Two Signature Cards:			d) Statement of Portfolio Assets:		
e) Riggs Corporate Resolution Form:			e) Corporate Resolutions:		
f) Riggs Resolution for Bank Accounts:			f) Customer Statement/Source of Wealth:		
g) Articles of Incorporation:			g) Agency Agreement:		
h) By-Laws for Commonwealth Companies:			h) Separate Account Application(s)/Attachments		
i) Copy of Passport:					



RIGGS

NEGOTIABLE INSTRUMENT ISSUANCE LOG

Riggs Bank N.A.

Cashiers' Checks
International Private Banking

DATE	CHECK #	AMOUNT	CUSTOMER'S NAME	ACCOUNT #	FEE	SELLER'S INITIALS	ITEM COUNT	VERIFIED BY
5/15/00	1674309	50,000.00	A.P.	76835282	7.00	AP		
5/15/00	1674310	50,000.00	A.P.	" "	7.00	AP		
5/15/00	1674311	50,000.00	A.P.	" "	7.00	AP		
5/15/00	1674312	50,000.00	A.P.	" "	7.00	AP		
5/15/00	1674313	50,000.00	A.P.	" "	7.00	AP		
5/16/00	1674314	50,000.00	A.P.	" "	7.00	AP		
5/16/00	1674315	50,000.00	A.P.	" "	7.00	AP		
5/17/00	1674316	50,000.00	AP	" "	7.00	AP		

Redacted by Permanent Subcommittee on Investigations

Redacted by Permanent Subcommittee on Investigations

Redacted by Permanent Subcommittee on Investigations

Permanent Subcommittee on Investigations
EXHIBIT #3

RIGGS

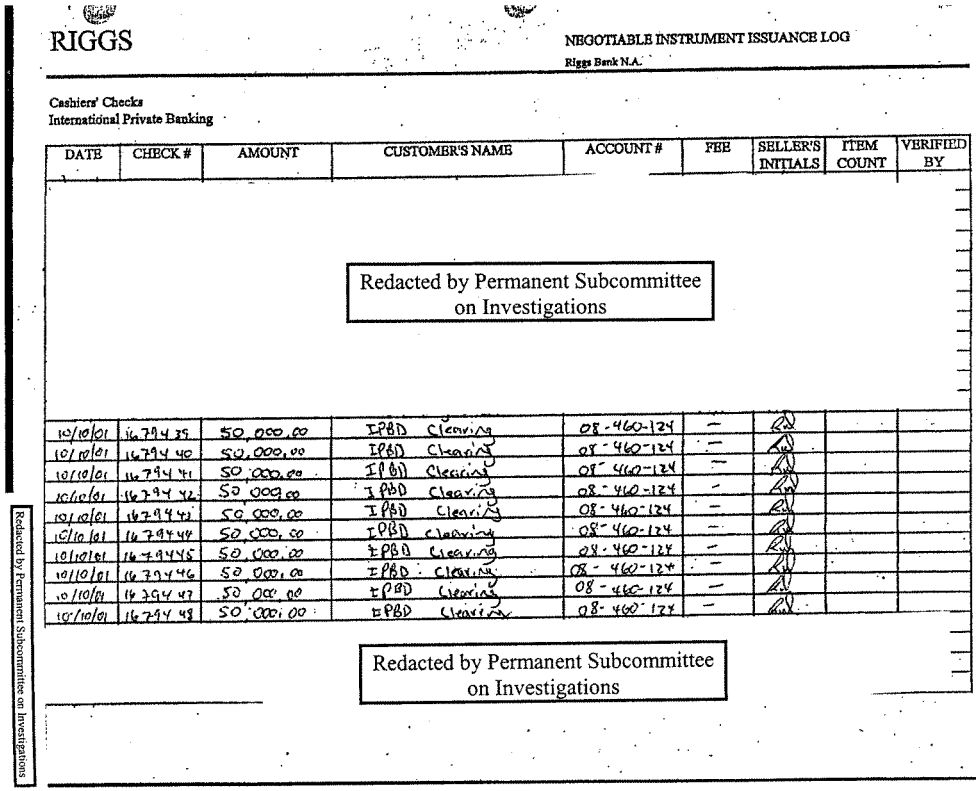
NEGOTIABLE INSTRUMENT ISSUANCE LOG

Riggs Bank N.A.

Cashiers' Checks
International Private Banking

DATE	CHECK #	AMOUNT	CUSTOMER'S NAME	ACCOUNT #	FEE	SELLER'S INITIALS	ITEM COUNT	VERIFIED BY
			Redacted by Permanent Subcommittee on Investigations					
5/15/01	16787327	50,000.00	IPBD Clearing	08-460-124	7.00			
5/15/01	16787328	50,000.00	IPBD Clearing	08-460-124	7.00			
5/15/01	16787329	50,000.00	IPBD Clearing	08-460-124	7.00			
5/15/01	16787330	50,000.00	IPBD Clearing	08-460-124	7.00			
5/15/01	16787331	50,000.00	IPBD Clearing	08-460-124	7.00			
5/15/01	16787332	50,000.00	IPBD Clearing	08-460-124	7.00			
5/15/01	16787333	50,000.00	IPBD Clearing	08-460-124	7.00			
5/15/01	16787334	50,000.00	IPBD Clearing	08-460-124	7.00			
5/15/01	16787335	50,000.00	IPBD Clearing	08-460-124	7.00			
5/15/01	16787336	50,000.00	IPBD Clearing	08-460-124	7.00			
			Redacted by Permanent Subcommittee on Investigations					

Redacted by Permanent Subcommittee on Investigations



RIGGS

NEGOTIABLE INSTRUMENT ISSUANCE LOG

Riggs Bank N.A.

Cashiers' Checks
International Private Banking

DATE	CHECK #	AMOUNT	CUSTOMER'S NAME	ACCOUNT #	FEE	SELLER'S INITIALS	ITEM COUNT	VERIFIED BY
			Redacted by Permanent Subcommittee on Investigations					
10/10/01	16794 39	50,000.00	IPBD Clearing	08-460-124	—			
10/10/01	16794 40	50,000.00	IPBD Clearing	08-460-124	—			
10/10/01	16794 41	50,000.00	IPBD Clearing	08-460-124	—			
10/10/01	16794 42	50,000.00	IPBD Clearing	08-460-124	—			
10/10/01	16794 43	50,000.00	IPBD Clearing	08-460-124	—			
10/10/01	16794 44	50,000.00	IPBD Clearing	08-460-124	—			
10/10/01	16794 45	50,000.00	IPBD Clearing	08-460-124	—			
10/10/01	16794 46	50,000.00	IPBD Clearing	08-460-124	—			
10/10/01	16794 47	50,000.00	IPBD Clearing	08-460-124	—			
10/10/01	16794 48	50,000.00	IPBD Clearing	08-460-124	—			
			Redacted by Permanent Subcommittee on Investigations					

Redacted by Permanent Subcommittee on Investigations

RIGGS

NEGOTIABLE INSTRUMENT ISSUANCE LOG

Riggs Bank N.A.

Cashiers' Checks
International Private Banking

DATE	CHECK #	AMOUNT	CUSTOMER'S NAME	ACCOUNT #	FEE	SELLER'S INITIALS	ITEM COUNT	VERIFIED BY
			Redacted by Permanent Subcommittee on Investigations					
4/3/02	16814 76	50,000-	L Hilliard	76835282	8-			
4/3/02	16814 77	50,000-	L Hilliard	76835282	8-			
4/3/02	16814 78	50,000-	L Hilliard	76835282	8-			
4/3/02	16814 79	50,000-	L Hilliard	76835282	8-			
4/3/02	16814 80	50,000-	L Hilliard	76835282	8-			
4/3/02	16814 81	50,000-	L Hilliard	76835282	8-			
4/3/02	16814 82	50,000-	L Hilliard	76835282	8-			
4/3/02	16814 83	50,000-	L Hilliard	76835282	8-			

Redacted by Permanent Subcommittee on Investigations

RIGGS

NEGOTIABLE INSTRUMENT ISSUANCE LOG

Riggs Bank N.A.

Cashiers' Checks
International Private Banking

DATE	CHECK #	AMOUNT	CUSTOMER'S NAME	ACCOUNT #	FEE	SELLER'S INITIALS	ITEM COUNT	VERIFIED BY
4/8/02	168184	50,000-	L Hilliard	76835282	8-			
4/8/02	168185	50,000-	L Hilliard	76835282	8-			

Redacted by Permanent Subcommittee on Investigations

Redacted by Permanent Subcommittee on Investigations

RIGGS

STATEMENT

ZIP +4
0

AUGUSTO PINOCHET UGARTE
LUCIA HIRIART DE PINOCHET
IPBD - HOLD MAIL
MAIL CODE G-4002

76-835-282 PAGE 1

STATEMENT PERIOD 11-22-2000 THROUGH 12-21-2000

MONEY MARKET SUMMARY

OPENING BALANCE	173,831.43	ACCOUNT #	76-835-282
+DEPOSITS	.00	# OF ENCLOSURES	0
+INTEREST	191.92	AVERAGE BALANCE	53,166.29
-CHECKS AND DEBITS	150,831.43	INTEREST PAID YTD	6,137.33
=NEW BALANCE	23,191.92		

MONEY MARKET ACTIVITY

DEPOSITS	DATE	AMOUNT	DEPOSITS	DATE	AMOUNT
REF 01	12-21	191.92			

CHECKS	DATE	AMOUNT	CHECKS	DATE	AMOUNT
REF 02	11-28	150,831.43			

REFERENCE DESCRIPTION

REF 01 INTEREST CREDIT
REF 02 DEBIT MEMO

MONEY MARKET BALANCES

11-21	173,831.43	11-28	23,000.00	12-21	23,191.92

MONEY MARKET INTEREST

ANNUAL PERCENTAGE YIELD EARNED 4.48%

For General Banking and Account Information, call (301) 887-6000 or (800) 368-5800 toll-free within the Continental U.S., or visit our website at www.riggsbank.com. For inquiries on Electronic Banking transactions, ATM, or CheckCard, call (301) 887-6000 and press 5.

RNB 006211

PUBLIC FILE

Permanent Subcommittee on Investigations
EXHIBIT #4

RIGGS

STATEMENT

ZIP +4
0

AUGUSTO PINOCHET UGARTE
LUCIA HIRIART DE PINOCHET
IPBD - HOLD MAIL
MAIL CODE G-4002

76-835-282 PAGE 1

STATEMENT PERIOD 12-22-2000 THROUGH 01-23-2001

MONEY MARKET SUMMARY

OPENING BALANCE	23,191.92	ACCOUNT #	76-835-282
+DEPOSITS	.00	# OF ENCLOSURES	0
+INTEREST	77.29	AVERAGE BALANCE	23,191.92
-CHECKS AND DEBITS	.00	INTEREST PAID YTD	77.29
=NEW BALANCE	23,269.21		

MONEY MARKET ACTIVITY

DEPOSITS	DATE	AMOUNT	DEPOSITS	DATE	AMOUNT
REF 01	01-23	77.29			

REFERENCE DESCRIPTION

REF 01 INTEREST CREDIT

MONEY MARKET BALANCES

12-21	23,191.92	01-23	23,269.21

MONEY MARKET INTEREST

ANNUAL PERCENTAGE YIELD EARNED 3.74%

For General Banking and Account Information, call (301) 887-6000 or (800) 368-5800 toll-free within the Continental U.S., or visit our website at www.riggsbank.com. For inquiries on Electronic Banking transactions, ATM, or CheckCard, call (301) 887-6000 and press 5.

PUBLIC

RIGGS

STATEMENT

ZIP +4
0

L HIRIART
A UGARTE
IPBD - HOLD MAIL
MAIL CODE G-4002

76-835-282 PAGE 1

STATEMENT PERIOD 01-24-2001 THROUGH 02-22-2001

MONEY MARKET SUMMARY

OPENING BALANCE	23,269.21	ACCOUNT #	76-835-282
+DEPOSITS	.00	# OF ENCLOSURES	0
+INTEREST	66.94	AVERAGE BALANCE	23,269.21
-CHECKS AND DEBITS	.00	INTEREST PAID YTD	144.23
=NEW BALANCE	23,336.15		

MONEY MARKET ACTIVITY

DEPOSITS	DATE	AMOUNT	DEPOSITS	DATE	AMOUNT
REF 01	02-22	66.94			

REFERENCE DESCRIPTION

REF 01 INTEREST CREDIT

MONEY MARKET BALANCES

01-23	23,269.21	02-22	23,336.15

MONEY MARKET INTEREST

ANNUAL PERCENTAGE YIELD EARNED 3.55%

For General Banking and Account Information, call (301) 887-6000 or (800) 368-5800 toll-free within the Continental U.S., or visit our website at www.riggsbank.com. For inquiries on Electronic Banking transactions, ATM, or CheckCard, call (301) 887-6000 and press 5.

DUPLICATE

RIGGS

STATEMENT

ZIP +4
0

L HIRIART
A UGARTE
IPBD - HOLD MAIL
MAIL CODE G-4002

76-835-282 PAGE 1

STATEMENT PERIOD 02-23-2001 THROUGH 03-21-2001

MONEY MARKET SUMMARY

OPENING BALANCE	23,336.15	ACCOUNT #	76-835-282
+DEPOSITS	.00	# OF ENCLOSURES	0
+INTEREST	57.70	AVERAGE BALANCE	23,336.15
-CHECKS AND DEBITS	.00	INTEREST PAID YTD	201.93
=NEW BALANCE	23,393.85		

MONEY MARKET ACTIVITY

DEPOSITS	DATE	AMOUNT	DEPOSITS	DATE	AMOUNT
REF 01	03-21	57.70			

REFERENCE DESCRIPTION

REF 01 INTEREST CREDIT

MONEY MARKET BALANCES

02-22	23,336.15	03-21	23,393.85

MONEY MARKET INTEREST

ANNUAL PERCENTAGE YIELD EARNED 3.39%

DUPLICATE

For General Banking and Account Information, call (301) 887-6000 or (800) 368-5800 toll-free within the Continental U.S., or visit our website at www.riggsbank.com. For inquiries on Electronic Banking transactions, ATM, or CheckCard, call (301) 887-6000 and press 5.

RIGGS Memorandum

To: Lois Trojan

From: Judy DeMasi

Date: July 28, 2000

Re: BSA Request Item - List of Customer Accounts

You had requested the following items:

A list of customer accounts:

1. Where the bank's private banking and fiduciary customers are politicians, export/import business owners, money changers, private investment corporations, financial advisors, offshore entities, or money managers (where an intermediary is acting on behalf of customers).

2. Where the bank's private banking and fiduciary customers were introduced to the bank by account officers or representatives previously employed by other financial institutions.

3. Where a third-party investment advisor referred the accounts to the bank.

4. Where nominee names are used.

Per our discussion, you stated that all information was to be for the time period January 1, 2000 through June 30, 2000 unless otherwise stated.

Domestic Private Banking

Per [redacted], the answer to the requested items for Domestic Private Banking is N/A, based on the time period specified.

[redacted] = Redacted by the Permanent Subcommittee on Investigations

Redacted by the Permanent Subcommittee on Investigations

Permanent Subcommittee on Investigations
EXHIBIT #5

International Private Banking

Politicians

Redacted by Permanent Subcommittee on Investigations

Redacted by the Permanent Subcommittee on Investigations

Export/Import Owners

Redacted by Permanent Subcommittee on Investigations

Money Changers

PICs

Redacted by the Permanent Subcommittee on Investigations

Redacted by Permanent Subcommittee on Investigations

List of Customers who are Financial Advosors –None

List of Customers who are Offshore Entities: Virtually all. PIC's are listed in the Administration Fee Schedule for Washington for the Quarter Ended Mar 31, 00 report.

List of Customers who are Money Managers: None

List of Customers Introduced to Riggs by third party investment advisors: To our knowledge, none.

Customers Using Nominee Names: None, other than PICs/Trusts

Redacted by the Permanent Subcommittee on Investigations

Memorandum

To: Stan Dore

From: Sean Terry

Date: June 21, 2002

Re: OCC BSA MLP F/U Request

Responses to Mr. Lee's memo of May 29, received in our office June 10 are attached.

1) Five years of account history for accounts related to principal. In addition to personal accounts checking accounts, statements covering the past five years for two Private Investment Company accounts are attached as follows:
   - Personal DDA account #76-750-393. Statements from 1/1/97 through 3/30/99 (account closed)
   - Personal DDA account #76-835-282. Statements from 3/24/99 through 5/31/02 (this account replaced #76-750-393 listed above).
   - London DDA account # 25005393. Summary of activity from 4/97 to 5/00 when account was closed. Used for personal expenses when client was in London, particularly when he was restricted to his house.
   - Ashburton DDA account#76-715-547. Statements from 1/01/97 through 5/31/02
   - Althrop DDA account#76-835-493. Statements from 5/12/00 (account established) through 5/31/02.
   - Athhorp Certificate of Deposit receipts from Riggs Bank (London) for GBP account April, 1998 through March, 1999.
   - Investment Management Account Statements for Ashburton from 1/1/97 through 5/31/02. Due to systems problems, the following statements were not available: April & May, 2000 and July & August, 1998; however, the April/May 2000 data is included in a separate April-December, 2000 summary.

2) Withdrawals from these accounts were made as follows:
   - Sets of Cashier's Checks taken from investment accounts and delivered in person. Records of four sets of withdrawals via Cashier's Check are attached covering the dates 8/18/00, 5/15/01, 10/09/01, and 4/08/02. Prior to 2002, funds flowed from the corporate account through the IPBD clearing account from whence the Cashier's Checks were generated. This practice ended in December, 2001.
   - Normal servicing and management fees are debited from DDA statements.
   - London cash transactions: Client called London account officer with precise cash needs. Client would then send a written authorization with a messenger to pick up the funds. These transactions are reflected on the statements attached.

Permanent Subcommittee on Investigations
EXHIBIT #6

3) The primary compliance responsibility for IPBD clients rests with the International Private Banking Division. However, International Private Banking works closely with Compliance Division as the regulatory (BSA, etc.) environment evolves, since they are the providers of guidance and direction in this field.

   Riggs Bank Legal Affairs Division and Compliance Division have been aware of all activities relating to these accounts. At no time has the International Group acted on this account without the express consent of both the Legal Affairs and Compliance Divisions.

   Additionally, we have engaged outside counsel to research the validity of charges against the client, copies of which were provided to Mr. Boss in April, 2002 during the recent audit. Results did not indicate or validate evidence of fraudulent activity.

   In April, 2002, we also provided Mr. Boss with a copy of disclosures and details of funds received by the client over the years which where given to us by the client when we requested definitive documentation of "source of funds". This process continues and the next visit with the client (there have been none since April, 2002) will continue this process.

Trojan, Lois

From: Trojan, Lois
Sent: Tuesday, July 16, 2002 11:15 AM
To: Boss, Joseph
Cc: Trojan, Lois
Subject: Riggs conclusion memo and [Redacted by the Permanent Subcommittee on Investigations]

Joe - here are the two docs. I put hard copies of both with the workpapers.



Conclusion Memo.doc

[Redacted by the Permanent Subcommittee on Investigations]

Lois Trojan, NBE
Maryland/National Capital Area Field Office

[Redacted by the Permanent Subcommittee on Investigations]

Permanent Subcommittee on Investigations
EXHIBIT #7a

[Redacted by the Permanent Subcommittee on Investigations]

Boss, Joseph

From: Trojan, Lois
Sent: Tuesday, July 23, 2002 8:14 AM
To: Boss, Joseph
Cc: Lee, Ashley
Subject: RE: EV

Under April 2002 BSA exam, Exam Conclusions, Summary (my name).

-----Original Message-----
From: Boss, Joseph
Sent: Monday, July 22, 2002 2:38 PM
To: Trojan, Lois
Cc: Boss, Joseph
Subject: FW: EV

Lois, so where did we put this thing?

Me

-----Original Message-----
From: Lee, Ashley
Sent: Wednesday, July 17, 2002 3:05 AM
To: Boss, Joseph; Trojan, Lois
Cc: Lee, Ashley
Subject: RE: EV

As indicated put the info in the below target. However, please e-mail me with the exact location for where documents/info relative to Pinochet may be found within that analysis.

Thanks, Ashley

-----Original Message-----
From: Lee, Ashley
Sent: Tuesday, July 16, 2002 3:27 AM
To: Boss, Joseph
Cc: Lee, Ashley
Subject: RE: EV

In the April 2002 target

Ashley

-----Original Message-----
From: Boss, Joseph
Sent: Monday, July 15, 2002 4:22 PM
To: Lee, Ashley
Cc: Boss, Joseph
Subject: EV

Ashley a real quick question. Where in EV did you want to put the reference about Pinochet?

Joe

Permanent Subcommittee on Investigations
EXHIBIT #7b

Riggs Bank N.a. #5046
Mclean , VA

Print Date : 7/12/2004
Exam as of Date: 3/31/2002

Activity: April 2002 BSA Exam

Examination Conclusions - Con 1: Summary

Enter your findings and comments in the comment field below. Any Matters Requiring Attention or Violations should be entered in the appropriate section of Ongoing Supervision.

[?] Approved Comment

As a result of information found during review of international private banking's cashiers'check log, a separate targeted examination for accounts related to Mr. Augusto Pinochet was conducted in June and July 2002. All results and documentation relating to the targeted examination are maintained in the OCCs Washington/National Capital Area Field Office (located in the OCC's national headquarters).

Permanent Subcommittee on Investigations
EXHIBIT #7c

Sexton, Gerard

From: Pasley, Bob
Sent: Monday, July 12, 2004 3:07 PM
To: McCormally, Brian; Sexton, Gerard
Subject: FW: Edit date and timestamp for an activity comment

-----Original Message-----
From: Trojan, Lois
Sent: Monday, July 12, 2004 3:06 PM
To: Pasley, Bob
Subject: FW: Edit date and timestamp for an activity comment

Bob - Below is the comment from Don Ewing regarding when my comment was put into EV regarding Pinochet. Apparently, the date he sees is 7/17/02.

Lois

-----Original Message-----
From: Ewan, Donald
Sent: Monday, July 12, 2004 2:39 PM
To: Trojan, Lois
Subject: Edit date and timestamp for an activity comment

Lois,

In response to your question, EV locks examiner access to comments in an activity at the point in time that the Supervisory Office approves the activity. In the case of the comment you referred to (your Conclusion 1 Summary comment of the Examination Conclusions module of the April 2002 BSA Exam), that lock date was 11/15/2002.

However, behind the scenes, EV also captures the date and time that each comment was last updated. In the case of your comment, the date and time of last update was 7/17/2002 03:28:59.

Hope this is useful information for you.

Don

Donald D. Ewan
National Bank Examiner/SIS-EV Program Manager

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Permanent Subcommittee
on Investigations

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Permanent Subcommittee on Investigations
EXHIBIT #7d

RIGGS

Risk Management
Interoffice Memorandum

To: The Board of Directors
Riggs Bank N.A.

From: Stanley M. Dore III
Senior Vice President and Risk Manager

Date: October 4, 2002

The following is a list [redacted]

Category	Name	Loss	Exposure	Claim
Redacted by Permanent Subcommittee on Investigations				
[redacted]	Augusto Pinochet Ugarte	$0	$1,900,000	$0

[redacted] = Redacted by the Permanent Subcommittee on Investigations

Permanent Subcommittee on Investigations
EXHIBIT #8

Redacted by the Permanent Subcommittee on Investigations

RIGGS

Risk Management

Interoffice Memorandum

To: Stanley M. Dore III
Senior Vice President & Risk Manager

From: Paul D. Glenn
Vice President & Director of Compliance
Compliance Department

Date: September 11, 2002

RE: **Amount of Loss: $0** **Date Charged Off: N/A**

[redacted]

Customer Name: Augusto Pinochet Ugarte

[redacted]

Referred to Law Enforcement: _____Yes __X_No

When and How Discovered:

As part of an Office of the Comptroller of the Currency Bank Secrecy Act examination, the OCC identified activities that it considered unusual. The OCC brought the activities to the attention of Compliance on June 17, 2002 and continued to review materials and discuss the matter with Riggs employees on June 18, 20, 21, 24, 25, 26, 27, 28, 2002. Compliance met with the OCC's examiner in charge on July 3, 2002.

Description of Events:

The customer's accounts were involved in certain transactions as follows:

1. On August 18, 2000, October 10, 2001, May 15, 2001, and April 8, 2002, respectively, the account holder withdrew funds from his bank account requesting the Bank to issue multiple $50,000 cashiers checks (8, 10, 10, and 10, respectively) payable to himself "and/or" his wife. Each of those cashiers' checks was deposited on different dates in a bank account held in the customer's name in his home country.
2. The customer's stated intended use of the proceeds for the aforementioned withdrawals was described to the Bank, but the Bank has no way to confirm the actual use of the funds.
3. On March 26, 1999, promptly following loss of an English legal action, the customer closed a "fixed deposit" Pounds Sterling account at the Bank's branch in London and opened a similar US Dollar certificate of deposit account at Riggs Bank in the United States by transferring funds from one Riggs account to the other.

The Bank confirmed the source of funds used to establish the accounts listed in Part I, line 14, but the Bank was unable to document the source of each and every deposit.

On August 6, 2002, the International Private Banking Group closed the account after wiring the

[redacted] = Redacted by the Permanent Subcommittee on Investigations

funds to a different bank upon the request of the Bank's customer. The customer's wire transfer requests were made July 18, 2002. Riggs notified the OCC on August 7, 2002 that the accounts are now closed.

Control/Procedure Breakdown Contributing to Loss:

None

New Controls/Procedures Established to Prevent Future Loss:

None

[redacted]

If you have any questions please call Paul Glenn on extension 5024.

cc: R. Roane

[redacted] = Redacted by the Permanent Subcommittee on Investigations

INTERNAL TRANSFER

DATE: 03/13/98

CUSTOMER: REPUBLICA DE GUINEA ECUATORIAL
TESORERIA GENERAL

MOVE: $122,000.00

FROM: 17 164 642

TO: 76 827 522

PER TELEPHONE INSTRUCTION FROM _____ TO _____.

BAL $3,041,551.87

SEQ# 654

_____ CHARGE

_____ NO CHARGE

PARA LOS SERVICIOS DE GESTION
DEL PAGO DE LA DEUDA

Permanent Subcommittee on Investigations
EXHIBIT #9

RNB 005804

RIGGS

MEMORANDUM
Embassy Banking Division

TO: File

FROM: Simon Kareri

DATE: March 13, 1998

RE: Wire verification for Melchor Edjo 76827522

I contacted Minister Juan Olo to verify a wire in the amount of $122,000.00 for the account of Mr. Edjo. I was advised that the Government of Equatorial Guinea owed Mr. Edjo $244,000 for technical services contract that he had with the government when he was a consultant before joining the government. In that contract, he assisted the government to renegotiate the Paris club debt. The government was paying half of the contract now and the rest in the future.

INTERNAL TRANSFER

DATE: MAY 27, 1998

CUSTOMER: EQUATORIAL GUINEA

MOVE: 122,000.00

FROM: 17 164 642

TO: 76 827 522

PER TELEPHONE INSTRUCTION FROM _____ TO _____.
PER WRITTEN INSTRUCTIONS DATED 05/23/98
Onorarios tecnicos SEQ# 1483 vaf
_____ CHARGE
_____ NO CHARGE

Bal @ 6,375,010.93

RNB 005807

Run Date: 2-Sep-03
Run Time: 12:24 PM

Transaction Detail Report

Page: 1
User Name: JPETERS

BNK: RGB SND DATE: 020611 VAL: 020612 TRN: 020611-000849
AMT: $255,000.00 CUR: EUR FOR AMT: 269,271.38
SRC: LTR ADV: SWF TYP: FTR LOC: EMB CHECK NUM:

DBT: D/17164642
ACC: D/17164642 ON FILE: Y
DEPT: CTRY:
REP DE GUINEA ECUATORIAL TESOR GENL
C/O EMBASSY BANKING DIVISION
AFRICA & CARIBBEAN REGION
MAIL CODE G-4001

CDT: [Redacted by Permanent Subcommittee on Investigations]
ACC: ON FILE: Y
DEPT: CTRY: FR
SOCIETE GENERALE
PARIS FRANCE

BNF BNK:
SOCIETE GENERALE DE BANQUES GUINEE

BNF BNK: [Redacted by Permanent Subcommittee on Investigations] BK: N
MELCHOR ESONO EDJO
MALABO
EQUATORIAL GUINEA

ORIG TO BNF INFO:

[Redacted by Permanent Subcommittee on Investigations]

RNB 001863

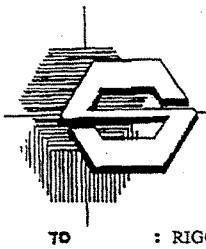
```
ge: 1 Document Name: untitled
ime: 09:15 ---------- UserId: B002123 ---------- Date: 03/11/10
PTION ===>
                LETTERS OF CREDIT MASTER FILE INQUIRY          PAGE  1

/C No: 199811014  Bank: 001   Type: COMM    Issued: 11/05/98  Expires: 10/31/99
mount: 2,503,000.00      Currency: USD DOLLAR          UNITED STATES OF AMERICA
alance: .00               Foreign Amt .00               Exch Rate .000000
ev/Irev: I Cancel: 12/24/99 RC: 00511  MIDDLE EAST &AFRICAN EMBASSIES
ast.Reference:                              Officer: SIMON KARERI
hort Name:  GOVTOFEQUATORIAL
vergreen: N      Evergreen Days: 000   Total Commissions Paid: 6,257.50
ssuing Officer: THL             More Information Needed:
================================================================================
ccount Party: GOVERNMENT OF EQUATORIAL GUINEA
              CALLE LA LIBERTAD S/N                MALABO
              51942    EQUATORIAL GUINEA             0
             Master DDA#:            Checking #: 17164642
eneficiary:  SABIEX INTERNATIONAL S.A.
             CHAUSSEE DE TURIZE 65 B-1420          BRAINE L'ALLEUD
             10308    BELGIUM-LUXEMBOURG             0
             DDA #: 0
================================================================================
ollateral: C   Unearned Fees:  N   Guarantor:          Amendment:
   Press "ENTER" to continue;   Use Option 16 to Exit
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RNB 001953
CONFIDENTIAL

Permanent Subcommittee on Investigations
EXHIBIT #10

29-09-98 17:27 De:SABIEX INTL SA +32-2-3841713 T-059 P.01/22 Travail-451



sabiex INTERNATIONAL S.A

Tel +32 2 3840015 Fax +32 2 3841710

TO	: RIGGS NAT BANK WASHINGTON	**FAX**	: 00.1.202 835.8518
ATTN	: Mister Simon KERERI	**cc:**	:
FROM	: Marc CREMERS	**REF.**	: MC/sd/98/675
DATE	: September 29th, 1998	**PAGES**	: 01 + 21

SUBJECT : EQUATORIAL GUINEA

MESSAGE

Dear Sir,

With reference to our telephone conversation of to-day concerning a letter of credit in our favor through you from Equatorial Guinea, please find annexed, as requested, copy of our proforma invoice and our complete offer for same.

We remain at your entire disposal for any further informations.

We appreciate your help in this dossier and are expecting your reply the soonest.

Yours faithfully.

M. CREMERS
Director
FINANCIAL DPT.

Redacted by the
Permanent Subcommittee
on Investigations

sabiex INTERNATIONAL S.A.
CHAUSSEE DE TUBIZE 65—B-1420 BRAINE L'ALLEUD (BELGIQUE)
☎ (02) 384.80.15 (Lignes groupées)—Tx 62016 Sabiex B—Fax: 32-2-384.17.10
R.C. Nivelles 60.577 — T.V.A. 435.148.928

PRESIDENCE DE LA REPUBLIQUE

MALABO
GUINEE EQUATORIALE

DATE : 8 septembre 1998.

FACTURE PROFORMA N°044/98 **INVOICE**

QT.	DESCRIPTION		TOTAL
	REF. NOTRE « PROPUESTA PARA 10 VEHICULOS ELAND MK 7 TD 90 »		
10	VEHICULOS	@ USD.162,760.00	USD.1,627,600.00
1	CAPACITACION DEL PERSONAL		USD. 90,000.00
1	REPUESTOS		USD. 132,750.00
1	MUNICIONES		USD. 593,540.00
	TOTAL ex dépôts		**USD.2,443,890.00**
	TRANSPORT JUSQU'EN GUINEE EQUATORIALE		USD 60,000.00
	TOTAL C&F		**USD. 2,503,890.00**

U.S. Dollars : **DEUX MILLIONS CINQ CENT TROIS MILLE HUIT CENT NONANTE & 00/100.**

* Paiement :
Lettre de crédit irrévocable et confirmée aux frais du donneur d'ordre, par Générale de Banque S.A. - blvd Tirou 100 à 6000 Charleroi - Belgique – n° de compte 271-0441700-91 avec une validité de 12 (douze) mois et négociable comme suit :
- 40 % Acompte contre reçu simple et garantie bancaire de remboursement d'acompte.
- 30 % Solde à l'expédition.
- 30 % solde à 180 (cent quatre vingts) jours de la date d'expédition au plus tard.

* Marchandise sujette à obtention d'une licence d'exportation.
* Prix pour Marchandises livrées port Guinée Equatoriale.
* Livraisons partielles autorisées.
* Validité de la proforma 60 (soixante) jours.

SABIEX International S.A.

RNB 003419

sabiex INTERNATIONAL S.A

INDICE

A. INTRODUCCIÓN

B. PROPUESTA ECONÓMICA

C. PRESENTACIÓN DE LOS ELAND MK 7 TD 90

D. INFORMACIÓN TÉCNICA SOBRE EL REEMPLAZO DEL MOTOR ORIGINAL POR UN MOTOR TURBO DIESEL TOYOTA

E. EQUIPOS SUPLEMENTARIOS

23-10-98 17:23 De:SABIEX INTL SA +32-2-554.11.13 97% P.04/12

sabiex INTERNATIONAL S.A

A. Introducción

Sabiex es una compañía especializada desde hace 30 años en la compra/venta de vehículos militares y de sus repuestos así como en la modernización de estos.

Entre otros, Sabiex posee un lote importante de vehículos Eland equipados con un cañón de 90 mm. Pensando que estos vehículos podrían ser del agrado del Ejército de Guinea ecuatorial, Sabiex quisiera proponer a dicho Ejército de adquirir 12 Eland 90 mm y 15 Eland 60 mm.

En su afán de ofrecer a sus clientes un servicio completo, Sabiex también propone la posibilidad de cambiar el motor de estos vehículos para instalar un Toyota 2,4l Turbo diesel que le otorga al Eland capacidades operativas comparables a las de vehículos modernos y más adaptadas a las características geográficas del continente africano.

Para concluir, Sabiex propondrá ciertas opciones destinadas a mejorar aun más las capacidades operativas del Eland.



B. Propuesta económica

1. Vehículos

Eland MK 7 TD con toreta de 90 mm 10 unidades

Cada vehículo viene equipado con radio , sistema de Intercomunicación y ametralladora coaxial 7,62 mm

Precio unitario FOB Bélgica:

162,760.oo U.S.D.
(Ciento sesenta y dos mil setecientos sesenta U.S. Dólares)

sabiex

2. Capacitación del personal

Tema de la capacitación	Personal	Duración
Mecánica general del vehículo	3 personas	4 semanas
Mantenimiento del armamento	2 personas	2 semanas
Cursos del instructor y del utilizador del armamento	2 personas	3 semanas
Cursos de conducción	4 personas	2 semanas

Las capacitaciones se realizarán en las instalaciones del cliente, lo que implicará el desplazamiento hasta allí de un ingeniero y de un técnico de Sabiex, lo cual está comprendido en el precio siguiente :

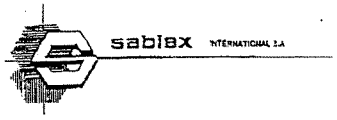
90,000.oo U.S.D.
(noventa mil U.S.Dólares)

3. Repuestos

Lote de repuestos para dos años de utilización de los vehículos

Precio : 132,750.oo U.S.D.
(Ciento treinta y un dos mil setecientos cincuenta U.S. Dólares) FOB Bélgica

03-08-99 17:30 De:SABIEX INTL SA +32-2-3341717 T-053 P.07/22 Travail:+431



4. Municiones

a) Municiones 90 mm

Tipo 90-33 CN	700 unidades
Tipo 90-33 CAT-T	300 unidades
Tipo 90-33 HI-T	150 unidades
Tipo 90-33 Canister	100 unidades
Total	1,250 unidades

Precio del lote : 590,000.oo U.S.D
(Quinientos noventa mil U.S. Dólares) FOB Bélgica

b) Municiones 7.62 mm

Cantidad : 30,000 unidades

Precio del lote : 3,540.oo U.S.D
(tres mil quinientos cuarenta U.S. Dólares) FOB Bélgica

Pago : Por carta de crédito irrevocable y confirmada
Validez de la oferta :60 días

Ing. José Valdés
Sabiex International

sabiex INTERNATIONAL S.A

Características de los ELAND M. Turbo

Los ELAND son vehículos derivados del modelo Panhard 61 AML, el cual ha sido totalmente modificado de manera a adaptarse a las duras condiciones de utilización en Africa (ver *Figura 1*).

Por sus características, el Eland ofrece una gran variedad de posibilidades tácticas. En efecto, este vehículo combina una movilidad excepcional y una buenas protecciones con una potencia de fuego apreciable, lo que le permite efectuar misiones muy diversas tal como la caza de tanques o el control de insurrecciones.

También se le puede equipar con sistemas modernos de comunicaciones y de visión nocturna para ampliar sus posibilidades y permitir por ejemplo su participación en operaciones nocturnas.

En 1994, los Eland han sido modernizados y equipados con un motor turbo diesel enfriado por agua. Este motor es un 2,4l de 4 cilindros con una potencia de 103 hp a 4,000 rpm, lo que permite alcanzar una velocidad máxima en carretera de 85 km/h. En aceleración, se pasa de 0 a 60 km/h en 42 s.

La instalación de este motor diesel implica las siguientes ventajas :

- Se trata de un motor con producción comercial, por lo cual el mantenimiento y la logística se ven altamente facilitados.
- El diesel es un combustible que se inflama más difícilmente que la gasolina. Por lo tanto, el uso del diesel mejora la seguridad del vehículo
- Los costos de utilización quedan reducidos.

23-08-99 17:31 De:SABIEX INTL SA +32-2-6641713 Pag. 2 08/22 13/31 11-451

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Figura 1 : ELAND 90

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sabiex INTERNATIONAL S.A

El motor y su sistema de enfriamiento están montados sobre correderas como se ve en la *Figura* 2. Cuando se deben efectuar algunas reparaciones, se hace deslizarse este equipo sobre las correderas de manera a que los mecánicos puedan acceder fácilmente y rápidamente a cualquier piezas defectuosa. Por lo tanto, las reparaciones pueden realizarse en cualquier condiciones (incluso en combate) en muy poco tiempo y con un apoyo logístico mínimo.

Además, el ELAND dispone de una movilidad excepcional que se debe tanto a la calidad de su motor como a la tracción permanente sobre las 4 ruedas.

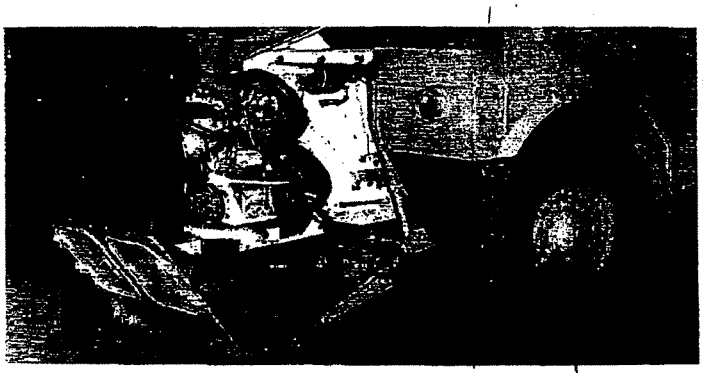
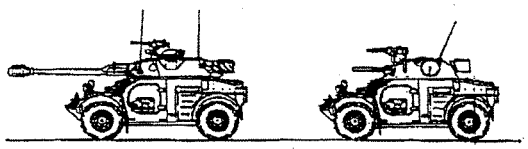


***Figura* 2** : Motor deslizante sobre correderas

A continuación presentamos las características técnicas del Eland, las cuales dan muestras evidentes de sus cualidades, de su polivalencia y de su perfecta adaptación a las condiciones operativas en el continente africano.

sabiex INTERNATIONAL n.v.



Características técnicas de los ELAND MK 7 TD 90

MOTOR	
4 cilindros enfriados por agua	
Turbo diesel	
Potencia : 77 kW a 4000 rpm	
Par : 220 Nm a 2500 rpm	
TRANSMISION	
Embrague : monodisco en seco	
Caja de velocidades : 6 velocidades	
Tracción : 4 ruedas	
SUSPENSIÓN	
4 ruedas independientes	
Barras de torsion activas con muelles	
Amortiguadores hidráulicos doble acción	
RUEDAS	
12.00 x 16	
Neumáticos que no se pinchan en opción	
ARMAMENTO (VARIANTES)	
Armas principales :	
• Cañón de 90 mm a baja presión y tiro rápido	
ARMAS SECUNDARIAS :	
(disponibles con cualquier arma principal)	
• Ametralladora coaxial de 7.62 mm	
COMUNICACIONES (OPCIONES)	
Radio HF; VHF y intercom	
PRESTACIONES	
Velocidad máxima en carretera	85 km/h
Velocidad en todo terreno	25 km/h
Radio de acción (a 80 km/h)	450 km
Cuesta máxima	60%
Obstáculo vertical	0,3 m
Franqueamiento de trincheras	0,5 m
Vadeo (sin preparación)	0,615 m
(con placa de vadeo)	0,82 m
TRIPULACIÓN	
3 (oficial, tirador y conductor)	
PESO EN ORDEN DE COMBATE	
	6000 kg
DIMENSIONES	
Largo (cañón incluido)	5,12m
Ancho	2,015 m
Altura a la torreta	2,25m
Ancho entre ruedas	1,62 m
Distancia entre ejes	2,5 m
Altura sobre suelo	0,4 m

SIMON P. KARERI
VICE PRESIDENT
INTERNATIONAL BANKING GROUP
RIGGS BANK N.A.
1913 Massachusetts Avenue, N.W.
Washington, D.C. 20036
Tel: 202-835-5380
Fax: 202-835-8518

fax

atención:	Su Excelencia Teodoro Obiang Nguema Mbasogo Presidente de la República de Guinea Ecuatorial
fax #:	9-011-240-9-2400
de:	Sr. Simon P. Kareri
fecha:	January 14, 1999
subjeto:	Extracto de Noviembre
paginas:	4, incluyente portada
NOTAS:	

RNB 011940

RIGGS

RIGGS BANK N.A.
Embassy Banking Division
1913 Massachusetts Avenue, N.W.
Washington, D.C. 20036-1147
(202) 835-5388 Fax: (202) 835-8518

Enero 14 de 1999

Su Excelencia Teodoro Obiang Nguema Mbasogo
Presidente de la República de Guinea Ecuatorial
Malabo, Guinea Ecuatorial

Su Excelencia:

Señor Presidente, ¡felicidades para el año nuevo!

Le estoy escribiendo esta carta para informarle que nosotros hemos abierto una Carta de Crédito por el monto de dos milliones quinientos tres mil dolares ($2,503,000) en nombre de Sabiex International S.A. en noviembre 5 de 1998. El pasado noviembre 19 y diciembre 22 de 1998, la compañia se contactó con nosotros pidiendo cambios en los términos del crédito. Dos de los cambios no son aceptables para nosotros y no son buenos términos para su pais de Guinea Ecuatorial. Ellos han pedido que nosotros le paguemos en forma adelantada sin la garantia que ellos han prometido a Guinea Ecuatorial, al mismo tiempo que desean enviar los vehículos sin seguro. No recomendamos estos dos cambios y como ellos acordaron en los términos antes de abrir la carta de crédito, ellos deberian cumplir con sus obligaciones.

Su Excelencia, esté seguro que nosotros continuaremos protegiendo los intereses de Guinea Ecuatorial. Esperamos que esta carta lo ponga al tanto de la situación.

Sinceramente,

Señor Simon P. Kareri
Vice President
International Banking Group

January 14, 1999

His Exellency Teodoro Obiang Nguema Mbasogo
Presidente de la Republica de Guinea Ecuatorial
Malabo, Guinea Ecuatorial

Excellencia:

Greetings of the new year Sr. Presidente.

I am writing to inform you that we issued a letter of Credit in the amount of two million five hundred three thousand dollars ($2,503,000.00) to Sabiex International S.A. on November 5, 1998. On November 19, 1998 and December 22, 1998 they contacted us requesting the terms of the credit to be changed. Two of their requests are not acceptable to us and would are not good for Guinea Ecuatorial. They requested that we pay them the advance without the guarantee that they promised Guinea Ecuatorial and wanted to ship the vehicles without insurance. These two requests are not recommended and since they agreed on the terms of the credit before it was issued, they should be requested to honor their obligations.

Excellencia, rest assured taht we will continue to protect the interest of Guinea Ecuatorial. We hope this brief letter brings you upto date with the situation.

Sincerely,

Mr. Simon P. Kareri
Vice President
International Banking Group

RIGGS EMBASSY BANKI. Fax:2028358518

** Transmit Conf.Report **

P.1 Apr 9 1999 15:07

Telephone Number	Mode	Start	Time	Page	Result	Note
901124092400	NORMAL	9,15:05	1'14"	3	O K	

SIMON P. KARERI
VICE PRESIDENT
INTERNATIONAL BANKING GROUP
RIGGS BANK N.A.
1913 Massachusetts Avenue, N.W.
Washington, D.C. 20036
Tel: 202-835-5380
Fax: 202-835-8518

fax

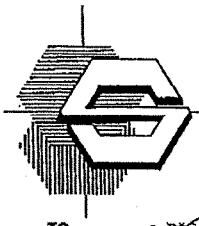
atención:	Su Excelencia Teodoro Obiang Nguema Mbasogo Presidente de la República de Guinea Ecuatorial
fax #:	9-011-240-9-2400
de:	Sr. Simon P. Kareri
fecha:	January 14, 1999
subjeto:	Extracto de Noviembre
paginas:	4, incluyente portada
NOTAS:	

RNB 011938

22-12-98 19:26 De:SABIEX INTL S.A +32-2-3841710 T-331 P.01/01 Travail-885

URGENT CALL BACK Please

0032 477 256505



sabiex INTERNATIONAL S.A

Tel +32 2 3848015 Fax +32 2 3841710

AN/oc

0032 2 3891316.

TO	: RIGGS NAT BANK WASHINGTON	**FAX**	: 00.1.202 835.8518
ATTN	: Mister Simon KERERI	**cc:**	:
FROM	: Marc CREMERS	**REF.**	: MC/sd/98/812
DATE	: November 19th, 1998	**PAGES**	: 01 +

SUBJECT : EQUATORIAL GUINEA - L/C N° 981105-001392

MESSAGE

Dear Sir,

We receive notification of your above mentioned L/C for which we thank you. We tried to reach you yesterday and expected your call back with no success to express a few remarks , some minors but some very important, about the terms of the L/C you will read here under.

1/ Delivery terms were C. & F. instead of C.I.F. ;

2/ Total amount of sale was USD. 2,503,890.00 instead of USD.2,503,000.00 ;

3/ With regards to the 35 % down-payment, the L/C requires a written notice from the Government of Equatorial Guinea stating the receipt of a «PERFORMANCE BANK GUARANTEE » for same amount with one year validity instead of an «**ADVANCE PAYMENT GUARANTEE** » for same validity but to be reduced prorated to our expeditions. This guarantee, in favor of the Government of Equatorial Guinea, would be notified to you directly to avoid the notice from the Government of Equatorial Guinea.

4/ With regards to the remaining 30 %, could we add in the L/C a maximum delay after our last expedition, like 30 days, for the certificate of completion to be signed by the Ministry of Defense.

The points 1 & 2 do not require any modification, point 3 must be modified and point 4 to be appreciate.

We remain at your entire disposal for any further information's and thank you in advance for your cooperation.

We appreciate your help in this dossier and are expecting your reply the soonest.

Yours faithfully.

M. CREMERS

RNB 011948

RIGGS

RIGGS BANK N.A.
Letters of Credit Department
800 17th Street, N.W.
Washington, D.C. 20006
(301) 887-6000

ADVICE OF CHARGE

November 5, 1998

Government of Equatorial Guinea
Calle La Libertad S/N
Malabo, Equatorial Guinea

Gentlemen:

Re: Letters of credit No. RNB-9811014
Issued for your account
F/O: Sabiex International S.A.
Amount: US$2,503,000.00

We have debited your account #17-164-642 on November 5, 1998.

Amount: US$6,302.50

In payment of the following charges:

$6,257.50 - issuance commission
45.00 - cable cost

Please mark your records accordingly.

Very truly yours,

Thu Hien Le
Assistant Vice President

NOV. 6.1998 11:02AM NO.452 P.1

RIGGS

COVER SHEET
RIGGS BANK N.A.
LETTERS OF CREDIT DEPARTMENT
800 17TH STREET, N.W., 5TH FLOOR
WASHINGTON, D.C. 20006

DATE: November 6, 1998

SEND TO: Senior Karen

FAX NO.: 878

FROM: LETTERS OF CREDIT DEPARTMENT

OUR FAX NUMBER IS: (202) 835-4523

NUMBER OF PAGES: 4 INCLUDING COVER SHEET

COMMENTS: Please send in the original application as soon as you received it. Thanks.

ANY PROBLEM WITH THIS TRANSMISSION, PLEASE CALL:

THIS MESSAGE IS INTENDED ONLY FOR THE USE OF THE INDIVIDUAL OR ENTITY TO WHICH IT IS ADDRESSED AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, CONFIDENTIAL AND EXEMPT FROM DISCLOSURE UNDER APPLICABLE LAW. IF THE READER OF THIS MESSAGE IS NOT THE INTENDED RECIPIENT, THE EMPLOYEE OR THE AGENT RESPONSIBLE FOR DELIVERING THE MESSAGE TO THE INTENDED RECIPIENT, YOU ARE HEREBY NOTIFIED THAT ANY DISSEMINATION, DISTRIBUTION OR COPYING OF THIS COMMUNICATION IS STRICTLY PROHIBITED. IF YOU HAVE RECEIVED THIS COMMUNICATION IN ERROR, PLEASE NOTIFY US IMMEDIATELY BY TELEPHONE, AND RETURN THE ORIGINAL TO RIGGS AT THE ABOVE ADDRESS VIA THE U.S. POSTAL SERVICE AT OUR EXPENSE. THANK YOU

NOV. 6.1998 11:03AM NO.452 P.2

Released 11/5/98

RGB Admin Message Entry (ADE) SWIFT format Input
TRN:981105-000779

Dst 1 of 1 *S/GEBABEBB03A ++ Wire Srv:SWF
Name:GENERALE DE BANQUE S.A. NetWk Addr:GEBABEBB
Wire Addr:BOULEVARD TIROU 100 ++
Dlv Ack:N Attn:LETTERS OF CREDIT DEPARTMENT

Msg Type:700 ISSUE OF DOCUMENTARY CREDIT
SEQ OF TOT:27 1/1
FORM :40A IRREVOCABLE
DOC # :20 RNB-9811014
ISSUE DATE:31C 981105
EXPIRATION:31D 991031 CONFIRMING BANK COUNTER
APPLICANT :50 GOVERNMENT OF EQUATORIAL GUINEA
: CALLE LA LIBERTAD S/N
: MALABO, EQUATORIAL GUINEA
BENEF :59 ACCOUNT NO. 271-0441700-91
SABIEX INTERNATIONAL S.A.
: CHAUSSEE DE TURIZE 65
: B-1420 BRAINE L'ALLEUD, BELGIUM
AMOUNT :32B USD2503000,
AVAILABLE :41D GENERALE DE BANQUE S.A.
: BY PAYMENT
DRAFTS :42C DRAFTS AT SIGHT
DRAWEE :42D GENERALE DE BANQUE S.A.
: CHARLEROI, BELGIUM
PARTIALS :43P ALLOWED
TRANSSHIP :43T NOT ALLOWED
SHIP INFO :44A ANY EUROPEAN OR SOUTH AFRICA PORT
SHIP TO :44B ANY PORT IN EQUATORIAL GUINEA
SHIP DATE :44C 990831
SHIPMNT OF:45A "10 VEHICLES AND MATERIALS FOR THE DEPARTMENT OF DEFENSE
: AS SPECIFIED IN INVOICE #044/98"
: CIF ANY PORT IN EQUATORIAL GUINEA
REQ DOCS :46A A. AMOUNT US$876,050.00 REPRESENTING 35 PER CENT VALUE,
PAYABLE AS ADVANCE PAYMENT UPON RECEIPT OF A WRITTEN
NOTICE FROM GOVERNMENT OF EQUATORIAL GUINEA TO RIGGS BANK
CONFIRMING THAT A PERFORMANCE BANK GUARANTEE FROM SABIEX
INTERNATIONAL S.A. HAVE BEEN RECEIVED AND ACCEPTED BY THE
GOVERNMENT.
FOR BENEFICIARY'S INFORMATION:
BANK PERFORMANCE GUARANTEE TO BE VALID FOR THE DURATION
OF THIS CREDIT FOR ONE YEAR AND NAMING THE GOVERNMENT OF
EQUATORIAL GUINEA AS BENEFICIARY.
: B. UP TO US$876,050.00 REPRESENTING 35 PER CENT L/C VALUE
: PAYABLE UPON PRESENTATION OF SIGHT DRAFT FOR 35 PER CENT
OF TOTAL CIF VALUE ON INVOICE ACCOMPANIED BY THE
FOLLOWING DOCUMENTS:
: 1. SIGNED COMMERCIAL INVOICE IN ORIGINAL AND THREE COPIES,
INDICATING TOTAL CIF VALUE OF THE GOODS SHIPPED.
: 2. FULL SET OF CLEAN ON BOARD OCEAN BILLS OF LADING
: CONSIGNED TO MINISTERIO DE DEFENSA, CALLE LA LIBERTAD,

	:	MALABO, EQUATORIAL GUINEA, MARKED NOTIFY SR. MELCHOR E. EDJO, TEL: 240-9-2400 AND MARKED "FREIGHT PREPAID".
	:	3. MARINE AND WAR INSURANCE POLICY AND OR CERTIFICATE
	;	COVERING "ALL RISKS" FOR 110 PER CENT TOTAL CIF VALUE, NAMING GOVERNMENT OF EQUATORIAL AS BENEFICIARY.
	:	C. US$750,900.00 REPRESENTING REMAINING 30 PER CENT CREDIT VALUE, AGAINST SIGHT DRAFT AND A CERTIFICATE SIGNED BY THE MINISTRY OF DEFENSE THAT THE DELIVERY AND INSTALLATION OF EQUIPMENT IS COMPLETE.
CONDITIONS:	47A	ADDITIONAL CONDITIONS:
	:	1. NO MORE THAN THREE SHIPMENTS ALLOWED.
	:	2. INSURANCE TO BE EFFECTED BY SHIPPER.
	:	3. A DISCREPANCY FEE OF US$60.00 WILL BE ASSESSED ON EACH SET OF DOCUMENTS PRESENTED WITH DISCREPANCIES AND WILL BE DEDUCTED FROM THE PROCEEDS OF DRAWINGS. ONE SET OF COPIES OF ALL DOCUMENTS MUST BE INCLUDED FOR OUR FILES. OTHERWISE, A FEE OF $25.00 WILL BE CHARGED AND WILL BE DEDUCTED FROM THE PROCEEDS.
	:	4. ANY DRAFT DRAWN UNDER THIS CREDIT MUST BE MARKED "DRAWN UNDER RIGGS BANK N.A., CREDIT NO. RNB-9811014".
CHARGES	:71B	ALL BANK CHARGES OUTSIDE OF RIGGS
	:	BANK N.A. ARE FOR THE ACCOUNT OF BENEFICIARY.
CONF INSTR:	49	CONFIRM
REIMB BANK:	53D	RIGGS BANK N.A., WASHINGTON, D.C.
BANK INSTR:	78	TO THE CONFIRMING BANK: WE HEREBY UNDERTAKE TO REMIT FUNDS IN ACCORDANCE WITH YOUR INSTRUCTIONS UPON RECEIPT OF YOUR TESTED TELEX OR AUTHENTICATED SWIFT STATING THAT ALL TERMS AND CONDITIONS OF THE CREDIT HAVE BEEN COMPLIED WITH. DOCUMENTS TO BE FORWARDED TO US IN ONE LOT TO RIGGS BANK N.A., LETTERS OF CREDIT DEPARTMENT, 800 17TH STREET, N.W., 9TH FLOOR, WASHINGTON, D.C. 20006.
	:	CREDIT IS SUBJECT TO UNIFORM CUSTOMS AND PRACTICE FOR
	:	DOCUMENTARY CREDITS (1993 REVISION) INTERNATIONAL CHAMBER
	:	OF COMMERCE PUBLICATION 500.
BANK INFO	:72	DEPT: LETTERS OF CREDIT
	:	NAME: THU HIEN LE, A.V.P.

Thu Hien Le

RIGGS

MEMORANDUM

TO: Thu Hien Le

FROM: Simon P. Kareri

DATE: November 4, 1998

RE: Sabiex L/C

Pursuant to our discussion, the attached L/C application for the Government of Equatorial Guinea bears the signature of Mr. Melchor E. Edjo, the primary signer of the Government. In addition, place a hold on account 17164642 in the amount of $2,503,000.00 upon issuance of the L/C.

Thank you for your assistance.

Fax émis par : 240 9 2400 ESONO EDJO MELCHOR 19/10/98 22:37 Pg: 1

APPLICATION FOR COMMERCIAL LETTER OF CREDIT

To: THE RIGGS NATIONAL BANK
Letters of Credit Department
808 17th Street, N.W.
Washington, D.C. 20006-3950

Date 10/2/98

L/C No. _____

Gentlemen. Please issue
- XX Irrevocable Letter of Credit
- ☐ Revocable
- ☐ Transferable

Advise it by
- ☐ Air mail ☐ First Class Mail
- ☐ Cable through correspondent
- ☐ Brief Cable through correspondent (LIMIT not more than 25 WORDS EXCLUSIVE)

CONFIRMED (ADVISING BANK) FOR ACCOUNT OF (APPLICANT)

Bank through which letter of credit is to be advised or confirmed. If left blank our correspondent will be used, at our option.
GENERALE DE BANQUE, S.A.
BLVD. TIROU 100 A
6000 CHARLEROI BELGIUM

GOVERNMENT OF EQUATORIAL GUINEA
CALLE LA LIBERTAD S/N
MALABO, EQUATORIAL GUINEA

IN FAVOR OF (BENEFICIARY)
SABIEX INTERNATIONAL S.A.
CHAUSSEE DE TUBIZE 65
B-1420 BRAINE L'ALLEUD, BELGIUM
ACCOUNT #271-0441700-91

AMOUNT 2,503,000.00

Type of Currency: USD

Amount in Numbers and Words: TWO MILLION FIVE HUNDRED THREE THOUSAND DOLLARS AND ZERO CENTS

—DRAFTS MUST BE NEGOTIATED OR PRESENTED TO DRAWEE AT 1130 VERMONT AVE., N.W., WASHINGTON, D.C. ON OR BEFORE (EXPIRATION DATE)
10/31/99

Available by drafts at sight or SEE PAYMENT SCHEDULE ATTACHED drawn, at your option, on you or your correspondent for 95 of the invoice value, when accompanied by the following documents as checked:

XX Signed Commercial Invoice in original and 3 copies stating that it covers 10 VEHICLES AND MATERIALS FOR THE DEPARTMENT OF DEFENSE AS SPECIFIED IN INVOICE # 044/98
(specify commodity, omitting non essential details as grade, quality, price etc.)

☐ Consular Invoice

XX Marine / XX War — Insurance Policy and/or Certificate 110% Insurance naming Government of Equatorial Guinea as Beneficiary
(If other insurance required, please state here)

☐ Air

☐ Airwaybill consigned to

XX Full set of clean on board ocean Bills of Lading ☐ drawn to order of plain XX consigned to: MINISTERIO DE DEFENSA
CALLE LA LIBERTAD, MALABO, EQUATORIAL GUINEA. MARKED FREIGHT PREPAID.

marked notify SR. MELCHOR E. EDJO. TEL: 240-9-2400

☐ Other documents

Airwaybills/Bill of Lading must be dated not later than: 8/31/99

Insurance to be effected by ☐ ourselves or XX Shipper, if any insurance effected other than by shipper, give name of issuing company

Shipping Terms are: ☐ FAS ☐ FOB ☐ C & F XX CIF ☐ C & I

SHIPMENT FROM: Any European or South Africa Port
TO: Any port in Equatorial Guinea

PARTIAL SHIPMENTS: XX YES ☐ NO
TRANS-SHIPMENT: ☐ YES XX NO

Special instructions BANK COSTS OUTSIDE RIGGS FOR THE ACCOUNT OF THE BENEFICIARY.

☐ An extra sheet of instructions is attached which forms an integral part of this application.

Except as modified herein, the Letter of Credit may be in customary form and with customary provisions issued by the Riggs National Bank of Washington, D.C.

THIS APPLICATION AND THE CREDIT TO BE ISSUED BY YOU PURSUANT HERETO, ARE GOVERNED BY AND SHALL BE SUBJECT TO THE MASTER AGREEMENT FOR COMMERCIAL LETTER OF CREDIT PREVIOUSLY DELIVERED BY US TO YOU

We understand your fees for establishing this letter of credit will be $ _____ and that payment commission, if applicable, will be 9 _____

For purpose of establishing this letter of credit, we shall irrevocably pledge the following collateral: _____

You are hereby authorized to debit our account, Account No. 12164642 with the amount of any payment(s), commission(s), interest, charge(s), [illegible] connection with the letter of credit issued pursuant to this Application

GOVERNMENT OF EQUATORIAL [illegible]
(Exact name of corporation or [illegible])

MR. MELCHOR E. EDJO
TREASURER OF THE STATE
(Title or capacity of signer(s))

FM 03627 (Rev. 4/97)

RNB 011976

RIGGS BANK N.A.

PAYMENT INSTRUCTIONS

In connection with the Letter of credit for Sabiex International S.A. the following payment schedule is authorized:

1. 35% or USD 876,050.00 advance payment upon establishment of LC and by presentation of a bank performance guarantee valid for the duration of this credit or one year and naming the Government of Equatorial Guinea as beneficiary.
2. 35% or USD 876,050.00 upon presentation of shipping documents
3. 30% or USD 750,900.00 six months after delivery and after presentation of a certificate signed by the Ministry of Defense that the delivery and installation of equipment is complete.
4. No more than three partial shipments allowed.

Thank you for your cooperation.

APPLICA N FOR COMMERCIAL LETTER CREDIT

To: THE RIGGS NATIONAL BANK
Letters of Credit Department
808 17th Street, N.W.
Washington, D.C. 20006-3950

Date 10/2/98

L/C No. _____

Gentlemen: Please issue
- [XX] Irrevocable Letter of Credit
- [ ] Revocable
- [ ] Transferable

Advise it by
- [ ] Air Mail [ ] First Class Mail
- [ ] Cable through correspondent
- [ ] Brief Cable through correspondent (will not mention required documents)

CONFIRMED (ADVISING BANK) _____ FOR ACCOUNT OF (APPLICANT) _____

Bank through which letter of credit is to be advised or confirmed. If left blank our correspondent will be used, at our option.
GENERALE DE BANQUE, S.A.
BLVD. TIROU 100 A
6000 CHARLEROI, BELGIUM

GOVERNMENT OF EQUATORIAL GUINEA
CALLE LA LIBERTAD S/N
MALABO, EQUATORIAL GUINEA

IN FAVOR OF (BENEFICIARY) _____ AMOUNT 2,503,000.00

SABIEX INTERNATIONAL S.A.
CHAUSSEE DE TUBIZE 65 B
B-1420 BRAINE L'ALLEUD, BELGIUM
ACCOUNT #271-0441700-91

Type of Currency: USD

Amount in Numbers and Words TWO MILLION FIVE HUNDRED THREE THOUSAND DOLLARS AND ZERO CENTS.

—DRAFTS MUST BE NEGOTIATED OR PRESENTED TO DRAWEE AT 1120 VERMONT AVE., N.W., WASHINGTON, D.C. ON OR BEFORE — (EXPIRATION DATE)
10/31/99

Available by drafts at sight or SEE PAYMENT SCHEDULE ATTACHED. drawn, at your option, on you or your correspondent for % of the invoice value, when accompanied by the following documents as checked:

[XX] Signed Commercial Invoice in original and 3 copies stating that it covers: YO VEHICLES AND MATERIALS FOR THE DEPARTMENT OF DEFENSE AS SPECIFIED IN INVOICE # 044/98
(specify commodity, omitting non-essential details as grade, quality, price etc.)

[ ] Consular Invoice

[XX] Marine
[XX] War
[ ] Air
} Insurance Policy and/or Certificate _____
(If other insurance required, please state risks)

[ ] Airwaybill consigned to _____

[XX] Full set of clean on board ocean Bills of Lading [ ] drawn to order of or [XX] consigned to: MINISTERIO DE DEFENSA
CALLE LA LIBERTAD, MALABO, EQUATORIAL GUINEA. MARKED FREIGHT PREPAID.

marked notify SR. MELCHOR E. EDJO. TEL: 240-9-2400

[ ] Other documents _____

Airwaybills/Bill of Lading must be dated not later than _____

Insurance to be effected by [ ] ourselves or [XX] shipper. If any insurance effected other than by shipper, give name of issuing company _____

Shipping Terms are: [ ] FAS [ ] FOB [ ] C & F [XX] CIF [ ] C & I

SHIPMENT FROM: _____
TO: _____

PARTIAL SHIPMENTS [XX] YES [ ] NO
TRANS-SHIPMENT [ ] YES [XX] NO

Special Instructions: BANK COSTS OUTSIDE RIGGS FOR THE ACCOUNT OF THE BENEFICIARY.

[ ] An extra sheet of instructions is attached which forms an integral part of this application.

Except as modified herein, the Letter of Credit may be in customary form and with customary provisions adopted by the Riggs National Bank of Washington, D.C.

THIS APPLICATION AND THE CREDIT TO BE ISSUED BY YOU PURSUANT HERETO, ARE GOVERNED BY AND SHALL BE SUBJECT TO THE MASTER AGREEMENT FOR COMMERCIAL LETTERS OF CREDIT PREVIOUSLY DELIVERED BY US TO YOU.

We understand your fees for establishing this letter of credit will be $ _____ and that payment commission, if applicable, will be $ _____

For purpose of establishing this letter of credit, we shall initially pledge the following collateral: _____

You are hereby authorized to debit our account, Account No. 17164642 with the amount of any payment(s), commission(s), interest, charge(s), or expense(s) in connection with the letter of credit issued pursuant to this Application.

GOVERNMENT OF EQUATORIAL GUINEA
(Typed name of corporation or partnership)

X _____
(Signature)

_____
(Typed name of individual signer)

_____
(Title or capacity, if applicable)

FM-03521 (Rev. 4/93)

RNB 011978

APPLICATION FOR COMMERCIAL LETTER OF CREDIT

To: THE RIGGS NATIONAL BANK
Letters of Credit Department
808 17th Street, N.W.
Washington, D.C. 20006-3950

Date 10/2/98

L/C No. _____

Gentlemen: Please issue
- [XX] Irrevocable Letter of Credit
- [ ] Revocable
- [ ] Transferable

Advise it by
- [ ] Air Mail [ ] First Class Mail
- [ ] Cable through correspondent
- [ ] Brief Cable through correspondent (will not mention required documents)

CONFIRMED (ADVISING BANK) _____ FOR ACCOUNT OF (APPLICANT) _____

Bank through which letter of credit is to be advised or confirmed. If left blank our correspondent will be used, at our option.
GENERALE DE BANQUE, S.A.
BLVD. TIROU 100 A
6000 CHARLEROI BELGIUM

GOVERNMENT OF EQUATORIAL GUINEA
CALLE LA LIBERTAD S/N
MALABO, EQUATORIAL GUINEA

IN FAVOR OF (BENEFICIARY) _____ AMOUNT ~~2,503,000.00~~

SABIEX INTERNATIONAL S.A.
CHAUSSEE DE TUBIZE 65
B-1420 BRAINE L'ALLEUD, BELGIUM
ACCOUNT #271-0441700-91

Type of Currency: USD
Amount in Numbers and Words: TWO MILLION FIVE HUNDRED THREE THOUS. ~~-AND DOLLARS AND ZERO CENTS.~~
—DRAFTS MUST BE NEGOTIATED OR PRESENTED TO DRAWEE AT 1120 VERMONT AVE., N.W., WASHINGTON, D.C. ON OR BEFORE — (EXPIRATION DATE)
10/31/99

Available by drafts at sight or ~~SEE PAYMENT SCHEDULE ATTACHED.~~ drawn, at your option, on you or your correspondent for ___ % of the invoice value, when accompanied by the following documents as checked:

[XX] Signed Commercial Invoice in original and 3 copies stating that it covers: 70 VEHICLES AND MATERIALS FOR THE DEPARTMENT OF DEFENSE AS SPECIFIED IN INVOICE # 044/98
(specify commodity, omitting non-essential details as grade, quality, price etc.)

[ ] Consular Invoice

[XX] Marine
[XX] War
[ ] Air
Insurance Policy and/or Certificate 110% Insurance naming Government of Equatorial Guinea as Beneficiary
(if other insurance required, please state risks)

[ ] Airwaybill consigned to _____

[XX] Full set of clean on board ocean Bills of Lading [ ] drawn to order of or [XX] consigned to: MINISTERIO DE DEFENSA
CALLE LA LIBERTAD, MALABO, EQUATORIAL GUINEA. MARKED FREIGHT PREPAID.

marked notify SR. MELCHOR E. EDJO. TEL: 240-9-2400

[ ] Other documents _____

Airwaybills/Bill of Lading must be dated not later than: 8/31/99

Insurance to be effected by [ ] ourselves or [XX] Shipper. If any insurance effected other than by shipper, give name of issuing company _____

Shipping Terms are: [ ] FAS [ ] FOB [ ] C & F [XX] CIF [ ] C & I

SHIPMENT FROM: ANY EUROPEAN PORT OR SOUTH AFRICA PORT
TO: ANY PORT IN EQUATORIAL GUINEA

PARTIAL SHIPMENTS [XX] YES [ ] NO
TRANS-SHIPMENT [ ] YES [XX] NO

Special Instructions: BANK COSTS OUTSIDE RIGGS FOR THE ACCOUNT OF THE BENEFICIARY.

[ ] An extra sheet of instructions is attached which forms an integral part of this application.

Except as modified herein, the Letter of Credit may be in customary form and with customary provisions adopted by the Riggs National Bank of Washington, D.C.

THIS APPLICATION AND THE CREDIT TO BE ISSUED BY YOU PURSUANT HERETO, ARE GOVERNED BY AND SHALL BE SUBJECT TO THE MASTER AGREEMENT FOR COMMERCIAL LETTERS OF CREDIT PREVIOUSLY DELIVERED BY US TO YOU.

We understand your fees for establishing this letter of credit will be $ _____ and that payment commission, if applicable, will be $ _____

For purpose of establishing this letter of credit, we shall initially pledge the following collateral: _____

You are hereby authorized to debit our account, Account No. 17164642 with the amount of any payment(s), commission(s), interest, charge(s), or expense(s) in connection with the letter of credit issued pursuant to this Application.

GOVERNMENT OF EQUATORIAL GUINEA
(Typed name of corporation or partnership)

X _____
(Signature)

_____
(Typed name of individual signer)

_____
(Title or capacity, if applicable)

FM-02521 (Rev. 4/93)

RNB 011979

From: Ray Lund
To: Bob Roane; Carter Beese; Henry Morneault; Rober...
Date: 5/2/01 1:42PM
Subject: Equitorial Guinea

Gentleman,

Larry has asked that I convene a meeting next week (or the following) to discuss our growing relationship with Equatorial Guinea. As many of you know, Equatorial Guinea has gone from being a very small, insignificant relationship to the largest single deposit relationship at Riggs ($180MM). They also have $20MM invested with RIMCO. And they are expecting to receive at least $20MM a month into their account at Riggs for the foreseeable future - Where is this money coming from? Oil - black gold - Texas tea! It's coming from Mobile and one or two others directly to Riggs.

We need to continue thinking about the long-term structure of this relationship and your thoughts on this matter (and attendance at this meeting) would be greatly appreciated.

I will ask my assistant Stacy to contact your assistant to set up a meeting.

Ray

Raymond M. Lund
Executive Vice President
Riggs Bank N.A.
Phone:
Fax: (
E-Mail:

Redacted by the Permanent Subcommittee on Investigations

CC: Larry Hebert; Simon Kareri; Stacy Gurdon

Permanent Subcommittee on Investigations
EXHIBIT #11

RNB 003797

RIGGS

Riggs Bank N.A.
Office of the Chairman
800 17th Street, NW
Washington, DC 20006-3944
(202) 935-5511

May 17, 2001

His Excellency Obiang Nguema Mbasogo
President of the Republic of Equatorial Guinea
Republic of Equatorial Guinea
Malabo
Equatorial Guinea

Dear Mr. President:

We hope this letter finds you well and rested after your last busy trip to Washington. We would like to thank you for the opportunity you granted to us in hosting a luncheon in your honor here at Riggs Bank. We sincerely enjoyed the discussions and especially learning about the developments taking place in Equatorial Guinea.

Mr. President, we also would like to report to you the developments here at Riggs Bank since our meeting. Following your request for us to serve as Financial Advisors to you and the Government of Equatorial Guinea, we have formed a committee of the most-senior officers of Riggs Bank that will meet regularly to discuss our relationship with Equatorial Guinea and how best we can serve you. This committee, which includes the undersigned, has held its first meeting and requests that you provide us with any projects that you would like us to review on your behalf and make suggestions. A list of the planned Government projects would be most helpful.

The Riggs Bank relationship with you and your Government is based on respect for you and our ability to anticipate and fulfill your requirements. We are confident that we can be of great assistance to you by providing you access to the best financial expertise both at Riggs and within the entire financial services industry for positive contributions to the development of Equatorial Guinea.

We believe that our relationship offers a significant opportunity to provide sound financial counseling that will directly benefit the citizens of Equatorial Guinea. We are also confident that together we can reinforce your reputation for prudent leadership and administration as you lead Equatorial Guinea into a successful future.

Thank you for the opportunity to assist you and the Government of Equatorial Guinea.

With gratitude for your interest and consideration,

Respectfully yours,

Robert L. Allbritton	Larry L. Hebert	Timothy C. Coughlin	Simon Kareri
Chairman of the Board	President and Chief Executive Officer	President Riggs National Corporation	Senior Vice President

RNB 003828

Permanent Subcommittee on Investigations
EXHIBIT #12

DRAFT
January 17, 2002
9:45 AM

Minutes of a Joint Meeting of the International Committees
of Riggs National Corporation
and Riggs Bank N.A.

July 11, 2001

The joint International Committees (the "Committee") of the Boards of Directors of Riggs National Corporation (the "Corporation" or "Riggs") and Riggs Bank N.A. (the "Bank") met on Wednesday, July 11, 2001, at 1503 Pennsylvania Avenue, N.W., Washington, D.C. Mr. Steven B. Pfeiffer, Chairman of the Corporation Committee, called the meeting to order at 11:42 a.m. The following Committee members were present:

CORPORATION	BANK
Joe L. Allbritton*	Frederick J. Ryan, Jr., Chairman
J. Carter Beese, Jr.	Joyce A. Ladner
Timothy C. Coughlin	Robert C. Roane
Lawrence I. Hebert	

Bank director Heather S. Foley did not attend.

The following Bank officers were present:

David L. Bachetti*	Raymond M. Lund
Joseph M. Cahill	Henry D. Morneault
Wadih F. Hanna*	F. Anderson Morse*
Simon P. Kareri	N. Sean Terry
Mary B. LeMont	

*Attended telephonically.

Mr. Pfeiffer directed attention to the minutes of the meeting held January 17, 2001. Upon motion duly made and seconded, the minutes were approved as presented.

Mr. Raymond M. Lund, Executive Vice President, International Banking Group ("IBG"), distributed copies of the latest edition of the *Riggs Journal* calling attention to the lead article on Riggs Bank and Trust Company (Channel Islands) Limited ("Jersey"). He reported that profit levels for IBG have been strong with good growth in demand deposits. Mr. Lund further reported that Riggs has been asked to run the bank at the upcoming International Monetary Fund ("IMF")/World Bank meetings in Washington. However, he added that since the meetings would be scaled back and held internally to the World Bank and the IMF, such a bank might not be needed. Mr. Lund then introduced Mr. Simon P. Kareri, head of the African/Caribbean Embassy Banking Division.

Mr. Kareri discussed Equatorial Guinea, providing a profile of the country in terms of its history, land

Permanent Subcommittee on Investigations
EXHIBIT #13

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Permanent Subcommittee
on Investigations

resources, politics and economy. He reported that Equatorial Guinea has been a client of Riggs since 1995 and currently has deposit and investment balances totaling $176.2 million. He explained that Riggs manages the oil revenue flows, which average $4.4 million weekly. Mr. Kareri said Riggs is the sole banker of the Government of Equatorial Guinea, maintaining close contacts with government officials, and has recently taken over the scholarship payments for students from Equatorial Guinea. Mr. Kareri then provided additional details regarding the deposit and investment accounts, Riggs' fees, and future potential business, including Debt Management Services, a capital markets debt issuance, OPIC financing for a private telephone company, and creation of a "Fund for the Future". The Committee discussed other ways Riggs might assist Equatorial Guinea in terms of over seas education.

Mr. N. Sean Terry, Executive Director, Riggs & Co., noting that having an offshore facility is fundamental to doing business with foreign nationals, explained that Riggs Bank and Trust Company (Bahamas) Limited ("RB&TC") had been established in November 1988 to serve Riggs' international private banking clients. He explained that in 2000, the Bahamas was labeled a "non-cooperative country" by certain self-appointed regulatory bodies because it was deemed not to have sufficient regulatory requirements to counter money laundering and/or tax avoidance. The Bahamas responded by passing legislation to address the regulatory shortfalls and now requires foreign banks to have a physical presence in the Bahamas.

Mr. Terry said that Riggs proposes to transfer the management and servicing of the Bahamian companies and trusts to Jersey, since it is fully licensed and staffed and capable of performing all services currently performed by RB&TC. He then discussed several issues regarding this strategy, including timing the transition, client acceptance, and connectivity. The Committee discussed the differences between Jersey and RB&TC and Bank Secrecy Act issues, noting that all regulators have become more stringent in their standards. Management explained that this situation also affects Riggs' Nassau Branch, which the Bank uses for Eurodollar transactions. Mr. Robert E. Bradecamp, Senior Vice President, Treasury, is evaluating the Bank's options, including the possibility of moving the branch to the Cayman Islands. Mr. Terry explained that in case some clients do not want to move their accounts out of the Bahamas, Riggs has contacts in the Bahamas with whom they could be placed.

Mr. Lund recalled Mr. Timothy C. Coughlin's report to the Corporation Board earlier in the day of Riggs' efforts to acquire the UK private banking business of a large US bank, observing that this action demonstrates that

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on Investigations

Riggs does not intend to exit the lending business in London. He reported that Riggs is not willing at this point to offer as much as the US bank wanted, but that Riggs is definitely interested in this type of business and will continue to look for other opportunities.

Mr. Karori left the meeting.

Mr. David L. Bachetti, Managing Director, Riggs Bank Europe Limited ("RBEL"), provided a report of the London operations. He said that for the six months ended June 30, 2001, RBEL had a loss of $2.8 million, which reflects on-going credit issues with the Trade Finance Department. Mr. Bachetti noted a reduction in total assets due to the exchange rate and lower loading volumes. He reported that total reserves for loan losses of $11 million at the end of June provided an overall rate of 3.2 %.

Mr. Bachetti then provided an update regarding the Integration, Realignment and Rationalization strategy for Europe. He said it consists of three main strategies: (1) Continued growth and development of Riggs' embassy and expatriate banking services; (2) Realignment for strategic growth of commercial lending; and (3) Rationalization of the existing noninterest expense structure. He reported that Ms. Géraldine Schweider would help lead an invigorated business and marketing plan for the embassy and expatriate business. RBEL is also in the process of planning product enhancements and functionality. Turning to commercial lending, Mr. Bachetti said RBEL is looking to extend credit to companies where there is an opportunity to cross sell private banking services. Finally, RBEL is reorganizing for improved operational control and centralization and profitability.

Mr. F. Anderson Morse, the previous Managing Director of RBEL, said that RBEL has made headway to stabilize the problem assets. He added that the UK economy has been cooling the past six months, leading RBEL to be cautious in its lending.

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on Investigations

Mr. Wadih F. Hanna, Head of International Private Banking ("IPB"), said that IPB is in line with the wealth management strategy and performing well. He informed the Committee that the Jersey operation has some funds under management and will turn the corner of profitability sooner than expected. Mr. Hanna reported that London is on target for profitable growth and continues to add business.

There being no further business, the meeting adjourned at 1:03 p.m.

Steven B. Pfeiffer
Chairman, International Committee
Riggs National Corporation

Frederick J. Ryan, Jr.
Chairman, International Committee
Riggs Bank N.A.

ATTEST:

Mary B. LeMont
Secretary

Redacted by the
Permanent Subcommittee
on Investigations

ACCOUNT NUMBER [redacted]

You have received the Rules and Regulations and Fee Schedule Governing Business Accounts and by signing this document hereby agree ... to terms and conditions as stated in these documents and as amended from time to time. Your use of any of our services or your acknowledgement of agreement, either in writing or online, will indicate your acceptance of the terms governing that service.

AUTHORIZED SIGNATURE	FACSIMILE OR STAMPED SIGNATURE
1)	
2)	
3)	

W-9 CERTIFICATION

Check Appropriate Box

[ ] Sole Proprietor [ ] Corporation [X] Partnership [ ] Other _____

Social Security or Employer Identification No. 99-9999999

You certify under penalty of perjury that: (1)the Social Security Number or Employer Identification Number shown on this card is correct; and (2) you are not subject to backup withholding because (a) you are exempt from backup withholding, or (b) you have not been notified by the Internal Revenue Service (IRS) that you are subject to backup withholding as a result of failure to report all interest and dividends, or (c) the IRS has notified you that you are no longer subject to backup withholding, and 3)You are a U.S. person (including a U.S. resident alien) (Note: You must cross out item 2 above if the IRS has notified you that you are currently subject to backup withholding because of under reporting interest or dividends on your tax return.)

Signature: _____ Date: _____

Referred By: Rev 8/9/01

Sold By: B027337 FOLD HERE

Riggs Bank N.A.

TYPE	BR	ACCOUNT NUMBER	CHG	TAX ID NUMBER	FCC	RC	INT	SCC	DATE
245	00088	[redacted]	2	99-9999999	5 51942	00511	010	038	12/21/2001

BUSINESS/COMPANY NAME
NUSITELES GE LTD

COMMENTS:

LEGAL TITLE
NUSITELES GE LTD

BUSINESS ACCOUNT MAILING ADDRESS
C/O I D S
911 DUKE STREET
ALEXANDRIA, VA 22314

AUTHORIZED SIGNERS / TITLE

1)
DR RUBEN MAYE
PRESIDENT

SIGNER ID / ID INFORMATION
Riggs Signature Card
ON FILE

2)
R BRUCE MCCOLM
VICE PRESIDENT

Riggs Signature Card
ON FILE

3)

BUSINESS PHONE NO.
[redacted]

VERIFICATION CODE
9999999

APPROVAL

[redacted] = Redacted by the Permanent Subcommittee on Investigations

Permanent Subcommittee on Investigations
EXHIBIT #14

RNB 003447

RIGGS

Resolution Authorizing Account Opening and Borrowing

Riggs Bank N.A.

I, _____ ☐ Secretary ☐ Other _____

of NUSITELES GE LTD (official name of Business) (the "Business"), a:

☐ Sole Proprietorship ☐ Corporation ☐ Unincorporated Business/Association ☐ Limited Liability Company

☐ General Partnership ☒ Limited Partnership ☐ Limited Liability Partnership ☐ Other _____

organized and existing under the laws of _____ certify that the

☐ Board of Directors ☐ Partners ☐ Other _____ (the "Executives" of the Business),

☐ at a meeting duly called and held on _____ at which a quorum was present and acting throughout

☐ by written consent dated _____ ; ☐ Other _____

the following resolutions were adopted and are now in full force and effect:

1. OPERATE DEPOSIT ACCOUNTS

RESOLVED, that Riggs Bank N.A. ("Riggs") is designated as a depository in which the funds of this Business may, from time to time, subject to the rules and regulations of Riggs (including the fee schedules), as amended from time to time, may be deposited by any of its officers, agents, or employees; and that any officer, agent, or employee of this Business is authorized on behalf of the Business and in its name to endorse for deposit with Riggs, whether in accounts or for negotiation or collection, and all checks, drafts, notes, certificates of deposit, or other instruments or orders for the payment of money payable to the Business. Endorsement may be in writing, by stamp, or otherwise, with or without designation or signature of the person so endorsing, it being understood that on all items all prior endorsements are guaranteed by this Business, irrespective of the lack of an express guarantee in the endorsement of this Business.

RESOLVED FURTHER, that Riggs is authorized and directed to honor, pay, and charge to any of the accounts of this Business without inquiry to or responsibility for the application of the proceeds, all checks, drafts, notes, or other orders for the payment, withdrawal, or transfer of funds or money deposited in the account or to the credit of this Business, and any instructions and authorizations for the transfer of funds between different accounts of the Business, whether oral, by phone or electronic means, without inquiry as to the circumstances related to any authorization or transfer, and for whatever purpose or to whomever payable, including requests for changing any check into cash, as well as to deduct from and pay in cash out of any deposit, and whether or not payable to, endorsed or negotiated by, or for the credit of any person, including the signer or any other officer, agent, or employee of this business, when signed, accepted, endorsed, or approved as evidenced by original or facsimile signature by any one of the officers, agents, or employees of this Business from time to time holding the following offices of this Business:

Title: _____ Title: _____

Title: _____ Title: _____

Riggs is not required in any cases to inquire respecting the application of any instrument, authorization, or instruction executed by virtue of this resolution, or of the proceeds therefrom, nor be under any obligation to see the application of any order or its proceeds, even if drawn to in the name of any signing person, or payable to Riggs or for the signer's account, or given in payment for the signer's personal obligation, even if the Business account becomes overdrawn; and the Business agrees to hold harmless Riggs against any claim or liability arising out of the payment of any order pursuant to this resolution.

2. USE OF TRADE NAME (applicable only if completed)

RESOLVED, that our Business accounts be titled in or include the trade name _____ which the Business is using as a trade name in the conduct of its business.

3. BORROW MONEY (applicable only if completed)

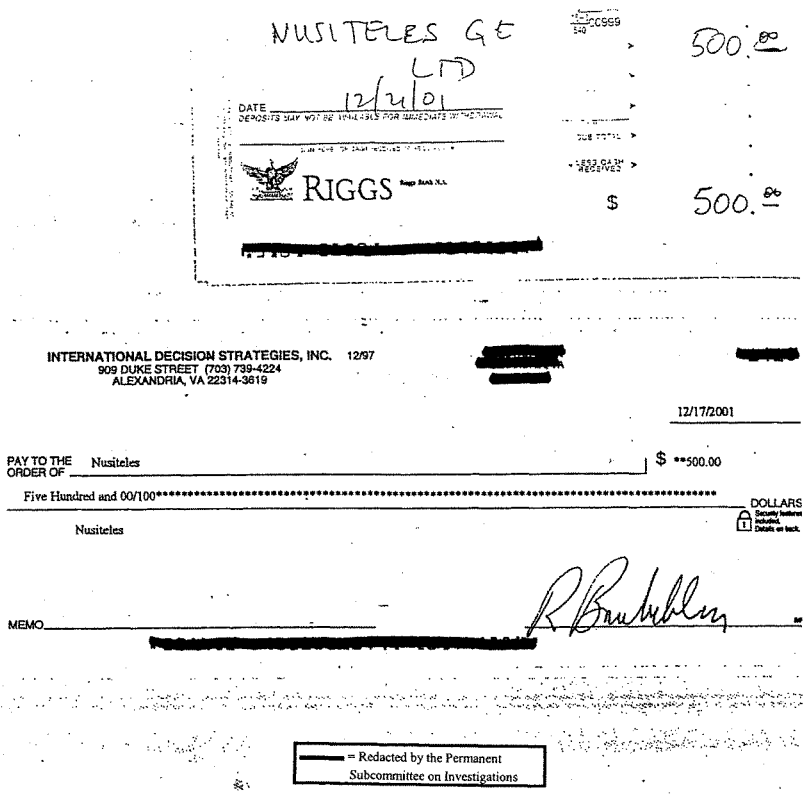
RESOLVED, that any _____ of the officers of this Business from time to time holding the following offices

Title: _____ Title: _____

Title: _____ Title: _____

are authorized on behalf of this Business, on terms they may agree with Riggs, to:

RNB 003448



NUSITELES GE LTD

DATE 12/4/01

RIGGS

$ 500.00

INTERNATIONAL DECISION STRATEGIES, INC. 12/97
909 DUKE STREET (703) 739-4224
ALEXANDRIA, VA 22314-3619

[redacted]

12/17/2001

PAY TO THE ORDER OF Nusiteles $ **500.00

Five Hundred and 00/100********** DOLLARS

Nusiteles

MEMO [redacted]

R Burkhalter

[redacted] = Redacted by the Permanent Subcommittee on Investigations

RNB 003449

ACCOUNT NUMBER [redacted]

You have received the Rules and Regulations and Fee Schedule Governing Business Accounts and by signing this document hereby agree to the terms and conditions as stated in these documents and as amended from time to time.Your use of any of our services or your acknowledgement of agreement, either in writing or online, will indicate your acceptance of the terms governing that service.

AUTHORIZED SIGNATURE	FACSIMILE OR STAMPED SIGNATURE
1)	
2)	
3)	

W-9 CERTIFICATION

Check Appropriate Box:

[ ] Sole Proprietor [ ] Corporation [ ] Partnership [ ] Other _____

Social Security or Employer Identification No. 00-0000000

You certify under penalty of perjury that: (1)the Social Security Number or Employer Identification Number shown on this card is correct; and (2) you are not subject to backup withholding because (a) you are exempt from backup withholding, or (b) you have not been notified by the Internal Revenue Service (IRS) that you are subject to backup withholding as a result of failure to report all interest and dividends, or (c) the IRS has notified you that you are no longer subject to backup withholding, and 3)You are a U.S. person (including a U.S. resident alien) (Note: You must cross out item 2 above if the IRS has notified you that you are currently subject to backup withholding because of under reporting interest or dividends on your tax return.)

Signature: _____ Date: _____

Referred By: Rev 6/6/01

Sold By: B027837 FOLD HERE

Riggs Bank N.A.

TYPE	BR	ACCOUNT NUMBER	CHG	TAX ID NUMBER	FCC	RC	INT	SCC	DATE
245	00088	[redacted]	2	00-0000000	1 51942	00511	010	038	06/12/2002

BUSINESS/COMPANY NAME
REPUBLICA DE GUINEA ECUATORIAL

COMMENTS:

LEGAL TITLE	BUSINESS ACCOUNT MAILING ADDRESS
REPUBLICA DE GUINEA ECUATORIAL-	C/O EMBASSY BANKING DIVISION
FONDO ESPECIAL PARA BECAS	AFRICA AND CARIBBEAN REGION
OBIANG NGUEMA MBASOGO	MAIL CODE G-4001

AUTHORIZED SIGNERS / TITLE	SIGNER ID / ID INFORMATION
1) SIMON P KARERI EDUCATION BOARD MEMBER TREASURER	Riggs Signature Card ON FILE
2)	
3)	

BUSINESS PHONE NO. _____

VERIFICATION CODE 999999999

APPROVAL

[redacted] = Redacted by the Permanent Subcommittee on Investigations

Permanent Subcommittee on Investigations
EXHIBIT #15

RNB 013633

RIGGS

TO: File

FROM: Simon Kareri

DATE: August 13, 2002

RE: Account [Redacted by Permanent Subcommittee on Investigations]

The authorized signer for the above referenced account has been changed to that of the Secretary of State for Treasury. I will continue in my role as an Education advisory board member comprising of the Minister of Education, Executive Director of the IMF from Equatorial Guinea and the Ambassador.

RIGGS

ATTACHMENT C

RIGGS & CO
KNOW YOUR CUSTOMER
CLIENT PROFILE

NEW: X KYC Input: _____

SECTION 1: OFFICE OF FOREIGN ASSETS CONTROL

Date of OFAC list Checked: 06/17/99 Verified by whom: A.R.B. (Initials)

If the customer/business appears on this list (exact match), do not proceed with account opening.

SECTION 2: CLIENT DATA

NAME/TITLE: Teodoro Mbasogo
DATE ACCOUNT OPENED: 9/20/99 Account No. 76863013

	NAME (PERSON/PIC)	RELATIONSHIP	PASSPORT	COUNTRY	DOB/PIC DATE
1.	Otong SA	Owner		Equatorial Guinea	9/20/99
2.					
3.					
4.					
5. (POA)					

CONFIDENTIAL ADDRESS:
The Presidential Palace
Malabo, Equatorial Guinea

MAILING ADDRESS:
c/o Embassy Banking
Africa & Caribbean Region
Mail Code G-4001

HOLD MAIL (N) (Y/N)

SPECIAL INSTRUCTIONS:
E-mail/tel/FAX/other:

	RELATED ACCOUNTS	PHONE Nos.	FAX Nos.
1			
2			
3			

INITIAL DEPOSIT AMOUNT: $ 10,000.00 SOURCE OF FUNDS: Cash
SOURCE USED TO VERIFY (i.e. will, sales receipt,

Permanent Subcommittee on Investigations
EXHIBIT #16a

RNB 007112

RIGGS

ATTACHMENT C

RIGGS & CO
KNOW YOUR CUSTOMER
CLIENT PROFILE

contract, financial stmts., etc.)

AMOUNT OF TOTAL RELATIONSHIP $ 10,000.00

SECTION 3: CLIENT BACKGROUND AND INFORMATION

NAME OF PERSON REFERRING CLIENT: None
RELATIONSHIP OF PERSON REFERRING CLIENT:
ORIGINAL SOURCE OF WEALTH: Cocoa farming and businesses
SOURCE USED TO VERIFY: Incountry visits
CURRENT SOURCE OF INCOME: Presidential income
ESTIMATED ANNUAL INCOME:
REASON FOR BANKING WITH RIGGS: Experience with Riggs and account officer
(i.e., services offered, international services, embassy banking services, etc.)

BACKGROUND/OCCUPATION OF PERSON(S) OR CORPORATION (Attach additional sheets, as necessary)
(FOR BUSINESSES: Detail nature of business, location of business, list of suppliers/vendors, major clients, countries in which business operates, import/export business, legal status of company, and other information deemed pertinent)
(FOR INDIVIDUALS: Description with background)

The President of Equatorial Guinea has been in office for twenty years. He has extensive farming assests and is a major partner of the telecommunication (phone system modernization) project in the country with France Telecom.

BENEFICIAL OWNER(S) OF ACCOUNT(S)?
FOR BUSINESS ACCOUNTS, attach financial statements, marketing brochures, annual reports, etc.

SECTION 4: INVESTMENT SUITABILITY

RISK PROFILE: XX☐ CONSERVATIVE (CDS/Bonds) ☐ MODERATE (Stocks/Bonds) ☐ AGGRESSIVE (Stocks & Emerging Markets Paper)

ALSO BANKS WITH: Banks in Equatorial Guinea
Accounts with Investment/Brokerage Firms: None
Approximate Total Personal NETWORTH: US$ Unknown

INVESTMENTS NOT WITH RIGGS: ☐ CDS$ ☐ Stocks$ ☐ Bonds$ ☐ Other$
BRIEF DESCRIPTION OF INVESTMENTS: Unknown

RNB 007113

RIGGS

ATTACHMENT C

RIGGS & CO
KNOW YOUR CUSTOMER
CLIENT PROFILE

RIGGS INVESTMENTS:				
CDS	(INITIAL)	$_____	(EXPECTED)	$_____
BONDS	(INITIAL)	$_____	(EXPECTED)	$_____
STOCKS	(INITIAL)	$_____	(EXPECTED)	$_____
RIMCO	(INITIAL)	$_____	(EXPECTED)	$_____
MM FUNDS	(INITIAL)	$_____	(EXPECTED)	$_____
OTHER	(INITIAL)	$ 10,000.00	(EXPECTED)	$_____

CLIENT'S INVESTMENT OBJECTIVES:_____

SECTION 5: PRODUCT NEEDS

DEPOSITS	INVESTMENTS	CREDIT	TRUST
☐ Checking	☐ Discretionary	☐ Loan	☐ Int'l Trust
XX☐ Money Market	☐ Non-Discretionary	☐ Overdraft	☐ PIC
☐ Time Deposits	☐ Mutual Funds	☐ L/C Credit	☐ Trading Co.
☐ FX Deposits	☐ RIMCO	☐ Credit Cards	☐ Personal Trust

SECTION 6: EXPECTED ACTIVITIES/VOLUMES AND PRODUCT USAGE

A. Checking Account (# Checks Drawn/mo) _____
Checking Account: LARGEST amount PER CHECK to be drawn: _____
Wire Transfers: HIGHEST amount Expected per Wire Transfer: _____
Wire Transfers: Number of Wire Transfers Anticipated/one mo. Period _____
Incoming/Outgoing/Both _____

B. Expected Average Balances in Operating Account: $ 50,000.00
Method for Effecting Deposits into Account: ☐ Check
☐ Wire Transfer
XX☐ Both

AMOUNT OF CASH expected to be deposited into account: Unknown
NUMBER OF Deposits expected in one month period: Infrequent
ANTICIPATED Volume of CASH Sales (Businesses only): _____

C. Expected Amount of LOANS/LETTERS OF CREDIT/OVERDRAFTS: None
PURPOSE of the CREDIT: _____
SOURCE of Collateral: _____

D. Is the expected/described activity deemed reasonable based on the type of Account, customer resources, and/or nature of business in which the client Is involved? **Refer to Section IIC of the policy discussing "typical" customer.**

XX☐ Yes ☐ No

RNB 007114

RIGGS

ATTACHMENT C

RIGGS & CO
KNOW YOUR CUSTOMER
CLIENT PROFILE

SECTION 7: REFERENCES

☐ A. If a client is already an existing PB/IPBD/TRUST/RIMCO customer, check here and skip the remainder of Section 7.

☐ B. If referred by an EXISTING PB/IPBD/TRUST/RIMCO CLIENT..._____
Client/Account No.
Document verbal recommendations from existing client in Call Report.
COMMENTS:_____

☐ C. If referred by a RIGGS BANK OFFICE(R):....._____
Location/Officer
Attach copy of Letter of Recommendation from RIGGS referral officer(s) signed by an authorized representative of Riggs or an internal memorandum.

☐ D. Direct solicitation by Account Officer

(For Business Accounts and/or Large Accounts [as defined by business unit])
FIRST Bank Reference: _____
_____
_____

SECOND Bank Reference: _____
_____
_____

Document all corroboration of references and information provided.

☐ E. High Profile/Visibility, Publicity Elected/Appointed Clients

Attach a brief background memorandum of recommendation signed by the Senior Vice President/Manager of International Banking, the Division Manger of Domestic Private Banking, the Executive Director of Trust, or the Executive Director of RIMCO, as applicable.

ANY ADDITIONAL COMMENTS:

By law of Equatorial Guinea, their President is the final authority of the country. Any institutional relationship we might have with the Government is duly authorized by him. We have known him for five years and has been quite consistent with us. The President desires to have a personal relationship with us in order to facilitate his personal and family needs while in the U.S. These needs include health and management of his residence here in the U.S.

RIGGS

ATTACHMENT C

RIGGS & CO
KNOW YOUR CUSTOMER
CLIENT PROFILE

KYC STATUS:

ALL CLIENTS	YES/NO	LARGE ACCOUNTS/BUSINESSES	YES/NO
(All "No's" must be explained)			
Passports Verified:	Yes____	Credit Bureau Report	_____
Address Verified:	Yes____	Financial Statements	_____
Telephone Verified:	Yes____	Annual Report	_____
Name of Referral on file:	_____	List of Suppliers/Vendors	_____
Original Source of Wealth Verified:	Yes____	Corporate Resolution(s)	_____
Current Activity Within Normal Range:	Yes____	Marketing Materials	_____
Two forms of photo ID	No____		

PERSONAL INVESTMENT CORPS	YES/NO	RIMCO	YES/NO
Account Data Form	_____	W-8/W-9	_____
Certificate of Ownership	_____	Governing Instrument	_____
W-8	Yes____	10K/10Q	_____
Two Signature Cards	Yes____	Statement of Portfolio Assets	_____
Riggs Corporate Resolution Form	Yes____	Corporate Resolutions	_____
Riggs Resolution for Bank Accounts	Yes____	Customer Statement – Source of Wealth	_____
Articles of Incorporation	Yes____		
By-laws for Commonwealth Companies	_____		
Copy of Passport	_____		

DATE OF NEXT REVIEW

Waiver approval of any of the above must be initialed, dated and supported.

SECTION 8: NEW ACCOUNT APPROVAL

☐ Documentation Checklist complete

RECOMMENDED BY:	REVIEWED BY:	APPROVED BY:
Simon Kareri / 10/20/99	_____	_____
Account Officer/Date	Supervising Officer/Date	Managing Director/Date

Rigg[illegible]ank N.A.

TYPE	BR	ACCOUNT NUMBER	SF	ID NUMBER	FCC	RC	INT	EFFECTIVE D
245	88	76863013		NONE	851942	511		09/20/[illegible]

BUSINESS/COMPANY NAME

LEGAL TITLE OTONG S.A. COMMENTS

YOU THE ACCOUNTHOLDER(S) AGREE TO THE TERMS AND CONDITIONS AS STATED ON THE REVERSE OF THIS CARD

AUTHORIZED SIGNATURE	PRINT NAME/TITLE
	T. NGUI PRESIDENT/SECRETARY

MAILING ADDRESS
C/O EMBASSY BANKING DIVISION
AFRICA & CARIBBEAN REGION
MAIL CODE G-4001
WASHINGTON, DC 20036
TELEPHONE

BUSINESS ADDRESS
CODE: 5-25 NEM42
IDENTIFICATION CODE:
5-25NEM42
IDENTIFICATION

SIC CODE

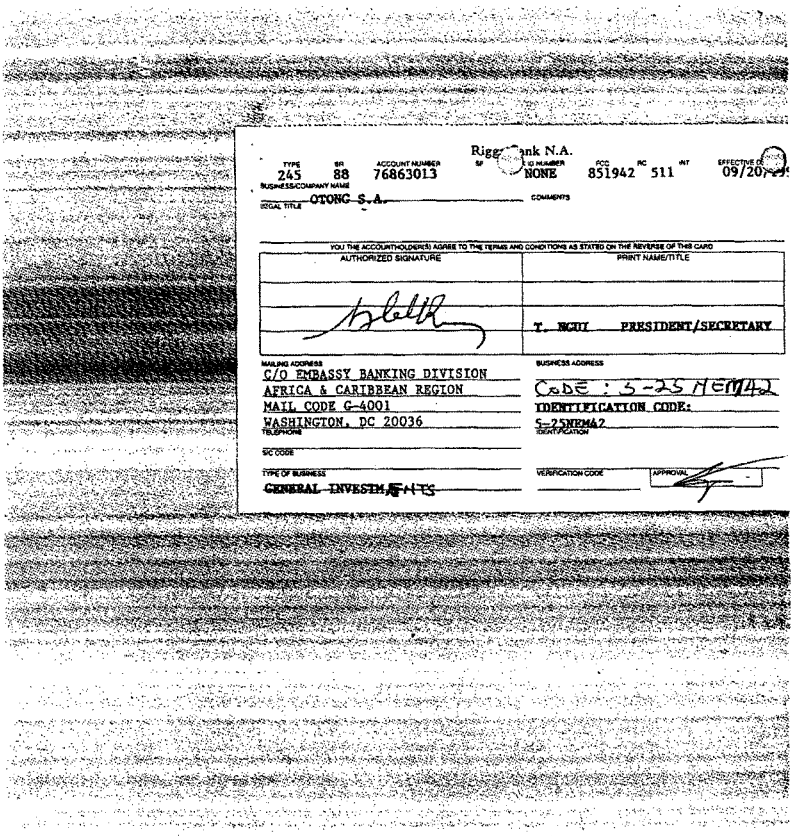
TYPE OF BUSINESS
~~GENERAL INVESTMENTS~~

VERIFICATION CODE

APPROVAL

RNB 005676

Permanent Subcommittee on Investigations
EXHIBIT #16b



Rigg[illegible]nk N.A.

TYPE	BR	ACCOUNT NUMBER	SF	ID NUMBER	OCC	PC	INT	EFFECTIVE DT
245	88	76863013		NONE	851942	511		09/20/[illegible]

BUSINESS/COMPANY NAME: OTONG S.A.

LEGAL TITLE

COMMENTS

YOU THE ACCOUNTHOLDER(S) AGREE TO THE TERMS AND CONDITIONS AS STATED ON THE REVERSE OF THIS CARD

AUTHORIZED SIGNATURE	PRINT NAME/TITLE
	T. NGUI PRESIDENT/SECRETARY

MAILING ADDRESS
C/O EMBASSY BANKING DIVISION
AFRICA & CARIBBEAN REGION
MAIL CODE G-4001
WASHINGTON, DC 20036

TELEPHONE

SIC CODE

TYPE OF BUSINESS
GENERAL INVESTMENTS

BUSINESS ADDRESS
CODE : 5-25 NEM42

IDENTIFICATION CODE:
5-25NEM42

IDENTIFICATION

VERIFICATION CODE

APPROVAL

RNB 005676

RIGGS & CO.

RIGGS & CO. TRUST SERVICES ACCOUNT APPROVAL & OPENING MEMO

☒ NEW ACCOUNT
☐ ADDITION TO EXISTING ACCOUNT

Date: 5/30/2000
Prepared by: SIMON KAMERI

CLIENT INFORMATION

Account Title: OTONG S.A.
Account Number:
Revocable ☒ Irrevocable ☐

Address: c/o EMBASSY BANKING
ATT: SIMON KAMERI
1538 CONN. AVE N.W
WASHINGTON DC
20036

Tax I.D.s: (Grantors, Beneficiaires, Principals) None
For EB: Employer EIN
Plan ID

Certification: W9 ☐ or W8 ☒
Attached ☐ or To be obtained ☐

Reason for opening/ additions

KYC Form Attached: ☒

ACCOUNT TYPE

☐ Personal Custody	☐ RIMCO Instit.
☐ Personal ISA	☐ RIMCO Personal
☐ Personal IMA	
☐ Personal Trust	Defined Benefit
☐ Estate	☐ Custody
☐ Estate Custody	☐ Investment Mgmt
☐ Estate ISA	☐ Trustee
☐ Control/Subsidiary	
	Defined Contribution
☒ J. Bush & Co. Personal	☐ Custody
☒ J. Bush & Co. Instit.	☐ Investment Mmgt
	☐ Trustee
☐ MEPT	
	IRA Rollover
☐ Escrow	☐ IRA Custody
☐ Paying Agent	☐ IRA ISA
	☐ IRA IMA
☐ Institutional Custody	
☐ Institutional ISA	☐ EB/Insurance Trust
☐ Institutional IMA	☐ EB Other
☐ Institutional Trust	☐ Control/subsidiary

Names and general description of principal parties:

ASSETS AND FEES

Market Value at Opening / or Addition $ 500,000 Expected Market Value/ Additions $ 2,000,000

Recurring Fees ____ Non-recurring Fees ____

Describe any deviation from regular fee schedule:

New Assets to Trust Department? ☒

Source/Assets

From Existing Trust Dept. Account? ☐
If yes: Account Name & Number
Increased/Decreased revenue to be generated by change:
Fee of this account ____
Fee of prior account ____
Difference ____

RNB 007089

Permanent Subcommittee on Investigations
EXHIBIT #16c

Governing instrument is (check one)

☐ Attached
☐ Not attached, because it is a pre-printed Riggs form
☐ Not attached, because it is a new account created under the terms of an existing agreement on Riggs books
☐ Not attached, because this is an addition to an existing account.
(A/C #)

If Riggs has investment responsibility, general type of management is:

Stocks ☑ Balanced ☐
Bonds ☑ RIMCO Monument Funds ☐
Cash Management ☑ Other ☑: J. Bush

Any other information of significance which might make this an unusual account:

SOURCE OF BUSINESS
Direct Source:
(Be specific: seminar, advertisement, call-in, etc.)

REFERRAL
Riggs Employee ☒ and/or External Referror ☐

Referror's Name(s) SIMON KARERI | Referror's Name(s)

Department or Branch EMBASSY BANKING | Company

Salesperson who opened account: _____ SIMON KARERI

Administrative officer/ Portfolio Manager: _____

☐ This memo reports a new account/ addition for which Adm. Officer/Portfolio manger is deserving of a reward for an "assist." Copies of presentation materials prepared by such officer are attached.
☒ This memo reports an addition which was ☐ was not ☐ the result of a face to face meeting.
☐ Copies of all writings documenting a bona fide sales effort, including calendar entries, memos, correspondence, etc. attached.
Signature of Salesperson who opened account: _____
Signature of Officer deserving reward payment: _____
Division manager approval of referral reward payment _____
(Only required when referror is administrative officer or portfolio manager)

APPROVAL
X CLIENT SIGNATURE

The undersigned have reviewed the governing instrument, value and nature of assets, the responsibilities of the bank, the identity and nature of significant parties, and the fees to be charged, and determined that the account is a potentially sound and profitable relationship which is acceptable to the Trust Department.

Approval required from two of the following:

A. Behar	D. McClung
H. Dudley	M. Richwine
R. Hall	W. Ross
L. Harris	

Approved: _____

Approved: _____

For RIMCO accts:
P. Tasho
R. Marsilia

For MEPT accts:
P. Mayberry
R. Edwards
J. Beckhorn

For RPS Accts:
S. Murphy (800 17th)
B. Moffett (Riverside)

Original to Operations Unit Copies to:

Mr. Dudley	Mr. Peddicord (Income Tax Unit)
Mr. Richwine	Mr. Tasho (RIMCO accts. only)
Mr. Thompson (PEC)	Mr. Harris (RPS accts.)
Mr. Riegelhaupt	Investment Officer _____ (Indicate officer's name)

Legal File

Revised 10/99

RIGGS

Name & Current Mailing Address

OTONG S.A.
Individual Name(s)
C/O EMBASSY BANKING
Business Name (Sole proprietors see instructions on reverse)
1528 CONN. AVE N.W.
Address
WASHINGTON DC 20036
City, State Zip Code

TAXPAYER IDENTIFICATION NUMBER (TIN)

Social Security Number

OR

Employer Identification Number

Account Number(s)

Please check appropriate box:
(For Form W-9 only)

☐ Individual/Sole proprietor
☒ Corporation
☐ Partnership
☐ Other_____

Note: If joint names, list first and circle the individual/entity whose TIN you provide us. Only the joint owner whose TIN is provided should sign the certification.

Substitute Form W-9 — **Taxpayer Identification Number Certification**

By signing below, you certify under penalties of perjury that:

(1) The taxpayer identification number (TIN) shown on this form is your correct TIN; and

(2) You are not subject to backup withholding because: (a) you are exempt from backup withholding, or (b) you have not been notified by the Internal Revenue Service (IRS) that you are subject to backup withholding as a result of a failure to report all interest and dividends, or (c) the IRS has notified you that you are no longer subject to backup withholding. (You must cross out item (2) if you have been notified by the IRS that you are currently subject to backup withholding because of underreporting interest or dividends on your tax return.)

If you qualify as an exempt payee under the criteria listed on the reverse, check here ☐

Signature of Individual or Authorized Signer — Date

Note: Complete Form W-8 or W-9. Do Not Complete Both.

Substitute Form W-8BEN — **Certification Of Foreign Status Of Beneficial Owner For United States Tax Withholding**

Type Of Beneficial Owner (check appropriate box):

☐ Individual ☐ Corporation ☐ Partnership ☐ Trust ☐ Estate
☐ Foreign Government ☐ Int'l Organization ☐ Disregarded Entity ☐ Foreign Central Bank of Issue ☐ Foreign Tax-Exempt Organization

Country of incorporation or organization

U.S. taxpayer identification number (TIN), if required
☐ SSN or ITIN ☐ EIN

Certification — ALL Joint Owners MUST Complete the Requested Information and Sign Below

Under penalties of perjury, I declare that I have examined the information on this form and to the best of my knowledge and belief it is true, correct and complete. I further certify under penalties of perjury that:

- I am the beneficial owner (or am authorized to sign for the beneficial owner) of all income to which this form relates,
- The beneficial owner is a foreign person,
- The income to which this form relates is not effectively connected with the conduct of a trade or business in the United States,
- For broker transactions or barter exchanges, the beneficial owner is an exempt foreign person as defined in the instructions, and
- I am not a former citizen or long-term resident of the United States subject to section 877 (relating to certain acts of expatriation) or, if I am subject to section 877, I am nevertheless entitled to treaty benefits with respect to the amounts received.

T. NGUI		
Print Name of Beneficial Owner	Print Name of Joint Owner	Print Name of Joint Owner
AVENUE DE LA INDEPENDENCIA		
Permanent (Non-U.S.) Address (street, apt. or suite no. or rural rte). Do not use a P.O. Box.	Permanent (Non-U.S.) Address (street, apt. or suite no. or rural rte). Do not use a P.O. Box.	Permanent (Non-U.S.) Address (street, apt. or suite no. or rural rte). Do not use a P.O. Box.
MALABO		
City or town, state or province, postal code	City or town, state or province, postal code	City or town, state or province, postal code
EQUATORIAL GUINEA		
Country	Country	Country
U.S. TIN (if any)	U.S. TIN (if any)	U.S. TIN (if any)
X ____ 5/30/2000		
Signature Date	Signature Date	Signature Date

RNB 007091

RIGGS

ATTACHMENT C

RIGGS & CO
KNOW YOUR CUSTOMER
CLIENT PROFILE

NEW: X KYC Input:

SECTION 1: OFFICE OF FOREIGN ASSETS CONTROL

Date of OFAC list Checked: 02/22/2000 Verified by whom: SPK
(Initials)

If the customer/business appears on this list (exact match), do not proceed with account opening.

SECTION 2: CLIENT DATA

NAME/TITLE: Otong S.A.
DATE ACCOUNT OPENED: 5/30/2000 Account No.

	NAME (PERSON/PIC)	RELATIONSHIP	PASSPORT	COUNTRY	DOB/PIC DATE
1.	Otong SA	Owner		Equatorial Guinea	9/20/99
2.					
3.					
4.					
5. (POA)					

CONFIDENTIAL ADDRESS:

MAILING ADDRESS:
c/o Embassy Banking
Africa & Caribbean Region
Mail Code PC-2D

HOLD MAIL (N) (Y/N)

SPECIAL INSTRUCTIONS:
E-mail/tel/FAX/other:

	RELATED ACCOUNTS	PHONE Nos.	FAX Nos.
1			
2			
3			

INITIAL DEPOSIT
AMOUNT: $ 500,000.00 SOURCE OF FUNDS: RIGGS BANK account #76863013

RIGGS

ATTACHMENT C

RIGGS & CO
KNOW YOUR CUSTOMER
CLIENT PROFILE

SOURCE USED TO VERIFY (i.e. will, sales receipt, contract, financial stmts., etc.)

AMOUNT OF TOTAL RELATIONSHIP $ 500,000.00

SECTION 3: CLIENT BACKGROUND AND INFORMATION

NAME OF PERSON REFERRING CLIENT: None
RELATIONSHIP OF PERSON REFERRING CLIENT: _____
ORIGINAL SOURCE OF WEALTH: Cocoa farming and construction businesses
SOURCE USED TO VERIFY: Incountry visits
CURRENT SOURCE OF INCOME: Construction, pharmaceuticals and farming
ESTIMATED ANNUAL INCOME: _____
REASON FOR BANKING WITH RIGGS: Experience with Riggs and account officer
(i.e., services offered, international services, embassy banking services, etc.)

BACKGROUND/OCCUPATION OF PERSON(S) OR CORPORATION (Attach additional sheets, as necessary)
(FOR BUSINESSES: Detail nature of business, location of business, list of suppliers/vendors, major clients, countries in which business operates, import/export business, legal status of company, and other information deemed pertinent)
(FOR INDIVIDUALS: Description with background)

The President of Equatorial Guinea has been in office for twenty years. He has extensive farming assests and is a major partner of the telecommunication (phone system modernization) project in the country with France Telecom.

BENEFICIAL OWNER(S) OF ACCOUNT(S)? _____
FOR BUSINESS ACCOUNTS, attach financial statements, marketing brochures, annual reports, etc.

SECTION 4: INVESTMENT SUITABILITY

RISK PROFILE: XX☐ CONSERVATIVE (CDS/Bonds) ☐ MODERATE (Stocks/Bonds) ☐ AGGRESSIVE (Stocks & Emerging Markets Paper)

ALSO BANKS WITH: Banks in Equatorial Guinea
Accounts with Investment/Brokerage Firms: None
Approximate Total Personal NETWORTH: US$ Unknown

INVESTMENTS NOT WITH RIGGS: ☐ CDS$ _____ ☐ Stocks$ _____ ☐ Bonds$ _____ ☐ Other$ _____
BRIEF DESCRIPTION OF INVESTMENTS: Unknown

RNB 007093

RIGGS

ATTACHMENT C

RIGGS & CO
KNOW YOUR CUSTOMER
CLIENT PROFILE

RIGGS INVESTMENTS:

CDS	(INITIAL)	$_____	(EXPECTED)	$_____
BONDS	(INITIAL)	$_____	(EXPECTED)	$_____
STOCKS	(INITIAL)	$_____	(EXPECTED)	$_____
RIMCO	(INITIAL)	$_____	(EXPECTED)	$_____
MM FUNDS	(INITIAL)	$ 500,000.00	(EXPECTED)	$_____
OTHER	(INITIAL)	$ 500,000.00	(EXPECTED)	$_____

CLIENT'S INVESTMENT OBJECTIVES:_____

SECTION 5: PRODUCT NEEDS

DEPOSITS	INVESTMENTS	CREDIT	TRUST
☐ Checking	☐ Discretionary	☐ Loan	☐ Int'l Trust
☐ Money Market	☐ Non-Discretionary	☐ Overdraft	☐ PIC
☐ Time Deposits	☐ Mutual Funds	☐ L/C Credit	☐ Trading Co.
☐ FX Deposits	☐ RIMCO	☐ Credit Cards	☐XX Personal Trust

SECTION 6: EXPECTED ACTIVITIES/VOLUMES AND PRODUCT USAGE

A. Checking Account (# Checks Drawn/mo) _____
Checking Account: LARGEST amount PER CHECK to be drawn: _____
Wire Transfers: HIGHEST amount Expected per Wire Transfer: _____
Wire Transfers: Number of Wire Transfers Anticipated/one mo. Period _____
Incoming/Outgoing/Both _____

B. Expected Average Balances in Operating Account: $ 100,000.00
Method for Effecting Deposits into Account: ☐ Check
☐ Wire Transfer
XX☐ Both

AMOUNT OF CASH expected to be deposited into account: Unknown
NUMBER OF Deposits expected in one month period: Infrequent
ANTICIPATED Volume of CASH Sales (Businesses only): _____

C. Expected Amount of LOANS/LETTERS OF CREDIT/OVERDRAFTS: None
PURPOSE of the CREDIT: _____
SOURCE of Collateral: _____

D. Is the expected/described activity deemed reasonable based on the type of Account, customer resources, and/or nature of business in which the client Is involved? Refer to Section IIC of the policy discussing "typical" customer.

XX☐ Yes ☐ No

RNB 007094

RIGGS

ATTACHMENT C

RIGGS & CO
KNOW YOUR CUSTOMER
CLIENT PROFILE

SECTION 7: REFERENCES

☐ A. If a client is already an existing PB/IPBD/TRUST/RIMCO customer, check here and skip the remainder of Section 7.

☐ B. If referred by an EXISTING PB/IPBD/TRUST/RIMCO CLIENT..._____
Client/Account No.
Document verbal recommendations from existing client in Call Report.
COMMENTS:_____

☐ C. If referred by a RIGGS BANK OFFICE(R):.....Simon P. Kareri._____
Location/Officer Embassy Banking Division
Attach copy of Letter of Recommendation from RIGGS referral officer(s) signed by an authorized representative of Riggs or an internal memorandum.

☐ D. Direct solicitation by Account Officer

(For Business Accounts and/or Large Accounts [as defined by business unit])
FIRST Bank Reference: _____
_____
_____

SECOND Bank Reference: _____
_____
_____

Document all corroboration of references and information provided.

☐ E. High Profile/Visibility, Publicity Elected/Appointed Clients

Attach a brief background memorandum of recommendation signed by the Senior Vice President/Manager of International Banking, the Division Manger of Domestic Private Banking, the Executive Director of Trust, or the Executive Director of RIMCO, as applicable.

ANY ADDITIONAL COMMENTS:

By law of Equatorial Guinea, their President is the final authority of the country. Any institutional relationship we might have with the Government is duly authorized by him. We have known him for five years and has been quite consistent with us. The President desires to have a personal relationship with us in order to facilitate his personal and family needs while in the U.S. These needs include health and management of his residence here in the U.S.

RNB 007095

RIGGS

ATTACHMENT C

RIGGS & CO
KNOW YOUR CUSTOMER
CLIENT PROFILE

KYC STATUS:

ALL CLIENTS	YES/NO	LARGE ACCOUNTS/BUSINESSES	YES/NO
(All "No's" must be explained)			
Passports Verified:	Yes____	Credit Bureau Report	_____
Address Verified:	Yes____	Financial Statements	_____
Telephone Verified:	Yes____	Annual Report	_____
Name of Referral on file:	_____	List of Suppliers/Vendors	_____
Original Source of Wealth Verified:	Yes____	Corporate Resolution(s)	_____
Current Activity Within Normal Range:	Yes____	Marketing Materials	_____
Two forms of photo ID	No____		

PERSONAL INVESTMENT CORPS	YES/NO	RIMCO	YES/NO
Account Data Form	_____	W-8/W-9	_____
Certificate of Ownership	_____	Governing Instrument	_____
W-8	Yes____	10K/10Q	_____
Two Signature Cards	Yes____	Statement of Portfolio Assets	_____
Riggs Corporate Resolution Form	Yes____	Corporate Resolutions	_____
Riggs Resolution for Bank Accounts	Yes____	Customer Statement – Source of Wealth	_____
Articles of Incorporation	Yes____		
By-laws for Commonwealth Companies	_____		
Copy of Passport	_____		

DATE OF NEXT REVIEW

Waiver approval of any of the above must be initialed, dated and supported.

SECTION 8: NEW ACCOUNT APPROVAL

☐ Documentation Checklist complete

RECOMMENDED BY:	REVIEWED BY:	APPROVED BY:
Simon Kareri / 05/30/2000	_____	_____
Account Officer/Date	Supervising Officer/Date	Managing Director/Date

RNB 007096

RIGGS

Name & Current Mailing Address
OTONG S.A.
Individual Name(s)
c/o EMBASSY BANK INK
Business Name (Sole proprietors see instructions on reverse)
1528 CONN. AVE N.W
Address
WASHINGTON DC 20036
City, State Zip Code

TAXPAYER IDENTIFICATION NUMBER (TIN)
Social Security Number
OR
Employer Identification Number

Account Number(s)

Please check appropriate box:
(For Form W-9 only)
☐ Individual/Sole proprietor
☒ Corporation
☐ Partnership
☐ Other

Note: If joint names, list first and circle the individual/entity whose TIN you provide us. Only the joint owner whose TIN is provided should sign the certification.

OTONG S.A.

Substitute Form W-9 — **Taxpayer Identification Number Certification**

By signing below, you certify under penalties of perjury that:

(1) The taxpayer identification number (TIN) shown on this form is your correct TIN; and

(2) You are not subject to backup withholding because: (a) you are exempt from backup withholding, or (b) you have not been notified by the Internal Revenue Service (IRS) that you are subject to backup withholding as a result of a failure to report all interest and dividends, or (c) the IRS has notified you that you are no longer subject to backup withholding. (You must cross out item (2) if you have been notified by the IRS that you are currently subject to backup withholding because of underreporting interest or dividends on your tax return.)

If you qualify as an exempt payee under the criteria listed on the reverse, check here ☐

Signature of Individual or Authorized Signer — Date

Note: Complete Form W-8 or W-9. Do Not Complete Both.

Substitute Form W-8BEN — **Certification Of Foreign Status Of Beneficial Owner For United States Tax Withholding**

Type Of Beneficial Owner (check appropriate box):
☐ Individual ☐ Corporation ☐ Partnership ☐ Trust ☐ Estate
☐ Foreign Government ☐ Int'l Organization ☐ Disregarded Entity ☐ Foreign Central Bank of Issue ☐ Foreign Tax-Exempt Organization

Country of incorporation or organization

U.S. taxpayer identification number (TIN), if required
☐ SSN or ITIN ☐ EIN

Certification — ALL Joint Owners MUST Complete the Requested Information and Sign Below

Under penalties of perjury, I declare that I have examined the information on this form and to the best of my knowledge and belief it is true, correct and complete. I further certify under penalties of perjury that:

- I am the beneficial owner (or am authorized to sign for the beneficial owner) of all income to which this form relates,
- The beneficial owner is a foreign person,
- The income to which this form relates is not effectively connected with the conduct of a trade or business in the United States,
- For broker transactions or barter exchanges, the beneficial owner is an exempt foreign person as defined in the instructions, and
- I am not a former citizen or long-term resident of the United States subject to section 877 (relating to certain acts of expatriation) or, if I am subject to section 877, I am nevertheless entitled to treaty benefits with respect to the amounts received.

Print Name of Beneficial Owner	Print Name of Joint Owner	Print Name of Joint Owner
T. NGUI		
Permanent (Non-U.S.) Address (street, apt. or suite no. or rural rte). Do not use a P.O. Box.	Permanent (Non-U.S.) Address (street, apt. or suite no. or rural rte). Do not use a P.O. Box.	Permanent (Non-U.S.) Address (street, apt. or suite no. or rural rte). Do not use a P.O. Box.
AVENUE DE LA INDEPENDENCIA		
City or town, state or province, postal code	City or town, state or province, postal code	City or town, state or province, postal code
MALABO		
Country	Country	Country
EQUATORIAL GUINEA		
U.S. TIN (if any)	U.S. TIN (if any)	U.S. TIN (if any)
Signature — Date	Signature — Date	Signature — Date
T. NGUI 5/30/2000		

RNB 007097

Instructions for Substitute Form W-9

Purpose of Form. — Riggs is required to obtain your correct taxpayer identification number (TIN) to report income paid to you.

Complete W-9 section on front to furnish your correct TIN and, (1) to certify that the TIN you are furnishing is correct, (2) to certify that you are not subject to backup withholding, or (3) to claim exemption from backup withholding if you are an exempt payee. Furnishing your correct TIN and making the appropriate certifications will prevent certain payments from being subject to backup withholding.

How to Obtain a TIN. — If you do not have a TIN, you should apply for one immediately. To apply for the number, obtain **Form SS-5**, Application for a Social Security Card (for individuals), or **Form SS-4**, Application for Employer Identification Number (for businesses and all other entities), at your local office of the Social Security Administration or the Internal Revenue Service. Complete and file an appropriate form according to its instructions.

To complete this form if you do not have a TIN, write "Applied For" in the space for the TIN, and sign and date the Substitute Form W-9 on the front.

As soon as you receive your TIN, complete another form W-9. Include your new TIN, sign and date the form, and give it to Riggs.

What is Backup Withholding? — Payers of interest are required to withhold and pay to IRS 31% of interest payments under certain conditions. This is called "backup withholding."

If you give Riggs your correct TIN, make the appropriate certifications, and report all your taxable interest and dividends on your tax return, your payments will not be subject to backup withholding.

Payees Exempt From Backup Withholding. — The following payees are exempt from backup withholding and information reporting on interest:

(1) A corporation.

(2) An organization exempt from tax under section 501(a), or an individual retirement plan (IRA), or a custodial account under 403(b)(7).

(3) The United States or any of its agencies or instrumentalities.

(4) A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities.

(5) A foreign government or any of its political subdivisions, agencies or instrumentalities.

(6) An international organization or any of its agencies or instrumentalities.

(7) A foreign central bank of issue.

(8) A dealer in securities or commodities required to register in the U.S. or a possession of the U.S.

(9) A real estate investment trust.

(10) An entity registered at all times during the tax year under the Investment Company Act of 1940.

(11) A common trust fund operated by a bank under section 584(a).

(12) A financial institution.

(13) A middleman known in the investment community as a nominee or listed in the most recent publication of the American Society of Corporate Secretaries, Inc. Nominee List.

(14) A trust exempt from tax under section 664 or described in section 4947 of the Internal Revenue Code.

If you are exempt from backup withholding, you should complete this form to avoid possible erroneous backup withholding. Enter your correct TIN, check the exempt box, and sign and date the form. If you are a nonresident alien or foreign entity not subject to backup withholding, complete the Form W-8BEN section, "Certification of Foreign Status of Beneficial Owner for United States Tax Withholding," on front.

Specific Instructions

At the Top. — Fill in account name, mailing address, TIN, and account number(s). Check the appropriate box indicating account type.

Name. — **Individuals.** If you are an individual, generally provide the name shown on your social security card. If you have changed your last name, you should contact your local branch or RiggsDirect for instructions on how to change the name on your account. Any name changes should also be reported to the Social Security Administration.

Sole proprietor. — If you are a sole proprietor, you must furnish your individual name and either your SSN or EIN. You may also enter your business name or "doing business as" name on the business name line. Enter your name as shown on your social security card and business name as it was used to apply for your EIN on Form SS-4.

Privacy Act Notice. — Section 6109 requires you to furnish your correct taxpayer identification number (TIN) to persons who must file information returns with IRS. IRS uses the numbers for identification purposes and to help verify the accuracy of your tax return. You must provide your TIN whether or not you are required to file a tax return. Payers must generally withhold 31% of taxable interest, dividend, and certain other payments to a payee who does not furnish a TIN to a payee. Certain penalties may also apply.

...nat Name and Number to Give Us

For this type of account:	Give the name and SOCIAL SECURITY number of:
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual named on the account[1]
3. Custodian account of a minor (Uniform Transfer to Minors Act)	The minor [2]
4. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee[1]
b. So-called trust account that is not a legal or valid trust under state law	The actual owner[1]
5. Sole proprietorship	The owner [3]
For this type of account:	**Give the name and EMPLOYER IDENTIFICATION number of:**
6. Sole proprietorship	The owner [3]
7. A valid trust, estate, or pension trust	Legal entity (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title)[4]
8. Corporate	The corporation
9. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
10. Partnership	The partnership
11. A broker or registered nominee	The broker or nominee

[1] List first and circle the name of the person whose number you furnish.
[2] Circle the minor's name and furnish the minor's social security number.
[3] Show the individual's name. You may also enter your business name. You may use either your SSN or EIN.
[4] List first and circle the name of the legal trust, estate, or pension trust.

Note: If there is more than one name on the account and no name is circled on the front, the TIN will be considered to be that of the first name listed on the account.

Instructions for Substitute Form W-8BEN

Purpose of Form. Complete Form W-8BEN to inform Riggs that you are a foreign person not subject to certain U.S. information return reporting or backup withholding rules. Failure to provide a Form W-8BEN when requested may lead to withholding at a 31% rate of certain payments made to you.

Who May File. You may file Form W-8BEN if you can substantiate that you are a nonresident alien individual or a foreign corporation, partnership, estate or trust. A nonresident alien individual is any individual who is not a citizen or resident of the United States. An alien individual meeting either the "green card test" or the "substantial presence" test for the calendar year is a resident alien. See **Pub. 519, U.S. Tax Guide for Aliens**, for more information on resident and nonresident alien status.

Specific Instructions

At the top. Fill in account name(s), current mailing address and account number(s).

Type of beneficial owner. Check the one box that applies. By checking a box, you are representing that you qualify for this classification under U.S. tax principles. For entities, do not check the box that describes your status under the law of the treaty country or the status of your single owner. If you are a sole proprietor, check the "Individual" box.

Country of incorporation or organization. Enter the country of incorporation if you are a corporation. If you are another type of entity, enter the country under whose laws you are created, organized, or governed. Individuals enter "N/A" for not applicable.

U.S. taxpayer identification number (TIN), if required. A U.S. TIN is a social security number (SSN), employer identification number (EIN), or IRS individual taxpayer identification number (ITIN). Check the appropriate box for the type of TIN you are providing.

Permanent (non-U.S.) address. Provide your permanent residence address. Your permanent residence address is the address in the country where you claim to be a resident for purposes of that country's income tax. If you are not an individual and you do not have a tax residence in any country, the permanent residence address is where you maintain your principal office.

Signature and date. Form W-8BEN must be signed and dated by the beneficial owner of the income, or, if the beneficial owner is not an individual, by an authorized representative or officer of the beneficial owner. The beneficial owner is the person who is the owner of the income for tax purposes and who beneficially owns the income. Thus a person receiving income as a nominee, custodian, or agent for another person is not the beneficial owner of the income. **NOTE:** If you own the income or account jointly with one or more other persons, the income or account will be treated as owned by a foreign person only if Forms W-8BEN are provided by all of the owners. If a Form W-8BEN is not received from all joint owners or a Form W-9 is received from any of the joint owners, any payments must be treated as made to a U.S. person.

RIGGS

KYC PROFILE - Enhanced Due Diligence
EMBASSY BANKING – *Individual Accounts*

NEW: ☒ UPDATE: ☐ Date: 11/19/02

If there is a material change in the customer's account activity, the BSA/AML Enhanced Due Diligence Summary must be updated.

Recommended Initial Risk Rating: ☐ Low ☐ Moderate ☒ High
(Per Riggs Bank's Customer Risk Assessment List)

SECTION 1: CLIENT INFORMATION

NAME(S)/TITLE(S)
X Otong S.A.
CITIZENSHIP
Equatorial Guinea
ACCOUNT NUMBER
See attached
DATE OPENED
6/16/2000

TYPE OF ACCOUNT

- ☐ Certificate of Deposit
- ☐ Checking Accounts
  - ☐ Convenience Plus
  - ☐ NOW
  - ☐ Preferred Banking Plan
  - ☐ Personal Interest Checking
  - ☐ Personal Checking
- ☐ Credit Card
- ☐ Consumer Loan
- ☐ Overdraft
- ☐ Savings Accounts
  - ☐ Statement Savings
  - ☐ Money Market Deposit Account
- ☒ Other – see attached

LOCAL (USA) ADDRESS:
G 4001 Mail Code.

TELEPHONE NUMBERS:
Office (USA): (0)–
Office (Home Country): _____
Home: (Home Country): _____
Fax: _____
e-mail: _____

SPECIAL INSTRUCTIONS?
☐ Hold Mail
☐ Other: _____

Provide a list of the other accounts the customer has with Riggs Bank or its affiliates. This list must cover all account types and contain the account number(s) or a Riggs Bank/affiliate contact, including the contact's telephone number. As indicated below, this list is attached or in the bank's vault.
☐ Listed ☐ Attached ☐ Other Location? – Explain:
See attached

Account Name	Account Number	Account Name	Account Number

SECTION 2: OFAC/FinCEN/HIGH PROFILE ACCOUNTS

High Profile Government Officials should be rated as high risk for account monitoring purposes.

Individual on OFAC List? ☐ Yes ☒ No
Individual a High Profile Government Official? ☑ Yes ☐ No

Office of Foreign Assets Control (OFAC) List Check (www.ofaccompliance.com):
NOTE: If the customer/business appears on this list (exact match), do not proceed with account opening unless license is in effect. Otherwise, contact the Compliance Department at ext. 5024.

OFAC List Date: 11/19/02
Checked By: Siham Bensalah

OFAC License Number: _____ Date of License: _____

Financial Crimes Enforcement Network (FinCEN) List Check
Country on FinCEN List? ☐ Yes ☑ No

(See the Anti-Money Laundering Resource Center on the Compliance intranet site at http://10.250.2.51/rm_compliance/money_laundering/index.htm).
If the account party is from a country on the FinCEN List of Non-Cooperative Countries and has more than ten incoming or outgoing wires per month, the more detailed standard client profile EDD summary must be completed or appropriate EDD documentation attached.

Permanent Subcommittee on Investigations
EXHIBIT #16d

RNB 000036

SECTION 3: RELATIONSHIP WITH RIGGS

Referred/Introduced by: Not applicable.

Initial Deposit Amount in this Account: N/A

Expected Riggs Relationship: ☐ <$50,000 ☐ $50,000-$200,000 ☑ >$200,000

Source of Initial Funds: (check all that apply) ☑ Salary/Wages ☐ Sale of Real Estate ☐ Gift ☐ Prior Riggs Account ☐ Sale of Business ☐ Other ☐ Inheritance ☐ Sale of Personal Property ☐ Sale of Securities

Sources of Current Income: ☑ Salary/Wages ☑ Rent ☑ Investments ☐ Other

Original Source of Wealth

Estimated Annual Income: (All Sources) ☐ <$50,000 ☐ $50,000-100,000 ☑ >$100,000

Employer: Equatorial Guinea

Current Position: PRESIDENT

Other Comments: PRESIDENT OF ABAYAK - THE LARGEST CONSTRUCTION COMPANY IN THE COUNTRY; SHAREHOLDER OF LIQUID GAS PLANT IN MALABO

Reasons for Banking with Riggs: Embassy relationship.

Automatic Deposit? ☒ No ☐ Yes If yes, source? ☐ Social Security

Source: Not applicable

Purpose for the Account(s): (check all that apply) ☐ Household Account ☐ Educational Expense ☐ Retirement Account ☐ Other

ATTACHMENTS CHECKLIST

All blanks in the checklist must be explained. Please use this space or attach a separate sheet with the explanation.

ALL INDIVIDUAL ACCOUNTS	Date	Initials		Date	Initials
a) Copy of Photo Identification	11/19	SB	e) Two Signature Cards:	11/19	SB
b) Copy of Passports (Non-US residents):	11/19	SB	f) W-8 (BEN) (IMY) (EXP):	11/19	SB
c) Address Checked:	11/19	SB	g) Embassy Banking Letter (Optional)		
d) Telephone Checked:	11/19	SB			

SECTION 4: NEW ACCOUNT APPROVAL

OPENED BY:	REVIEWED & APPROVED BY:
Name: SIHAM BENSALAH Date: 11/19/02	Officer: MICHAEL PARRIS Date: 11/19/02 ☐ Documentation Checklist Is Complete

Future Reviews or Updates (when appropriate):

Reviewed: _____ _____ Reviewed: _____ _____ Reviewed: _____ _____ Reviewed: _____ _____

Initials Date Initials Date Initials Date Initials Date

RNB 000037

RIGGS Embassy Banking Division ☒NEW ☐UP-DATE

Enhanced KYC/EDD Addendum Date: 11/19/02

If there is a material change in the customer's account activity, this enhanced KYC/EDD Form must be updated.

Addendum required to be completed if: (please check all that apply)

☒ High Profile/Visibility Person	☐ Exception profile for Assist//Check	☑ Aggregate balances over $200,000
☐ SAR recommended to be filed	☐ High Risk Business	☐ from a FinCEN/OFAC Country with over 9 wire transfers/month
☐ Other (Please explain)_____		

If the customer/business is a high profile/visibility or publicly elected/appointed individual, the file must contain (1) representative copies of published information on the client, (2) a brief memo from the officer summarizing the information known about the client and risks raised, and (3) evidence of concurrence by the IBG Manager with the memo.

Name of Client: S. Otong

Explain reason for completing "Enhanced KYC/EDD": Politically Exposed Person (PEP)

ARE THERE OTHER NAMES ON ANY AFFILIATED ACCOUNTS? ☐ No ☐ Yes If "yes," attach a list of those names.

REFERAL INFORMATION (Document all efforts to corroborate of references and information provided.)

- **Riggs Person Referring Client:** NA
  (Provide a Brief Description of the Referral or Attach Referral Letter)
- **External Referral Source:** Embassy recommendation
- **Relationship with Client:** Government official

CORROBORATION: Document all efforts to corroborate references and information provided to supplement enhanced KYC/EDD form:

1.) **Original source of wealth:** _____

2.) **Current sources of income:** _____

3.) **Other information:** _____

ACCOUNT RELATIONSHIP:

Expected average DDA/MMA balances:	☐ under $200M	☐ $200M-2MM	☑ over 2MM
Expected CD's/Investments:	☐ under $200M	☐ $200M-2MM	☑ over 2MM
Total Riggs Relationship:	☐ under $200M	☐ $200M-2MM	☑ over 2MM
Estimated Net Worth:	☐ under $200M	☐ $200M-2MM	☑ over 2MM

EXPECTED TRANSACTION TYPES AND NUMBER

The purpose of these questions is to enable Riggs to "understand the normal and expected transactions of the customer," as recommended by the FRB and the OCC. If the customer does not provide the information for this understanding, the account officer must make a reasonable estimate of the usual activity for that account. (Note: for accounts that exclusively involve J. Bush & Co., RIC, RIMCO, and certain types of trust accounts, this section does not apply.)

Expected *number of incoming* transactions:	Wires ≤ 20	Checks/cash ≤100	Total ≤ 120
Expected *amount of incoming* transactions:	Wires ≤ 100,000	Checks/cash ≤ 100,000	Total ≤ 100,000
Expected *number of outgoing* transactions:	Wires ≤ 20	Checks/cash ≤120	Total ≤ 120
Expected *amount of outgoing* transactions:	Wires ≤ 100,000	Checks/cash ≤ 100,000	Total ≤ 100,000

RNB 000038

Wires To/From High Risk Countries (per OFAC, FinCEN, etc.) ☐ Yes ☒ No If yes, which countries? _____

High amount expected per wire transfer: _____

LOANS/LETTERS OF CREDIT/ OVERDRAFTS: PURPOSES OF THE CREDIT: _____

SOURCES OF COLLATERAL: _____

Is the expected/described activity deemed reasonable based on the type of account, customer resources, and/or other nature of business in which the client is involved? If no, then the customer should be contacted for explanation of the exceptional activity (and explanation should be documented) or the account should be closed.	☒ *Yes* ☐ *No*

Prepared by: Siham Bensalah Reviewed by: Michael Parris

Org. Approval Date: _____

Draft Revision Date: March 2002

```
Greet      Name OTONG S A                                  Comp          SS 99999999
Address C/O EMBASSY BANKING                 DATE ADDR CHNG  062602
Address AFRICA & CARIBBEAN REGION           DATE LAST MAINT 062602
Address MAIL CODE G 4001                    CHNGD BY USER   B013985
Address                                     COM: Y RP: N AM:    HB:    EB:    WB:
Address                                     RIGGS & CO:          KEY: OTONS..A.000
City    WASHINGTON                      ST DC   << SP Mail Flag  ZIP 20036
Home Phone #            Unlisted    Work Phone #                TRK          BLK
First Service TDS 0999 Last Service TDS 0602 Date of Death              Officer #
Correspondent   Bank   Government   Prospect   Officer      Stk Exchg
Name Ext                                          SIC      D&B              SALES
Contact                                    Indust
  ACCOUNT NUMBER        REL M T BR  PT    ACCOUNT NUMBER          REL M T BR  PT
1 TDS76863013           BUS X X 088 MM  2 TDS81450109             BUS X X 088 CD
3 TDS81723162           BUS X X 088 CD

CUSTOMER DISPLAY - PRESS ENTER FOR START SCREEN -     *** PFK1 FOR HELP ***
```

RIGGS

TO: File

FROM: Simon Kareri

DATE: November 28, 2001

RE: President's business holdings

During my last trip to Equatorial Guinea, I was able to tour most of the businesses controlled by the President and his family. Due to the significant growth in the country, the businesses have grown exponentially from the sleepy businesses that I used to know to very active interests that are generating significant revenues. Some of my observations were:

1. **Abayak** - For many years Abayak was and still is the only Construction Company and importer of constructions related goods. In the past due to lack of construction, Abayak was a medium operation with two offices in Bata and Malabo. Today, due to the extensive construction in the country Abayak offices have sprung in every area where the oil companies are constructing. Abayak is the sole importer of every construction material ranging from cement, electrical goods to nails. This enterprise has become a significant earner of income for the President.

2. **Hotels and Super Markets** - These holdings include Hotel Bantu, Hotel Candy, Hotel Abayak and Hotel PanAfrica. Restaurants include Club Nautical and Pizza Place and Ambassador's restaurant. When I began going to Equatorial Guinea, these hotels barely had guests. Today, there are no vacancies in any hotel in Malabo and the rates have quadrupled. The President also owns the only two supermarkets in the country and they have quite grown due to the influx of foreigners in the country.

3. **Land Leases** - Exxon Mobil, Triton continue to expand the construction for their expatriate personnel in the compounds. These large acreage compounds are leased from the President since they are within his farm.

4. **Oil and Gas** - By far the most lucrative earner for the President is the new gas plant in Malabo of which he controls 25%. This plant, financed by OPIC to the tune of $200 million is the second largest plant in the world.

RIGGS BANK Africa Dept Fax:1-202-835-8021

** Transmit Conf. Report **

P.1					Dec 12 2002 16:23	
Location	Mode	Start	Time	Page	Result	Note
5049	NORMAL	12/12,16:23	0'40"	1	O K	

RIGGS

Memorandum

To: Larry Hebert

From: Simon Kareri

Date: December 12, 2002

Re: **Equatorial Guinea' article**

Ray Lund has requested that I provide you with my thoughts regarding the recent article published in the LA Time. To begin with, I would like to state that the contents of the article is nothing new and consists of many inaccuracies.

The author of the article, Ken Silverstein is a free lance writer for "The Nation", a magazine known for its inflammatory journalism. The writer seems to have a grudge against the whole world and some of his articles include: Saudi and Americans: Friends in Need; Mangler-In-Chief and Gore's Oil Money. To characterize our President as the Mangler-In-Chief makes me lose all respect for this man.

In his article regarding Equatorial Guinea, he states that the U.S. Embassy has reopened which is not true. President Bush made the decision to reopen the Embassy and the State Department is in the process of doing so. Equatorial Guinea has never been a "pariah state" according to the definition of the United Nations. He laments that it was intimidating in the last elections for people to vote in public. In many African countries, people assemble in the town square or village market to vote and due to the lack of infrastructure, they cast their ballots in the open but in unmarked boxes. Only the voter would know what they marked on their ballot.

The President of Equatorial Guinea met President Bush in New York this year contrary to the article. Some of the Equatorial Guinea characters cited in the article are a joke. Three of them left Equatorial Guinea thirty years ago and do not live there. One of them was in jail in Angola for plotting a coup. These are not individuals anyone should hold in any regard.

Regarding the issue of the President of Equatorial Guinea being corrupt, I take exception to that because I know this person quite well. We have reviewed for Ray the transactions of Equatorial Guinea with Riggs since inception and not once did Riggs send money to any "shady" entity or destination. We have a list of all the vendors of the country that have received a payment from us and most of them are for construction materials. Yes Equatorial Guinea is in the midst of Elections but they have not withdrawn a penny from Riggs since October 31, 2002 when they requested a paltry $1.3 million when their revenues are over $35 million a month. This is not a manifestation of a corrupt and greedy government. Sir, I wish in due course you will get to know the President of Equatorial Guinea and witness his simplicity first hand.

RNB 004203

Permanent Subcommittee on Investigations
EXHIBIT #17

RIGGS Electronic Payment Advice

EMBASSY OF THE REPUBLIC OF
EQUATORIAL GUINEA
4044 N. 27TH ROAD
ARLINGTON VA 22207

76772007
JANUARY 13, 2003
1

25,000.00

FWO TRN 030102-000668 0102E1QP111C000280 $3,020.00
TO: BANCO BILBAO VIZCAYA ARGENTARIA NEW YORK [redacted]
BBK: BANCO BILBAO VIZCAYA (BBVA) GIJON-PL DEL CARMEN
SPAIN
BNFACCT: [redacted]
BNF: TEODORO BIYOGO NSUE

Redacted by Permanent Subcommittee on Investigations

[redacted] = Redacted by the Permanent Subcommittee on Investigations

RNB 018772

Seq.#03013-001149

PLEASE NOTE: All incoming wire transfers which have a valid beneficiary name and account number are credited to the beneficiary's account for the amount received. All related charges are then debited from the account.

PM-01016 (Rev. 8/99)

Riggs Bank N.A.
Money Transfer Department

Permanent Subcommittee on Investigations
EXHIBIT #18

H.E. Teodoro Biyogo Nsue
Ambassador Extraordinary and Plenipotenciary
Embassy of The Republic of Equatorial Guinea
in United States of America

2020 16th Street N.W.
Washington, D.C. 20009

Phone (202) 518-5700
Fax (202) 518-5252

RNB 018773

Mr. PARIS:
Please, from the Embassy acc. send 25.000 $ USA to my acc. in Spain.
Thank, you.

RNB 018774

RIGGS

Memorandum

To: Bob Roane

From: Ray Lund

Date: January 17, 2003

Re: **Equatorial Guinea**

- The following individuals from Equatorial Guinea Bank with Riggs and are related to the President.
  - President Obiang of Equatorial Guinea (Account is held in an offshore company called SA Otong at Trident Trust Company – not Riggs – the money is here)
  - Armengol Obiang Nguema, President's Brother, Head of Security
  - Constancia Mangue Nsue, Wife of the President of Equatorial Guinea
  - Teodoro G. Obiang, Cabinet Minister
  - Juan Mba Nseng, Former Cabinet Minister
  - Melchor Edjo, Treasurer
  - Miguel Biroko, Former Cabinet Minister
  - Micha Bile, Former Ambassador to the U.S.
  - Baltasar Edjo, Minister
  - Elena Mensa, Wife of Ambassador to U.S.
- Money in the Official Account comes directly from the Major U.S and European oil companies (Exxon Mobil, Triton, Atlas Petroleum, Chevron etc.)
- There are three signers on the account, which include the President, the Treasurer and the Minister of Mining. The account requires two signatures, the President's and one other.
- Payments from the account go directly back to the government and to pay construction related companies for their activities in EG. No payments go the President.
- Money in the President's account came from the sale of his homes in Spain and France. They also came from his construction company in EG. For many the President had the only construction / supply company in EG. It was a sleepy (small) company for years. Most construction related services in EG are purchased from his company. The President also owns several hotels and super markets in EG. He also owns land and receives rent payments from the oil companies for the use of the land. Finally, he has a 25% interest in an oil and gas plant in EG. The plant was financed by OPIC.

Permanent Subcommittee on Investigations
EXHIBIT #19

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Permanent Subcommittee
on Investigations

- Money from his wife's account comes directly from rent from the oil companies. His wife onws the 50 acre farm that houses the Mobil complex.
- We did have a $700k mortgage on his wife's home in Potomac Maryland, but it has been paid. We have not financed any other homes.
- The President does have a home in Potomac. The bills come to Riggs.
- We have a bill payment service for the brother's home in Arlington –the tax bill is sent to us, we debit the account and pay it. His four children live there – they are going to school in Virginia.
- The Sissoko event took place sometime between 1996 and 1997.

Redacted by the
Permanent Subcommittee
on Investigations

Trojan, Lois

From: Bryant Moravek [Bryant_Moravek@riggsbank.com]
Sent: Thursday, December 04, 2003 3:29 PM
To: Trojan, Lois
Cc: 808.Pete_Balint@riggsbank.com; Bill_Ward@riggsbank.com; David_Caruso@riggsbank.com; First_Administrative_Group.Jonathan_Glass@riggsbank.com; First_Administrative_Group.Sara_Cabrera@riggsbank.com; Simon_Kareri@riggsbank.com
Subject: EG Student List

Lois:

Below is the list of student names you requested. These students are funded directly by the Exxon and Marathon Oil Companies. Don't hesitate to contact me if you need any further information.

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Redacted by the Permanent Subcommittee on Investigations

Respectfully,

B.J.

Permanent Subcommittee on Investigations
EXHIBIT #20

Redacted by the Permanent Subcommittee on Investigations

Trojan, Lois

From: Boss, Joseph
Sent: Wednesday, December 17, 2003 8:01 AM
To: Trojan, Lois
Cc: Boss, Joseph
Subject: RE: Equatorial Guinea + FW: What Don't We Know?

Importance: High

I really appreciate you keeping me informed. I was very pleased (as I imagine you are) that the issue of having a "comprehensive" transactional testing review of IPBD and Embassy Banking came up for discussion yesterday with Les, Dave, John, you and I. I was very happy that Les took an interest in our comments of why we feel that there is a need to have such a review done in those areas. I am also glad that he thought our idea of having Riggs Compliance undertake a comprehensive review was a good approach. I am also very pleased when Les stated that he was going to inform the Board, today, of the immediate need that Riggs conduct a thorough review of the IPBD and Embassy Banking areas. It will be very interesting to see what the results of Riggs review is. It will also be very interesting when we subsequently conduct our review of the areas to validate and verify Riggs findings. Perhaps once and for all, we can a handle on the "true" perspective of risk in those areas.

Me

-----Original Message-----
From: Trojan, Lois
Sent: Tuesday, December 16, 2003 4:09 PM
To: Boss, Joseph
Cc: Trojan, Lois
Subject: Equatorial Guinea + FW: What Don't We Know?

FYI, Here's a brief update on some of the issues I've been finding on EG these past few weeks. The following issues, added to the items below, continues the long, sorry trail of poor management over these accounts and possible intentional misinformation. It confirms what we were just talking about relative to going in, once and for all, and ripping apart Embassy Banking and IPBD to see what's still in there - countries as well as PEPs. It seems like they still don't get it. I found, among other things:

- The bank did not have a comprehensive list of all EG accounts until after I compiled a list of about two dozen more accounts then they told me about - even though management has designated this a "high risk" account and it is the largest (at over $600MM) relationship in the bank - incomprehensible;
- Errors in all CTRs (totaling $11.5MM in cash) filed by the bank regarding the true "business" of a PIC owned by the EGP President (CTRs say its a "timber exporter") - sloppy or suspicious or both?;
- Errors in the only CTR filed on the PIC by the bank (1 1/2 years after the transactions and only after I asked why one wasn't filed) that included wrong dates, indication that "suspect unknown", wrong business of the PIC (now is says it's a conglomerate owning hotels and supermarkets) - again, sloppy, suspicious or both?;
- Inconsistencies in the information on the source of funds of the PIC (KYC document dated 12//20/02 stated its salaries and wages, RM Kareri states sale of homes in Europe) - sloppy or suspicious?;
- RM Kareri admitted in a meeting today that he hurriedly completed KYC forms in November/December 2002 "to get something in the file" and that the information is not necessarily correct - throwing into suspicion all other KYCs for his Kareri's customer and possibly all other Embassy Banking KYCs;
- RM Kareri has sole signing authority over two EG government account (no one/no policy prohibited this!?);

-----Original Message-----
From: Noonan, John
Sent: Tuesday, March 25, 2003 11:08 AM
To: Miller, Lester; Trojan, Lois; Decker, Sharon
Cc: Boss, Joseph; Rizkalla, Andrew; Hunter, David
Subject: RE: What Don't We Know?

Thanks, Lois, for taking the time to put all of this together and raise it up for consideration. We need to be constantly reminded to make sure we take actions that are appropriate to the circumstances. Clearly, Riggs' management has failed to respond properly to previously identified BSA related issues. And, OCC (me) failed to take sufficient steps to assure that the bank's response was complete, and implemented.

Permanent Subcommittee on Investigations
EXHIBIT #21

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Permanent Subcommittee
on Investigations

Without getting into all of the legal details, an area that I am not especially expert in, Orders of Investigation are typically used by the OCC to investigate bank fraud by insiders or others using the bank. Two of the main advantages of OIs are the ability to depose people under oath and to issue subpoenas. I don't see an advantage in doing those things in this case at this time. I do see the need to communicate to the Board and executive management not just the serious weaknesses in bank systems and processes disclosed by this exam, but also the lack of credible responses to us by some of their key officers and the apparent lack of a compliance culture. I know Dave, Les and I will be discussing those issues with them as the exam closes and follow up actions begin. I also see the need to make sure that the bank develops and implements a STRONG compliance management program and culture that takes compliance seriously, monitors accounts and transactions, identifies and reports suspicious transactions.

Thank you so much for all your contributions. Your work on this exam has been outstanding in my view in helping to identify suspicious transactions and the bank's inadequacies in their systems and responses to problems. Your conduct of the FBI and bank Embassy Banking preliminary exit were terrific.

Let's discuss this further at your convenience. Give me a shout at the NJ field office anytime this week 973-564-5134.

—Original Message—
From: Miller, Lester
Sent: Thursday, March 20, 2003 8:34 PM
To: Trojan, Lois; Decker, Sharon; Noonan, John
Cc: Boss, Joseph; Rizkalla, Andrew; Hunter, David
Subject: RE: What Don't We Know?

Thanks, Lois, for passing this on. We will take it into consideration in our wrap up of the Riggs BSA exam and recommendations of supervisory action. Les

—Original Message—
From: Trojan, Lois
Sent: Thursday, March 20, 2003 2:02 PM
To: Miller, Lester; Decker, Sharon
Cc: Boss, Joseph; Rizkalla, Andrew
Subject: What Don't We Know?

Les and Sharon - Having just gone through with Joe and Andrew several frustrating and stressful weeks uncovering and reporting the findings of our BSA examination at Riggs, discovering highly suspicious transactions and seriously deficient bank processes, our discovery on Tuesday of the bank's international drafts actually drawn on non-US banks compels me to formally express my fear of what we have yet to uncover at this bank. As we wrap up this examination, I want to ensure that my concerns are related to you as you make decisions regarding appropriate supervisory actions.

This email briefly presents my argument for a more comprehensive evaluation of this bank's operations and accounts. I know you both are well aware of many, if not all of, the following facts. I highlight them (as well as the above noted suspicious activity and deficient processes) in support of my belief that to end our BSA examination of the bank now curses us to find - in continued piece-meal fashion - serious concerns each time we return. I am particularly concerned because:

- The bank failed to disclose to us at least two-dozen official embassy accounts in response to our request for a list of all embassy accounts. They only acknowledged the omitted accounts when we showed them a list we obtained from other sources near the end of our examination.

  I know first hand that a similar omission occurred during our 2000 BSA examination, where we requested from the international private banking group, a list of all accounts belonging to political figures. Nowhere listed was the highly controversial Augusto Pinochet, who was former head of Chile and then-sitting head of the Chilean military. Only during our 2002 international private banking examination, where our examiners identified coded references in the cashiers check log, did WE find his account, identify suspicious transactions and [redacted] with bank management resisting our efforts to obtain information.

- The bank has extensive PUPID activity for cash transactions for the tens of millions of dollars in cash withdrawn from Saudi Embassy accounts. Prior to OUR discovery of them at this examination, the bank denied allowing such transactions to take place in embassy banking. I understand that during the 2002 international private banking examination, our examiners were told that the bank did not allow PUPID transactions. After finding examples of such, our examiners and the international division's management (who is also responsible for the embassy group) had extensive discussions about PUPID transactions and risks associated with them. Yet, this examination's initial request letter asked for PUPID transactions and management's written response was "none".

- The bank sells to its customers international drafts payable at a UK bank. Only after our persistent requests (read: asking for two months) for copies of the negotiated drafts, did they inform us that the account is a suspense account. Management now tells us that they have another such relationship with a Saudi bank, but without thoroughly reviewing the bank's G/L we won't know for sure (the Reagan-era "trust but verify" approach comes to mind here) given the lack of full disclosure exemplified by the previous two bullet points.

  Furthermore, having reviewed Riggs internal BSA audits during prior examinations, I do not recall ever seeing any procedures regarding these types of accounts. This tells me that the BSA risk management associated with this account is limited at best.

- The bank admitted, only at the end of our examination - and it appears inadvertently - that it has issued monetary instruments - including cashiers checks - through a suspense account, thereby circumventing the [redacted] accounts statements which we requested to review. This disclosure was after our July 2002 Augusto Pinochet target during which embassy banking management stated that Mr. Pinochet was the only individual for whom suspense accounts were used to conduct transactions.

- The bank's failure to act on committed action to address serious concerns previously. During our 2000 BSA examination we found money exchangers, including one in [redacted] for which the bank had insufficient customer information to support multi-million dollars in international wires. Bank management, deciding for itself that investigating the customers was more trouble than the business was worth, stated that it would close the accounts "as soon as possible". Our examiners returned six months later to find that the accounts were still open.

I admit that I do not have experience regarding OIs, and I understand that they are rightfully used in only the most egregious cases. However, I am concerned that, just as in this examination, our 2002 and 2000 international private banking examinations, we will continue to find not just suspicious transactions in high risk customer accounts, but bank practices that are either seriously deficient or possibly even willfully blind regarding transaction patterns AND management that - putting it in the most generous of terms - provided us with erroneous and/or incomplete information about its customers and the types of transactions it allows.

How many times will we conduct an exam and find some new significant problem before we decide to complete an exhaustive review once and for all? I wonder (at risk of paraphrasing and butchering a perfectly good quote) if not Riggs who and if not now, when?

[redacted] = Redacted by the Permanent Subcommittee on Investigations

Redacted by the Permanent Subcommittee on Investigations

RIGGS

Due Diligence & Investigations
Riggs Bank N.A.
800 17th Street, NW
Washington, DC 20006

January 12, 2004

Mr. Kevin Smith
Chevy Chase Financial Services Corporation
VIA FACSIMILE

RE: INFORMATION SHARING REQUEST PURSUANT TO 314(B) OF THE UNITED STATES PATRIOT ACT AND 31 CFR 103.110

Dear Kevin

Please accept this letter as a formal request to share customer information between Chevy Chase and Riggs Bank N.A. as provided by section 314(b) of the United States Patriot Act and 31 CFR 103.110.

Pursuant to section 314(b) and 31 CFR 103.110, we request that you share the following information with Riggs Bank N.A.

For account [redacted] belonging to Nene Fall Kareri, statements from July 1, 2002, through December 31, 2003, and copies of all incoming and outgoing items in amounts exceeding $990 for the same time period.

As required, we are registered with FinCEN to share information under this section. We also maintain complete and strict compliance with the provisions of the Gramm-Leach-Bliley Act to protect customer information.

Very truly yours

Jonathan Glass
Vice President
Monitoring & Investigations

[redacted] = Redacted by the Permanent Subcommittee on Investigations

Permanent Subcommittee on Investigations
EXHIBIT #22

Redacted by the Permanent Subcommittee on Investigations

RIGGS

Due Diligence & Investigations
Riggs Bank N.A.
800 17th Street, NW
Washington, DC 20006

January 13, 2004

Mr. John Mowiser
SunTrust Bank
By facsimile

RE: INFORMATION SHARING REQUEST PURSUANT TO 314(B) OF THE UNITED STATES PATRIOT ACT AND 31 CFR 103.110

Dear Mr. Mowiser

Please accept this letter as a formal request to share customer information between SunTrust Bank and Riggs Bank N.A. as provided by section 314(b) of the United States Patriot Act and 31 CFR 103.110.

Pursuant to section 314(b) and 31 CFR 103.110, we request that you share the following information with Riggs Bank N.A.

All accounts (including #), belonging to Simon Kareri,, [redacted], statements from January 1, 2003, through December 31, 2003, and copies of all incoming and outgoing items in amounts exceeding $990 for the same time period.

As required, we are registered with FinCEN to share information under this section. We also maintain complete and strict compliance with the provisions of the Gramm-Leach-Bliley Act to protect customer information.

If you have any questions or concerns, please contact me at [redacted]

Very truly yours

Jonathan Glass
Vice President
Monitoring & Investigations

[redacted] = Redacted by the Permanent Subcommittee on Investigations

Redacted by the Permanent Subcommittee on Investigations

faxed 1/13/04

RIGGS

Security & Investigations
Riggs Bank N.A.
800 17th Street, NW
Washington, DC 20006

January 29, 2004

Mr. John Mowiser
SunTrust Bank
Altanta, GA

RE: INFORMATION SHARING REQUEST PURSUANT TO 314(B) OF THE UNITED STATES PATRIOT ACT AND 31 CFR 103.110

Dear Mr. Mowiser:

Please accept this letter as a formal request to share customer information between SunTrust Bank and Riggs Bank N.A. as provided by section 314(b) of the United States Patriot Act and 31 CFR 103.110.

Pursuant to section 314(b) and 31 CFR 103.110, we request that you share the following information with Riggs Bank N.A.

For SunTrust Account [redacted], belonging to Jadini Holdings Ltd, statements from account opening to present, and copies of all incoming and outgoing items in amounts exceeding $990 for the same time period.

As required, we are registered with FinCEN to share information under this section. We also maintain complete and strict compliance with the provisions of the Gramm-Leach-Bliley Act to protect customer information.

If you have any questions or concerns, please contact me at [redacted]

Very truly yours

Jonathan Glass
Vice President
Monitoring & Investigations

[redacted] = Redacted by the Permanent Subcommittee on Investigations

Redacted by the Permanent Subcommittee on Investigations

faxed 1/29/04

RIGGS

Security & Investigations
Riggs Bank N.A.
800 17th Street, NW
Washington, DC 20006

January 30, 2004

Mr. Christopher Cuzzucoli
Dresdner Bank
New York, NY

RE: INFORMATION SHARING REQUEST PURSUANT TO 314(B) OF THE UNITED STATES PATRIOT ACT AND 31 CFR 103.110

Dear Mr. Cuzzucoli:

Please accept this letter as a formal request to share information between Dresdner Bank and Riggs Bank N.A. as provided by section 314(b) of the United States Patriot Act and 31 CFR 103.110.

Pursuant to section 314(b) and 31 CFR 103.110, we request that you share the following information with Riggs Bank N.A.

Any wire originating with your bank where the beneficiary is either Jadini Holdings Ltd., Simon Kareri or Nene Fall Kareri between January 1, 1998 to present.

As required, we are registered with FinCEN to share information under this section. We also maintain complete and strict compliance with the provisions of the Gramm-Leach-Bliley Act to protect customer information.

If you have any questions or concerns, please contact me at [redacted]

Very truly yours

Jonathan Glass
Vice President
Monitoring & Investigations

[redacted] = Redacted by the Permanent Subcommittee on Investigations

Faxed
1-30-04
9:30 am

Redacted by the Permanent Subcommittee on Investigations

RIGGS

Security & Investigations
Riggs Bank N.A.
800 17th Street, NW
Washington, DC 20006

February 6, 2004

Ms. Julia de Lucas Vallejo
Banco Santander Central Hispano
International Financial Institutions
Paseo de La Castellana #75
12th Floor
Madrid, Spain 28046

RE: INFORMATION SHARING REQUEST PURSUANT TO 314(B) OF THE UNITED STATES PATRIOT ACT AND 31 CFR 103.110

Dear Ms. Vallejo:

Please accept this letter as a formal request to share customer information between Banco Santander Central Hispano and Riggs Bank N.A. as provided by section 314(b) of the United States Patriot Act and 31 CFR 103.110.

We are currently conducting an investigation involving Kalunga Company, S.A., Banco Santander's account number is [redacted] for possible Money Laundering and/or Terrorist Financing.

As provided by section 314(b) and 31 CFR 103.110, we request that you share with Riggs Bank N.A. the identity of the owners/authorized signors on the account.

As required, we are registered with FinCEN to share information under this section. We also maintain complete and strict compliance with the provisions of the Gramm-Leach-Bliley Act to protect customer information.

Very truly yours,

John Glass (BTM)

Jonathan Glass
Vice President
Monitoring & Reporting

Faxed 2/6/04

[redacted] = Redacted by the Permanent Subcommittee on Investigations

2/10/04

RIGGS

Security & Investigations
Riggs Bank N.A.
800 17th Street, NW
Washington, DC 20006

February 10, 2004

Mr. Peter Javier
HSBC Bank USA
Buffalo, N.Y.

RE: INFORMATION SHARING REQUEST PURSUANT TO 314(B) OF THE UNITED STATES PATRIOT ACT AND 31 CFR 103.110

Dear Mr. Javier:

Please accept this letter as a formal request to share customer information between HSBC Bank USA and Riggs Bank N.A. as provided by section 314(b) of the United States Patriot Act and 31 CFR 103.110.

We are currently conducting an investigation involving Apexside (a.k.a. Apexide) Trading LTD. (HSBC Republic Bank (Luxembourg) [redacted] and West African Navigation (a.k.a. Navigator) Limited (HSBC Republic Bank (Cyprus) Limited [redacted], for [redacted]

As provided by section 314(b) and 31 CFR 103.110, we request that you share with Riggs Bank N.A. the identity of the owners/authorized signors on each of the accounts.

As required, we are registered with FinCEN to share information under this section. We also maintain complete and strict compliance with the provisions of the Gramm-Leach-Bliley Act to protect customer information.

Very truly yours

Jonathan Glass
Vice President
Monitoring & Investigations

[redacted] = Redacted by the Permanent Subcommittee on Investigations

2/10/04

RIGGS

Security & Investigations
Riggs Bank N.A.
800 17th Street, NW
Washington, DC 20006

February 10, 2004

Ms. Gloria Benson
Banco Santander
Hato Rey, P.R.

RE: INFORMATION SHARING REQUEST PURSUANT TO 314(B) OF THE UNITED STATES PATRIOT ACT AND 31 CFR 103.110

Dear Ms. Benson:

Please accept this letter as a formal request to share customer information between Banco Santander and Riggs Bank N.A. as provided by section 314(b) of the United States Patriot Act and 31 CFR 103.110.

We are currently conducting an investigation involving Kalunga Company, S.A. ([redacted]), for possible Money Laundering and/or Terrorist Financing.

As provided by section 314(b) and 31 CFR 103.110, we request that you share with Riggs Bank N.A. the identity of the owners/authorized signors on the account.

As required, we are registered with FinCEN to share information under this section. We also maintain complete and strict compliance with the provisions of the Gramm-Leach-Bliley Act to protect customer information.

Very truly yours

Jonathan Glass
Vice President
Monitoring & Reporting

[redacted] = Redacted by the Permanent Subcommittee on Investigations

U.S. District Court
District of Columbia (Washington, DC)
CIVIL DOCKET FOR CASE #: 1:04-cv-00295-RWR

FOLEY HOAG LLP v. REPUBLIC OF EQUATORIAL GUINEA et al
Assigned to: Judge Richard W. Roberts
Referred to:
Demand: $117000
Lead Docket: None
Related Cases: None
Case in other court: None
Cause: 28:1332 Diversity-Other Contract

Date Filed: 02/24/04
Jury Demand: None
Nature of Suit: 190 Contract: Other
Jurisdiction: Diversity

Plaintiff

FOLEY HOAG LLP

represented by **Lawrence Hedrick Martin**
FOLEY HOAG LLP
1875 K Street, NW
Suite 800
Washington, DC 20006
(202) 223-1200
Fax : (202) 785-6687
Email: lmartin@foleyhoag.com
LEAD ATTORNEY
ATTORNEY TO BE NOTICED

V.

Defendant

REPUBLIC OF EQUATORIAL GUINEA

NUSITELES, S.A.

RUBEN MAYE NSUE MANGUE

MICHA ONDO BILE, *Pastor*

ARMENGOL ONDO NGUEMA

INTERNATIONAL DECISION STRATEGIES, INC.

SOCIO ABAYAK, S.A.

Filing Date	#	Docket Text

Permanent Subcommittee on Investigations
EXHIBIT #23

02/24/2004	1	COMPLAINT against MICHA ONDO BILE, INTERNATIONAL DECISION STRATEGIES, INC., RUBEN MAYE NSUE MANGUE, ARMENGOL ONDO NGUEMA, NUSITELES, S.A., REPUBLIC OF EQUATORIAL GUINEA, SOCIO ABAYAK, S.A.; (Filing fee $ 150.) , filed by FOLEY HOAG LLP.(jf,). (Entered: 03/01/2004)
02/24/2004		Summons (7) Issued as to MICHA ONDO BILE, INTERNATIONAL DECISION STRATEGIES, INC., RUBEN MAYE NSUE MANGUE, ARMENGOL ONDO NGUEMA, NUSITELES, S.A., REPUBLIC OF EQUATORIAL GUINEA, SOCIO ABAYAK, S.A.. (jf,) (Entered: 03/01/2004)

PACER Service Center			
Transaction Receipt			
05/19/2004 14:23:20			
PACER Login:	us0061	Client Code:	sfj-psi
Description:	Docket Report	Case Number:	1:04-cv-00295-RWR
Billable Pages:	1	Cost:	0.07

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

FOLEY HOAG LLP
1875 K Street, NW
Suite 800
Washington, D.C. 20006

Plaintiff,

v.

REPUBLIC OF EQUATORIAL GUINEA
Attn. Pastor Micha Ondo Bile
Ministry of Foreign Affairs
Malabo, Equatorial Guinea

NUSITELES, S.A.
C/o Ruben Maye, President
C/Nigeria s/n
Post Office Box Number 459
Malabo, Bioko Norte, Equatorial Guinea

RUBEN MAYE NSUE MANGUE
President, Nusiteles, S.A.
Minister of Justice and Religious Affairs
C/o Ministry of Justice and Religious Affairs
Malabo, Equatorial Guinea

PASTOR MICHA ONDO BILE
Minister of Foreign Affairs
C/o Ministry of Foreign Affairs
Malabo, Equatorial Guinea

ARMENGOL ONDO NGUEMA
C/o Office of the Presidency
Malabo, Equatorial Guinea

SOCIO ABAYAK, S.A.
C/o Teodoro Obiang Nguema Mbasongo
Office of the Presidency
Malabo, Equatorial Guinea

CIVIL ACTION
NO.

INTERNATIONAL DECISION STRATEGIES, INC. *
911 Duke Street *
Alexandria, Virginia 22314 *
*
Defendants. *
*
****

COMPLAINT

Nature of This Action

1. This is an action for breach of contract based on Defendants' failure to pay agreed compensation to Plaintiff law firm Foley Hoag LLP for professional legal services provided to Defendants.

Parties

2. Plaintiff Foley Hoag LLP is a law partnership organized in the State of Massachusetts, with an office located in the District of Columbia.

3. Defendant Republic of Equatorial Guinea ("Equatorial Guinea") is a sovereign nation located in western Africa and is a shareholder of Defendant Nusiteles, S.A.

4. Defendant Nusiteles, S.A. ("Nusiteles") is a corporation organized under the laws of, and with its principal place of business in, Equatorial Guinea.

5. Defendant Ruben Maye Nsue Mangue ("Maye") is a citizen of Equatorial Guinea, and is the Minister of Justice and Religious Affairs of Equatorial Guinea. In his personal capacity, Defendant Maye is also President of Defendant Nusiteles and a Nusiteles shareholder.

6. Defendant Pastor Micha Ondo Bile ("Bile") is a citizen of Equatorial Guinea, and is the Minister of Foreign Affairs of Equatorial Guinea. In his personal capacity, Defendant Bile is an officer and shareholder of Defendant Nusiteles.

7. Armengol Ondo Nguema ("Ondo") is a citizen of Equatorial Guinea, and is an officer and shareholder of Defendant Nusiteles.

8. Socio Abayak, S.A. is a corporation organized under the laws of, and with its principal place of business in, Equatorial Guinea, and is a shareholder of Defendant Nusiteles. The President of Equatorial Guinea Teodoro Obiang Nguema ("Obiang") is the major shareholder of Defendant Socio Abayak, S.A.

9. International Decision Strategies, Inc. ("IDS"), a Virginia corporation, with its principal place of business in Alexandria, Virginia, is a shareholder of Defendant Nusiteles.

Jurisdiction and Venue

10. Jurisdiction of this Court over Defendant Equatorial Guinea and its officials, including Defendants Maye and Bile, is founded on 28 U.S.C. § 1330. Pursuant to this statute, federal district courts have original jurisdiction without regard to amount in controversy of any nonjury civil action against a foreign state. 28 U.S.C. §1330(a). Furthermore, personal jurisdiction over a foreign state exists as to every claim for relief over which the district courts have jurisdiction under subsection (a) of § 1330 where service of process has been made under 28 U.S.C. § 1608. 28 U.S.C. §1330(b).

11. A foreign state is not immune from the jurisdiction of courts of the United States or of the States in any case in which the action is based upon a commercial activity carried on in the United States by the foreign state; and this Complaint is based on commercial activities carried on in the United States by all Defendants, including Defendants Equatorial Guinea, Maye and Bile. 28 U.S.C. § 1605(a)(2).

12. Venue is proper for Defendants Equatorial Guinea, Maye and Bile under 28 U.S.C. § 1391(f)(4). Pursuant to this statute, a civil action may be brought in the United States District Court for the District of Colombia if the action is brought against a foreign state.

13. Jurisdiction and venue for all other Defendants are founded on 28 U.S.C. §§ 1332(a)(2) and 1391(b)&(d).

Factual Allegations

14. Between January and March 2001, the shareholders of Defendants Nusiteles, S.A., a private corporation formed by senior officials within the Government of Equatorial Guinea and others close to President Teodoro Obiang Nguema ("Obiang"), including Defendants Maye, Bile and Ondo, made plans to develop and operate telecommunication systems in Equatorial Guinea. After exploring various options, and with the advice of Defendant IDS, which was acting as a consultant, the shareholders of Defendant Nusiteles, S.A. decided to acquire from TCS, Inc., an American company based in Annapolis, Maryland, the equipment and services necessary to establish a new telecommunications system in Equatorial Guinea.

15. At the request of the shareholders of Defendant Nusiteles, S.A., Defendant Equatorial Guinea formally issued a government license to Nusiteles, as required by the laws of Equatorial Guinea, so that it could operate the new telecommunications system.

16. Acquisition of the equipment and services to operate the system, which were ultimately priced at more than $60 million, required lengthy and complex negotiations with TCS, Inc., as well as the drafting of comprehensive contracts and related documents totaling hundreds of pages. Recognizing that they needed experienced U.S. legal counsel to assist them in these negotiations, and in the drafting of the contracts and related documents, Defendants delegated to Defendant Maye (the Minister of Justice of Defendant Equatorial Guinea and President of Nusiteles, S.A.) the responsibility for retaining the services of U.S. legal counsel.

17. In April 2001, Defendant Maye, accompanied by R. Bruce McColm, President of Defendant IDS, met with Paul S. Reichler, a member of Plaintiff law firm at Plaintiff's offices in Washington, D.C. In this meeting, Defendant Maye, acting on behalf of all named Defendants, retained Plaintiff law firm to represent them in negotiations with TCS, Inc., and in drafting all

agreements, contracts and other documents related to Defendants' purchase of telecommunications equipment and services for Defendant Nusiteles, S.A.

18. In this meeting, Defendant Maye expressly promised Plaintiff law firm that Defendant Equatorial Guinea would guarantee that Defendant Nusiteles or its shareholders would pay for all of Plaintiff's legal services, at Plaintiff's normal hourly billing rates, and would reimburse Plaintiff's out-of-pocket expenses, on a timely basis. Based on Defendant Maye's assurances, Plaintiff agreed to perform the legal services requested. Plaintiff expressly relied on Defendant Maye's assurance that Defendant Equatorial Guinea would assure payment of Plaintiff's fees, because Plaintiff was aware that Equatorial Guinea is a wealthy, oil-producing state with a per capita income that is among the highest in Africa, and Plaintiff had no knowledge of the financial condition, or capacity to pay, of Defendant Nusiteles or any of the other Defendants.

19. Defendant Maye instructed Plaintiff to send all of its invoices for legal services and expenses to Defendant IDS, which would review the invoices and forward them to Defendant Maye for timely payment.

20. From April to July 2001, relying on Defendant Maye's promises, Plaintiff performed the legal services requested by him. Specifically, Plaintiff's attorneys, accompanied by Mr. McColm of Defendant IDS, and maintaining regular telephone contact with Defendant Maye, successfully negotiated an agreement with TCS, Inc., approved by Defendant Maye on behalf of all Defendants, for the purchase of a telecommunications equipment and services for Defendant Nusiteles, S.A. In addition, Plaintiff's attorneys drafted all contracts and related documents attendant to this transaction.

21. Plaintiff's fees for legal services in performing this work totaled $114,793.13. Plaintiff also incurred out-of-pocket expenses in the amount of $2,588.28. Thus, Plaintiff's invoices for fees and expenses totaled $117,381.41.

22. Pursuant to Defendant Maye's instructions, Plaintiff submitted four invoices (one each for April, May, June and July 2001) to Defendant IDS. Defendant IDS reviewed and approved each of Plaintiff's invoices, and sent them to Defendant Maye for payment. Defendant Maye advised Mr. McColm of Defendant IDS that the invoices were proper in all respects, that Defendants were fully satisfied with Plaintiff's services, and that Plaintiff's invoices would be paid in full. Defendant Maye made the same statements to Mr. Reichler, a member of Plaintiff law firm, on several occasions. Indeed, Defendant Maye repeatedly assured Plaintiff, through Mr. Reichler, that Defendant Equatorial Guinea would honor the oral retainer agreement Defendant Maye made with Plaintiff in April 2001, and pay for Plaintiff's legal services and expenses on behalf of all Defendants. This promise was expressly reiterated during a meeting in Alexandria, Virginia attended by Defendant Maye, Mr. McColm of Defendant IDS, and Mr. Reichler and Jonas Monast, attorneys with Plaintiff law firm, on September 27, 2002.

23. The shareholders of Defendant Nusiteles, S.A., including all named Defendants other than Nusiteles, S.A., deliberately withheld funds from Defendant Nusiteles, S.A. in order to render the corporation unable to pay the fees that they had been advised by Defendant Maye that Defendant Nusiteles, S.A. was obligated to pay Plaintiff.

24. Plaintiff has repeatedly requested of Defendants that they pay Plaintiff the $117,381.41 that they agreed to pay. Nevertheless, Defendants have paid nothing to Plaintiff, and they remain indebted to Plaintiff for the full amount of its invoices for legal services and expenses -- $117,381.41 -- plus interest since July 2001.

COUNT I

(As to All Defendants)

25. Plaintiff incorporates paragraphs 1 through 23 as if fully set forth herein.

26. Plaintiff provided legal services to Defendants in exchange for Defendants' promise to pay Plaintiff for such services based on Plaintiff's normal hourly billing rate plus expenses.

27. Defendants continue to enjoy the benefits of the services performed on their behalves by Plaintiff.

28. Defendants, through Defendant Maye, have repeatedly assured Plaintiff that Plaintiff would be paid in full for the services rendered.

29. Plaintiff on multiple occasions demanded payment from Defendants.

30. Defendants have consistently refused to honor their binding financial commitment to Plaintiff.

31. As a direct result of Defendants' failure to compensate Plaintiff for the legal services rendered, Plaintiff lost the use of the funds to which it was entitled under the terms of the agreement.

32. Defendants are jointly and severally liable for the full value of the legal services performed by Plaintiff on their behalves, which amounts to US $117,381.41.

COUNT II

(As to Defendant Republic of Equatorial Guinea)

33. Plaintiff incorporates paragraphs 1 through 23 as if fully set forth herein.

34. Defendant Maye, Minister of Justice and Religious Affairs for Defendant the Republic of Equatorial Guinea and President of Defendant Nusiteles, represented to Plaintiff that Defendant the Republic of Equatorial Guinea, a shareholder of Defendant Nusiteles, would

guarantee payment of any fees or expenses owed to Plaintiff in connection with Plaintiff's services performed on behalf of Defendants.

35. Defendants have not paid Plaintiff for the legal services performed on their behalves.

36. Plaintiff on multiple occasions demanded payment from Defendant the Republic of Equatorial Guinea.

37. Defendant the Republic of Equatorial Guinea, through its Minister of Justice and Religious Affairs, has repeatedly assured Plaintiff that it would honor its commitment to guarantee payment of the monies owed to Plaintiff in exchange for the legal services rendered and expenses incurred.

38. Defendant the Republic of Equatorial Guinea has consistently failed to honor its binding financial commitment to Plaintiff.

39. As a direct result of Defendant the Republic of Equatorial Guinea's failure to pay the debt owed to Plaintiff for the legal services performed and expenses incurred on behalf of Defendants, Plaintiff lost the use of the funds to which it was entitled under the terms of the agreement and guarantee.

40. Defendant the Republic of Equatorial Guinea is jointly and severally liable for the full value of the legal services performed by Plaintiff, which amounts to US $117,381.41.

COUNT III

(As to All Defendants except Defendant Nusiteles, S.A.)

41. Plaintiff incorporates paragraphs 1 through 23 as if fully set forth herein.

42. Defendant Maye, acting on behalf of all Defendants, induced Plaintiff to perform legal services by promising that Plaintiff would be compensated at Plaintiff's normal hourly billing rates plus expenses.

43. The agreement reached between Plaintiff and Defendant Maye did not include any waiver of liability for Defendants upon the incorporation of Nusiteles.

44. Defendants deliberately withheld funds from Defendant Nusiteles, S.A. in order to render the corporation unable to pay Plaintiff for the legal services provided on behalf of Defendant Nusiteles, S.A.

45. As a direct result of the failure of Defendants to compensate Plaintiff for the legal services rendered, Plaintiff lost the use of the funds to which it was entitled under the terms of the agreement.

46. Defendants therefore are jointly and severally liable to Plaintiff for the full value of the legal services performed and expenses incurred, which amount to US $117,381.41.

Relief Requested

WHEREFORE, Plaintiff prays for judgment against the Defendants and requests that the Court award Plaintiff the following:

(1) The sum of $117,381.41 as compensatory damages, plus interest;

(2) Any and all costs and expenses related to this action, including reasonable attorneys' fees; and

(3) Any other and further relief as the Court deems proper.

Respectfully submitted,

DATE: February 24, 2004.

/s/ L. H. Martin
Lawrence H. Martin, DC Bar No. 476639
FOLEY HOAG LLP
1875 K Street, NW
Suite 800
Washington, DC 20006
(202) 223-1200

Hunter, David

To: Miller, Lester; Boss, Joseph; Decker, Sharon; Pasley, Bob
Subject: RE: Equatorial Guinea Update meeting
Sensitivity: Private

Bob,
Joe Boss and I are arranging a meeting with David Caruso and BJ Moravek to get all the information about the three wire transfer transactions on Thursday 2/25/04. Also, there were three vendors who provided services to the EG government that collectively billed the government (through Simon Kareri) in the amount of $307 thousand in July 2001 when the first wire for $329M was originated. The individual bills for each vendor was broken down by:
Pro-forma Housing $
Soil Control, Inc $
BIC $
The total for the 3 $307M

Simon, then submitted requests to the EG government for payments of these services for for $329M in the name of Jadini Holdings. During that time he also requested another $700M transaction, believed by management that he took advantage of an opportunity to do this and submitted the wire request to be signed by his unsuspecting assistant. The $700M document submitted to the bank requesting the transfer was not found as it was one of the reported documents missing that the AUSA spoke about. The net total for of these two transactions is $722M (1,029M - 307M). The $66M transaction occurred in 2002 and was a similar ovewrbilling scheme where he received the entire $66M based on Kareri's

David M. Hunter
National Bank Examiner

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-----Original Message-----
From: Miller, Lester
Sent: Wednesday, February 25, 2004 12:44 PM
To: Hunter, David; Boss, Joseph
Subject: FW: Equatorial Guinea Update meeting
Sensitivity: Private

Dave/Joe, Can you help with the specifics? Thanks, Les

Les Miller
OCC

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2/26/2004

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Permanent Subcommittee on Investigations
EXHIBIT #24

[redacted]

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-----Original Message-----
From: Pasley, Bob
Sent: Wednesday, February 25, 2004 9:49 AM
To: Miller, Lester
Cc: Amundson, Carolyn; Merritt, Kristin; Khalil, Elizabeth
Subject: RE: Equatorial Guinea Update meeting
Sensitivity: Private

Les,

Thanks. Could you provide me with more information about the 329m, the 66m and the 700m payments? Also, I am confused by the sentence that reads "The services to the 3 vendors were legitimate; however, the total payments owed to them did not exceed $307 thousand where as Simon over billed the EG government to the tune of $789 thousand." I don't know what these numbers represent and they don't seem to add up. Last, what criticism would there be against Lund for the 38m payment or for any of the other payments?

Thanks.

Bob

-----Original Message-----
From: Miller, Lester
Sent: Wednesday, February 25, 2004 8:08 AM
To: Kelly, Jennifer; Sejnoha, Robert; Pasley, Bob; Stipano, Dan
Cc: Hunter, David; Amundson, Carolyn
Subject: FW: Equatorial Guinea Update meeting
Sensitivity: Private

We met with senior management (CEO Hebert, COO Roane, and EVP Caruso) in the AM yesterday and stressed the seriousness of the EG relationship deficiencies and noncompliance with the Consent Order. [redacted] We let them know the BSA violations would be referred to FinCEN. We stressed that accountability needs to be enforced from the Board level, to senior management, to dept. management, to the line. Embassy Banking is a concern as significant problems have been noted there in the last 3 exams.

CEO Hebert stated the bank met the EG on late Monday. See below for details. Bottom line: Riggs will exit the EG relationship as the EG officials were less than forthcoming on details of certain transactions. EG is apparently satisfied to be made whole on the Simon Kareri [redacted] The $7.4MM in invoices from Simon's PIC Jadini Holdings were not presented to the EG government. Management feels they have the risk in this relationship controlled. [redacted] He also said accountability would be enforced in Embassy banking. He said they are still pursuing the gold standard for BSA compliance and are fully committed. He asked if these facts would change any of our decisions. I said the information would be considered, but the current findings stand subject to final sign-off.

CEO Hebert said he would like for his management team to meet with OCC senior management. In addition, they have hired Promontory Financial Group (Gene Ludwig) to assist in BSA

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compliance. CEO Hebert stated Mr. Ludwig would like to talk to OCC senior management and me, soon.

Les Miller
OCC
[redacted]

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-----Original Message-----
From: Hunter, David
Sent: Tuesday, February 24, 2004 9:20 PM
To: Miller, Lester; Decker, Sharon
Cc: Boss, Joseph
Subject: Equatorial Guinea Update meeting
Sensitivity: Private

This afternoon Joe Boss and I met with David Caruso and B.J. Moravek to update the OCC on management's actions with Equatorial Guinea (EG). David started out by informing us that as of 10:00 AM this morning Relationship Manager Peter Fowler notified EG's Secretary of the Treasury Melchor Edjo that Riggs Bank will be closing all EG accounts in the relationship. Peter gave oral notice that all accounts will be closed by 3/3/04, with closing letters being prepared (in both English and Spanish) to be sent out tonight. David stated this date was given but appears to be aggressive. David stated, that at that time Riggs placed holds on the government accounts to offset the outstanding loans the bank currently has with EG (approximately $40 million). [redacted]

The closing was as a result of yesterday's meeting between bank representatives and the visiting EG delegation. At approximately 2:00 PM yesterday, Tim Coughlin, David Caruso, B.J. Moravek, Peter Fowler, and Sophie Tar from Riggs Bank visited the EG delegation at the Four Seasons in Washington, DC. The EG Delegation comprised of EG President Teodoro Obiang Nguema Mbasogo, IMF Executive Director - Monet (spelling), Secretary of Mines Gabriel Mbaga Obiang (President's Obiang's son), Secretary of Treasury Melchor Edjo, and Ambassador Teodoro Biyogo Nsue. The primary goal of the meeting was ensure had limited it's liability with the relationship as a result of the [redacted] by Simon Kareri. Their focus was to fully understand the transactions dealing with Apexside, Kalunga, and Jadini Holdings, the last being the PIC owned by Simon Kareri. During these discussions Riggs personnel were told by the President that the transactions with Apexside and Kalunga were authorized by the government and were for payment of services. Because the President had no desire to discuss transactions the Riggs management team and a working group of the EG delegation (Gabriel Obiang, Edjo, Monet, and Nsue) returned to the bank to discuss further transactions. At the bank the EG group told Riggs that they never heard of Jadini Holdings and they authorized 2 payments to Simon Kareri for $329 thousand and $66 thousand, for small payments to three U.S vendors providing services in EG. The 3 vendors were: Pro-forma Housing, Soul (Sole??) Control, Inc., and Business Investments Consolidated (BIC). The EG group verified that $700 thousand wire was

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never authorized by them. When asked why they were not paid directly by EG, the group replied that these payments were too small and gave them to Simon to handle. The services to the 3 vendor's were legitimate; however the total payments owed to them did not exceed $307 thousand where as Simon over billed the EG government to the tune of $789 thousand. It was further learned that $7.4 million in invoices found in Kareri's desk after his termination was never presented to the EG government.

The banker's again asked EG what the transactions were for to Apexside and Kalunga. The reply was once again vague only saying that they were authorized by the government to pay for services. Because the bank was unable to obtain any other information from the EG group, the Riggs personnel reported back to the bank's Risk Committee who immediately decided to terminate the EG relationship. [redacted]

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We also discussed the $38 thousand payment to Simon Kerari for the reimbursement of expenses from the last time the EG Delegation visited the U.S. While the EG Government approved the expenses, Simon just debited the money from the Oil account after receiving EG approval. The bank doesn't allow the payment of expenses like this. Fearing that his accounts would be reviewed by management, Kareri told Ray Lund who then ordered an investigation. Kareri knew that the transaction was against policy and he was admonished for doing it.

David M. Hunter
National Bank Examiner
[redacted]

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REPUBLICA DE GUINEA ECUATORIAL
Ministerio de Economía y Hacienda
SECRETARIA DE ESTADO PARA TESORERIA Y PRESUPUESTOS

Núm._____
Ref'._____
Sacc._____

Sr. Simon P. Kareri,
Vice-Presidente Del
Riggs N. Bank-
1913 Massachusetts
Avenue, N.W,
Washington D.C.

Señor vice Presidente:

Con cargo a la cuenta que el Tesoro Público de Guinea Ecuatorial, mantiene abierta con ése Riggs Bank; por favor sírvase transferir los montos en las cuentas que acontinuación se indican:

-Firma CIC-EXPORT, en el Société Générale Paris Henri Martin, IBAN número FR76 30003 03421 00020029426 65, Swift Code: SOGEFRPP, la cantidad de QUINIENTOS ONCE MIL TRESCIENTOS VEINTE con DOCE (511.320'12)EUROS, para la adquisición de TRES (3) Grupos Electrógenos para: el Palacio del Pueblo, Palacio Africa y el de Mongomo respectivamente.

-Firma DEMIMPEX, en el Fortis Banque "Agence Merlo" Chaussee de Neerstalle 348, 1190-Bruxelles, N° Account: 210-0581554-91, N° SWIFT: GEBABEBBB36A, las cantidades de SETECIENTOS TREINTICINCO MIL DOSCIENTOS (735.200.-)EUROS y SEISCIENTOS TREINTICINCO MIL SESENTA (635.060.-)Dólares Usa., en concepto de adquisición de (46) Vehículos Todo-terreno y (4) Autobuses para el Ministerio del Interior y Corporaciones Locales.

-SIMON P. KARERI, la cantidad de SESENTA Y SEIS MIL SETECIENTOS CINCUENTA Y UNO con SETENTA Y OCHO (66.751,78)Dólares Usa; en concepto de complemento de la Factura de la Vivienda de muestra.

Malabo, 18 de Marzo de 2.002.-
POR UNA GUINEA MEJOR,

REPÚBLICA DE GUINEA ECUATORIAL • MINISTERIO DE ECONOMÍA Y HACIENDA •
EL SECRETARIO DE ESTADO

Gabriel MBAGA OBIANG
Secretario de Estado de [illegible],

Melchor ESONO EDJO
Secretario de Estado para Tesorería,

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Run Date: 29-Jan-04
Run Time: 1:04 PM

Transaction Detail Report

Page: 1
User Name: PBALINT

BNK: RGB SND DATE: 020320 VAL: 020320 TRN: 020320-000545
AMT: $66,751.78 CUR: USD FOR AMT: 66,751.78
SRC: LTR ADV: FED TYP: FTR LOC: EMB CHECK NUM:

DBT: D/17164642
ACC: D/17164642 ON FILE: Y
DEPT: CTRY:
REP DE GUINEA ECUATORIAL TESOR GENL
C/O EMBASSY BANKING DIVISION
AFRICA & CARIBBEAN REGION
MAIL CODE G-4001

CDT:
ACC: [Redacted by Permanent Subcommittee on Investigations] ON FILE: Y
DEPT: CTRY:
SUNTRUST MID-ATLANTIC
RICHMOND VA
BNF BNK: [Redacted by Permanent Subcommittee on Investigations] N
JADINI HOLDINGS LIMITED

ORIG TO BNF INFO:
HOUSING CONTRACT

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Run Date: 2-Sep-03
Run Time: 11:40 AM

Transaction Detail Report

Page: 1
User Name: JPETERS

BNK: RGB SND DATE: 010705 VAL: 010705 TRN: 010705-001388
AMT: $700,000.00 CUR: USD FOR AMT: 700,000.00
SRC: LTR ADV: FED TYP: FTR LOC: EMB CHECK NUM:

DBT: D/17164642
ACC: D/17164642 ON FILE: Y
DEPT: CTRY:
REP DE GUINEA ECUATORIAL TESOR GENL
C/O EMBASSY BANKING DIVISION
SIMON KARERI
MAIL CODE G-4001

CDT: Redacted by Permanent Subcommittee on Investigations
ACC: ON FILE: Y
DEPT: CTRY:
SUNTRUST MID-ATLANTIC
RICHMOND VA

BNF BNK: Redacted by Permanent Subcommittee on Investigations
JADINI HOLDINGS LIMITED

ORIG TO BNF INFO:
REPUBLICA GUINEA ECUATORIAL

RNB 001744

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Run Date: 2-Sep-03
Run Time: 11:40 AM

Transaction Detail Report

Page: 1
User Name: JPETERS

BNK: RGB SND DATE: 010705 VAL: 010705 TRN: 010705-001382
AMT: $329,926.00 CUR: USD FOR AMT: 329,926.00
SRC: LTR ADV: FED TYP: FIR LOC: EMB CHECK NUM:

DBT: D/17164642
ACC: D/17164642 ON FILE: Y
DEPT: CTRY:
REP DE GUINEA ECUATORIAL TESOR GENL
C/O EMBASSY BANKING DIVISION
SIMON KARERI
MAIL CODE G-4001

CDT:
ACC: [Redacted by Permanent Subcommittee on Investigations] ON FILE: Y
DEPT: CTRY:
SUNTRUST MID-ATLANTIC
RICHMOND VA

BNF BNK: [Redacted by Permanent Subcommittee on Investigations] BK: N
JADINI HOLDINGS LIMITED

ORIG TO BNF INFO:
REPUBLICA GUINEA ECUATORIAL

RNB 001743

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RIGGS Memorandum

To: Mr. Robert L. Allbritton
Mr. Lawrence I. Hebert

From: Simon P. Kareri

Date: Permanent Subcommittee on Investigations Note: Undated, but likely June 26, 2002

Re: Equatorial Guinea Update

Riggs Bank continues to enjoy an excellent relationship with the Government of Equatorial Guinea.

The growth rate has accelerated this year than years past as reflected by our deposits which have grown from approximately $214.3 million on December 31, 2001 to $303.9 Million as of June 26, 2002. These numbers do not include investments in RIMCO, which have grown from approximately $52.7 million on December 31, 2002 to $103.8 million as of June 26, 2002. In total, the relationship has simply grown by 52.75% to $408.1 million.

We have established four more Government accounts for a total of eight excluding the Embassy. This fits quite well with our strategy to enhance and deepen the relationship with the Government to insure future sustainability. We have earned $195,435 YTD in foreign exchange transactions, which is below the rate of last year but expected to improve in the second half of the year. We have also earned $7,695 in letters of credit fees.

We are in the process of enhancing our Debt Management contract with them to provide easy access of information through the Internet. In addition, we hope to collect some revenues on the contract in the near future.

The current composition of the relationship is:

Accounts:	**Balances:**
DDA	$ 25,647,321.71
MMA	$238,601,734.10
CD	$ 40,000,000.00
RIMCO	$103,861,185.34
LOAN	$ 20,000,000.00 (Cash secured)
LOAN	$ 12,737,391.88 (Airplane)

In Equatorial Guinea, Marathon Oil and Gas has had a phenomenal year with discoveries of new wells every week of the year from January to April. The President has begun an ambitious project for housing construction. An American company from Miami that I referred

Permanent Subcommittee on Investigations
EXHIBIT #25

ZZ-000123

to them built model homes in Malabo and the President expects to execute a contract to build five thousand homes very shortly.

Finally, I have been appointed as the head of a commission for higher education and a decree was issued that I should be the sole signatory of the permanent fund to manage the Scholarships to be granted for Universities. As a result, we have executed an agreement with Universities in Pennsylvania that would admit students under the program. We are in the process of admitting 50 students this year as the first phase of the program begins.

As always, thank you for your continued support to our endeavors.

Cc Tim Coughlin
Robert Roane
Ray Lund
Henry Morneault
Robert Bradecamp

RIGGS BANK N.A.

Fax

To:	Bryant J. Moravek	**From:**	Abdou Barry
Fax:		**Pages:**	1
Phone:	(202) 835 5072	**Date:**	1/30/2004
Re:	Otong's CTR's	**CC:**	Ray Lund

☐ **Urgent** ☐ **For Review** ☐ **Please Comment** ☐ **Please Reply** ☐ **Please Recycle**

• **Comments:**

This in response to your inquiry about CTR prepared for Otong S.A in April 2000.

After reviewing the CTR in question, I realized now that the nature of business of Otong S.A. was incorrectly listed as "Timber Export". Since Otong S.A. is a PIC, box 13 on the CTR was supposed to be filed as Private Investment Company (PIC) not as Timber Export.

It was my understanding at that time that the President of Equatorial Guinea and his family were involved in several business ventures and timber export was one of them. So Otong S.A. was mistakenly portrayed on the CTR filed in April 2000 as involved in timber business. That's how the error was inadvertently made. At that time, I did not have detailed knowledge of the nature of Otong's business and the various family member businesses, individually. My understanding now is that timber export is specifically the business of Teodoro Nguema Obiang, the President's son, and not the business of H.E. Teodoro Obiang Nguema, the President and owner of Otong S.A.

I apologize for the delayed response. It is not my intention to dismiss such a serious inquiry.

Thank you.

Permanent Subcommittee on Investigations
EXHIBIT #26

Redacted by the Permanent Subcommittee on Investigations

RIGGS

To: Bryant J. Moravek

From: Grace Nkubana

Date: January 29, 2004

Subject: CTR's Regarding OTONG S.A.

This is in response to your question regarding a total of five (5) CTRs, which were filed from April 20,2000 and the last one, was filed on April 12, 2002. During that time, I was under the impression that OTONG S.A. belonged to the son of the President of Equatorial Guinea whose wealth revolves around the export of timber. This impression led me to term the nature of the business on item 13 on the CTR form as "Timber Export" as opposed to "Private Investment Company" (PIC), which was brought to my attention yesterday, January 29, 2004 by Mr. Michael Parris.

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on Investigations

RIGGS

To: Bryant J. Moravek

From: Michael Parris

Date: January 29, 2004

Subject: CTR's Regarding OTONG S.A.

On reviewing the CTR's listed on behalf of Otong SA, we realize that this was an error that was passed on from CTR to CTR listing the occupation, profession of business of Otong SA as "timber export". This box should have been checked as "Private Investment Company" (PIC). Please note it is the son of the principal beneficial owner of this entity who is related to the export of timber. The principal beneficial owner of this entity is the owner of other business ventures documented in the file.

I have confirmed with Grace Nkubana and Abdou Barry that the business is indeed listed incorrectly on the previous CTRs and would request that the CTR's be amended to reflect the true nature of Otong SA.

Accordingly we are filing this memo to amend the occupation of the above entity as a PIC.

Cc: Ray Lund
Abdou R. Barry
Grace Nkubana

Redacted by the
Permanent Subcommittee
on Investigations

Ethics Bulletin Board

Policy

Subject:	Guidelines for OCC Employees on How to Handle Contacts with Former OCC Employees.	Document ID:	2001-241E
Author:	Barrett Aldemeyer	Date:	01/08/2001
Category:	Pre-exit Procedures		

GUIDELINES FOR OCC EMPLOYEES ON CONTACTS WITH FORMER OCC EMPLOYEES

Guidelines.doc

Date | Category | Subject

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OCCX00031

Permanent Subcommittee on Investigations
EXHIBIT #27

CONTACTS WITH FORMER OCC EMPLOYEES

In the past the focus of OCC post-employment ethics guidance has been on the departing employee. However, current OCC employees also frequently have questions about what kinds of contacts they may have with former OCC employees. The following rules provide guidance for current employees on some common ethics issues involving contacts with former OCC employees.

RULE FOR ALL OCC EMPLOYEES:

Check with your ethics official before discussing official business with former OCC employees.

When an OCC employee is contacted on a business-related matter by a former OCC employee who represents a bank or any other person or company, the employee is advised to consult with his or her ethics official before discussing any business matters with the former employee, if such a discussion could be prohibited under the post-employment ethics statute. *See* the Ethics Rules for Resigning or Retiring Employees: http://domino02.occ/APPS/LAW/EthicsBB.nsf/5294d46b96ae3eb78525664e005e54ff/4f33c84974441a74852566970060f4c5?OpenDocument Potential issues requiring consultation with an ethics official may arise at any time after an employee leaves the OCC but are most likely to occur during the first two to three years after the employee's departure.

RULES FOR EXAMINERS-IN-CHARGE (EICs):

1. Check with your ethics official and supervisor before you or your staff engage in contacts with former OCC employees working at your bank.

When an OCC examiner or other employee leaves the OCC and joins a bank he or she examined or otherwise supervised within the preceding two years, the current EIC at the bank will discuss with the appropriate ethics official and Assistant Deputy Comptroller (ADC) or Large Bank Deputy Comptroller all relevant issues related to OCC interaction with the former employee, including the following:

- Whether contacts could result in violations of the post-employment statute (18 USC 207)
- Whether the existing examination team members have the stature and objectivity to effectively deal with the former examiner and his or her work; and
- Whether it is appropriate or necessary to modify the examination plans to adjust for potential violations of the post-employment statute or other conflicts of interest.

Following these discussions, the EIC shall advise the OCC staff who will be dealing with the former employee what matters may and may not be discussed with the former employee.

2. Advise former EICs now working at your bank that for at least two years after leaving the OCC they should not attend meetings with the OCC without prior ethics approval.

When an OCC examiner goes to work for a bank where he or she served as EIC within the year preceding his or her departure from the OCC, the current EIC at the bank shall advise the former EIC that he or she will not be permitted to attend meetings with the OCC or otherwise communicate with or appear before the OCC for a period of two years following his or her departure, unless approval is granted in writing by the appropriate OCC ethics official prior to the meeting, communication, or appearance. At the end of the two-year period, the current EIC in consultation with the ethics official will advise the former EIC concerning the nature and extent of any continuing prohibitions on attending meetings, communicating with, or appearing before the OCC.

Ethics Bulletin Board

Policy

Subject:	For Resigning or Retiring OCC Employees: Ethics Rules to Take with You.	Document ID:	1997-215A
Author:	Barrett Aldemeyer	Date:	05/08/2002
Category:	Pre-exit Procedures		

ETHICS RULES FOR RESIGNING OR RETIRING OCC EMPLOYEES

JUST BEFORE YOU LEAVE

ALL EMPLOYEES. Please print a copy of these rules to take with you! Also, get in touch with your ethics official for your ethics clearance before your departure.

FOR THOSE WHO WILL BE WORKING AT BANKS. If you are a covered employee for purposes of the borrowing rule and have accepted a position as an employee or consultant with a commercial bank (national or state-chartered) or an affiliate of a commercial bank, please remember to complete the Bank Employment Questionnaire. Instructions for accessing this form can be found under the subject heading "Pre-exit Procedures" on the Ethics Bulletin Board on the OCCnet.

FOR SENIOR OFFICIALS. Senior OCC employees who file the public financial disclosure report (SF 278) must file a final report within 30 days of the date when they leave the OCC. It should cover the period up to the date of their resignation or retirement.

ETHICS RULES AFTER YOU LEAVE

The following is a list of the major ethics rules applicable to OCC employees after they leave federal employment. Don't forget to look these rules over and take them with you. If you have questions about the rules, consult your ethics official -- either before or after you leave the OCC.

RESTRICTIONS APPLYING TO ALL FORMER EMPLOYEES

PERMANENT REPRESENTATIONAL BAR

A former employee, who personally and substantially participated in a particular matter involving a specific party or parties during any time of his or her federal employment, may not communicate with or appear before any executive or judicial branch employee on behalf of any other person about that matter after leaving the government. 18 U.S.C. 207(a)(1).

OCCX00026

Permanent Subcommittee on Investigations
EXHIBIT #28

However, the former employee is NOT restricted unless the matter in which he or she personally and substantially participated was --

- A particular one involving specific parties, and
- The same one in which he or she now expects to represent another person before the government.

The requirement of a particular matter about a specific party or parties typically involves a specific proceeding on the legal rights of the parties or an isolated transaction, or related set of transactions, between identifiable parties. For the purposes of the restrictions in sections 207(a)(1) and (a)(2), the formulation of general policy standards or objectives, as in certain rulemaking or legislative proposals, IS NOT such a "particular matter."

PARTICIPATED PERSONALLY AND SUBSTANTIALLY means involvement in a particular matter through decision, approval, disapproval, recommendation, the rendering of advice, investigation, or otherwise. To participate "personally" means directly, and includes the participation of a subordinate when actually directed by the employee in a matter. "Substantially" means that an employee's involvement must be of significance to the matter, or form the basis for a reasonable appearance of such significance. It requires more than official responsibility, mere knowledge, perfunctory involvement, or involvement on an administrative or peripheral issue.

The prohibition generally does not cover policy considerations. Therefore, for both the permanent representational bar and the two-year representational bar discussed next, a former employee, in most cases, may represent another person in a particular matter involving a specific party, even if general rules or policies the employee helped establish are involved in the proceeding.

EXAMPLE: An OCC examiner was personally responsible for the loan review in a recent examination of X National Bank. The examiner has now left the OCC and is working as a senior loan officer at X National Bank.

The examiner may not come before the OCC to represent X National Bank in discussions about the loan transactions she reviewed during the recent examination. She may, however, work on the review of these loans at X Bank and advise the bank about the loans, if she avoids disclosing confidential OCC information. In addition, she may respond to inquiries from the OCC concerning factual matters about the loans, but she may not act as the bank's advocate in loan discussions.

Over time, as terms of these loans are revised or renegotiated, the former examiner may be able to represent

OCCX00027

the bank before the OCC on these loans, because they may no longer be the same "particular matter" in which she was involved during her service with the OCC. The former employee should discuss this issue with the appropriate ethics official before initiating any contact with OCC officials as an advocate for the bank on these loans.

TWO-YEAR REPRESENTATIONAL BAR

For two years after leaving the government, a former employee is prohibited from communicating with or appearing before any executive or judicial branch employee on behalf of any other person on a particular matter (as explained previously) involving specific parties the employee knows or reasonably should know was pending under his or her official responsibility during the last year of his or her federal employment. 18 U.S.C. 207(a)(2).

EXAMPLE: A former Assistant Deputy Comptroller (ADC) at the OCC has joined the staff of a national bank that was formerly under his supervision. He did not participate in any examinations of the bank, but reviewed the examination findings within the last year before he left the OCC.

For the first two years he is employed by the bank, the former ADC cannot come before the OCC to represent it on matters that he supervised during his last year at the OCC. In addition, to the extent that he participated personally and substantially in the decision-making, because, for example, he had more than a perfunctory involvement in the approval or disapproval of the bank's examination report, he may have a permanent bar from representing it before the OCC on certain matters related to that examination. The former employee is not prohibited from working on matters at the bank that he had previously handled at the OCC, as long as he does not disclose confidential OCC information.

Remember "particular matter" is not to be construed broadly. Therefore, a former employee, who participated in or reviewed only broad decisions about a bank's loan policies during his employment at the OCC, would not necessarily be prohibited from representing the bank before the OCC on a specific loan transaction in the bank's loan portfolio.

ADDITIONAL RESTRICTIONS FOR SENIOR EMPLOYEES ONLY

A "senior employee" is any presidential appointee in a position for which the rate of pay is specified in the Executive Schedule and any other employee in a position

for which the basic rate of pay is equal to or exceeds the rate specified for level 5 of the Senior Executive Service. In the OCC, this includes the Comptroller and any other employee whose basic rate of pay at the time they leave federal employment (excluding geographic pay) is equal to or exceeds the ES-5 rate ($130,000 as of January 2002).

EXAMPLE: An OC-23 employee, whose base pay (without geographic pay) is $135,000, is leaving the OCC. Is this employee subject to the restrictions applying to "senior employees"?

Yes. Because the employee's base pay is greater than $130,000, the employee is considered a "senior employee."

One-year Cooling Off Period

For one year following services in a senior position, a former senior employee may not knowingly and with intent to influence communicate with or appear before his former agency on behalf of any other person on any matter in which the former employee seeks official action. 18 U.S.C. 207(c). Although for nonpresidential appointees this restriction is limited to their former employing bureaus, e.g., the OCC, for former presidential appointees it applies to the entire Treasury Department.

EXAMPLE: A senior deputy comptroller leaves the OCC to return to employment in the private sector.

For the first year after his or her departure from the OCC, the senior deputy comptroller is prohibited from communicating with or appearing before the OCC on behalf of any other person to seek official action on any matter, including matters that he or she had not previously worked on or supervised.

One-year Foreign Entity Representational Bar

For one year following service in a senior position, a former employee may not represent a "foreign entity" (meaning a foreign government or political party, but not a foreign bank or foreign-controlled bank, unless it serves as an agency or delegatee of authority of a foreign government) before any employee of the executive branch. In addition, the former senior employee may not aid or advise a foreign entity with the intent to influence a decision of an employee of the executive branch. 18 U.S.C. 207(f).

ADDITIONAL RESTRICTIONS FOR VERY SENIOR EMPLOYEES

"Very senior employees" include employees in the Executive Branch whose basic rate of pay (excluding geographic pay) is exactly equal to the rate of pay payable for level I of the Executive Schedule ($166,700 in January 2001).

For one year following service in a very senior position, a former employee may not knowingly and with intent to influence communicate with or appear before certain senior government officials on behalf of any other person on any matter in which the former employee seeks official action. *See* 18 U.S.C. 207(d)(2) for a listing of the government officials who may not be contacted during this period.

ADDITIONAL RESTRICTIONS

RULES OF PRACTICE BEFORE THE OCC

Under 12 CFR 4.36, an OCC employee or former employee may not, without authorization, disclose or permit disclosure of any nonpublic information to anyone other than an OCC employee properly entitled to such information. An employee or former employee, who is subpoenaed or otherwise requested to disclose nonpublic OCC information, must immediately notify the OCC and must not disclose the information without prior OCC approval.

ATTORNEYS

Government employees, who are attorneys, may be subject to additional restrictions under their applicable state bar rules.

REMOVAL OF RECORDS BY OFFICIALS WHO RESIGN OR RETIRE

Whether or not you are removing any nonrecord documents, you must print, read, and sign the Department of the Treasury Documentary Materials Removal/Nonremoval Certification form and forward it to your supervisor. If you plan to remove documents from the OCC, your supervisor must also sign the form acknowledging the records being removed.

Date | Category | Subject

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Redwood, Jason

From:	Aldemeyer, Barrett
Sent:	Wednesday, September 11, 2002 2:31 PM
To:	Redwood, Jason
Cc:	Rushdoony, Jonathan
Subject:	RE: pre-exit ethics -- remaining tasks/questions

I would generally not distribute Part 2637 because it applies only to employees who terminated their federal service prior to January 1, 1991 (see note near the beginning of the index). I believe that it remains OGE policy that purely factual information is not covered. I am not sure that it would be particularly helpful to Mr. Noonan and others to provide that distinction, although there is certainly no problem with your doing so.

I think that the only thing we are superadding is the prior approval requirement. But in applying that procedural requirement, all we are doing is attempting to ensure that the statutory standard is observed. We should be applying only the statutory restriction and not any additional appearance standard. But if I were doing this, I would say that generally old stuff is prohibited and new stuff is OK, unless you determine that an exception is applicable.

On the documentation issue, our policy says that the former EIC is not to have any contacts with the OCC for two years without prior ethics approval. You can handle that approval procedure in any way that is most convenient to you and the examiners.

-----Original Message-----
From: Redwood, Jason
Sent: Wednesday, September 11, 2002 2:10 PM
To: Aldemeyer, Barrett
Cc: Rushdoony, Jonathan
Subject: RE: pre-exit ethics -- remaining tasks/questions

Maybe I will recommend but not require documentation of any meetings that I pre-approve.

Is it fair to say that OCC policy goes BEYOND the statutory and regulatory constraints? I think a policy that's more restrictive than required by law is appropriate, but I raise this question because of my thought this morning about copying Part 2637 and asking Ashley Lee, John Noonan and other parties to review it. It has been some time since I looked at that part, and I have never perused it. I noticed, for example, that in connection with the permanent representational bar, 18 USC 207(a), the reg at 5 CFR 2637.201(b)(5) states, among other things, that "imparting purely factual information" is not prohibited. As a practical matter though, it may be difficult to confine a meeting to raw information-gathering and not cross a line into an "intent to influence". The example under 2637.201 (b)(5) illustrates that. So a more stringent OCC policy is worthwhile (and ultimately conserves resources and avoids problems for everyone).

So it's probably better not to call attention to Part 2637, and instead be sure to focus the examiners on OCC policy, as embodied in two relevant messages on the Ethics Bulletin Board. Do you agree or have any additional thoughts?

-----Original Message-----
From: Aldemeyer, Barrett
Sent: Wednesday, September 11, 2002 12:03 PM
To: Rushdoony, Jonathan; Redwood, Jason
Subject: RE: pre-exit ethics -- remaining tasks/questions

I would not asl them to develop extra documentation on meetings that you have approved. Once they are cleared for a meeting (or, in the case of the new loan review policy, a category of meetings), they are cleared.

But this is a matter for you to decide.

Permanent Subcommittee on Investigations
EXHIBIT #29

-----Original Message-----
From: Rushdoony, Jonathan
Sent: Wednesday, September 11, 2002 11:52 AM
To: Redwood, Jason; Aldemeyer, Barrett
Subject: RE: pre-exit ethics -- remaining tasks/questions

Jason, this may be stating the obvious, but I'd want to restate the lines that are clear (e.g., must contact counsel and obtain prior approval before any OCC discussion with Ashley re matters related to his OCC supervision).

-----Original Message-----
From: Redwood, Jason
Sent: Wednesday, September 11, 2002 11:49 AM
To: Rushdoony, Jonathan; Aldemeyer, Barrett
Subject: RE: pre-exit ethics -- remaining tasks/questions

This back-and-forth is helpful. I will re-read each set of thoughts (haven't yet focused) and will draft a brief document (perhaps in a memo format) that could be sent to John Noonan and to his subordinate examiners and also to Ashley Lee (who might choose to share it with his new Riggs bosses, so that they are on the same page with regard to the rigorous parameters). It's worthwhile to draw the key points into one document, don't you think?

In my prospective memo, I will emphasize that OCC policy prohibits meetings for two years and re-state the importance of erring on the side of non-communication, absent advance clearance from ethics officials. I will also state my recommendation that a Riggs officer other than Ashley essentially serve as the OCC contact (shadow).

One point that is not explicitly covered in the EBB policy but that I could recommend: IF any meetings are cleared (e.g., on the basis that they will cover new loan review matters), the examiners should document those meetings, probably more fully than they would otherwise a meeting with a bank officer. That is, they should be prepared to produce documents and testimony in the (hopefully-unlikely) event that any issue is raised about the content of the meeting(s). When and if I am asked to clear a meeting-- and my intention is that I would clear meetings one at a time rather than give any sort of blanket clearance-- I would re-state this documentation advisory.

If you have any thoughts about what else should go into my memo, please speak up, otherwise I will do a draft and send it to you both.

-----Original Message-----
From: Rushdoony, Jonathan
Sent: Wednesday, September 11, 2002 11:20 AM
To: Aldemeyer, Barrett
Cc: Redwood, Jason
Subject: RE: pre-exit ethics -- remaining tasks/questions

Agree.

-----Original Message-----
From: Aldemeyer, Barrett
Sent: Wednesday, September 11, 2002 11:21 AM
To: Rushdoony, Jonathan
Cc: Redwood, Jason
Subject: RE: pre-exit ethics -- remaining tasks/questions

That's fine. We want a workable procedure. But I would definitely suggest that you restate things again. My experience with other OCC/former EIC dealings is that people look for what is convenient and can sometimes fail to recall the limitations.

John seems to suggest that no ethics approval is now required. Make sure that you emphasize that this refers only to the approved category of communications. We still have a policy in place prohibiting former EICs from attending meetings with the OCC for two

years, absent ethics approval.

I will be pleased now to bow out of the picture!

-----Original Message-----
From: Rushdoony, Jonathan
Sent: Wednesday, September 11, 2002 11:07 AM
To: Aldemeyer, Barrett; Redwood, Jason
Subject: RE: pre-exit ethics -- remaining tasks/questions

I believe John understands these limits, but is just emphasizing what can be discussed with Ashley. Just to be sure, we could restate them for him to document.

-----Original Message-----
From: Aldemeyer, Barrett
Sent: Wednesday, September 11, 2002 10:57 AM
To: Rushdoony, Jonathan; Redwood, Jason
Subject: FW: pre-exit ethics -- remaining tasks/questions

John may have reached somewhat overbroad conclusions, I think. I would suggest that it might be appropriate to permit Mr. Lee to discuss the new loan review program with the OCC and for Mr. Lee to attend meetings with the OCC that were limited to that topic. Mr. Lee should not attend meetings or participate in discussions with the OCC on other topics without written ethics clearance. There may be other categories of information that can be generally cleared for Mr. Lee to discuss, e.g., new credits that were not reviewed during his tenure or other new policies, but these items or categories should be clarified with the ethics official.

What think you?
-----Original Message-----
From: Noonan, John
Sent: Wednesday, September 11, 2002 10:41 AM
To: Aldemeyer, Barrett
Cc: Rushdoony, Jonathan; Redwood, Jason
Subject: RE: pre-exit ethics -- remaining tasks/questions

I agree. We won't be spending too much time reviewing KPMG's work anyway, since they won't be doing it going forward, and we can review whatever we have on that with someone other than Ashley. We can easily distinguish it, so that we don't review anything with Ashley that was covered during his tenure. Thanks, Barrett. I was hoping to avoid all of the paperwork suggested; that would have made our exams a lot less efficient.

-----Original Message-----
From: Aldemeyer, Barrett
Sent: Wednesday, September 11, 2002 10:19 AM
To: Noonan, John
Cc: Rushdoony, Jonathan; Redwood, Jason
Subject: RE: pre-exit ethics -- remaining tasks/questions

John,

It sounds to me as though we might be able to work out an arrangement so that we can discuss with Ashley Lee a new loan review function that was not in existence during his tenure as EIC. Can this be distinguished from a discussion of KPMG's performance or other bank activities that occurred during his tenure? We cannot discuss with him bank activities that were reviewed under his supervision.

-----Original Message-----
From: Noonan, John
Sent: Wednesday, September 11, 2002 9:40 AM
To: Redwood, Jason
Cc: Aldemeyer, Barrett; Rushdoony, Jonathan

Subject: RE: pre-exit ethics -- remaining tasks/questions

Thanks everyone for the additional guidance. Perhaps, if I was more explanatory about Ashley's role at Riggs and his past supervisory responsibility with it, we could pinpoint more precisely what the issues are? I don't recall all of the dates, but Riggs outsourced several years ago its internal loan review function to KPMG. During 2002, Riggs was planning to bring the function back in house, but was delayed for various reasons, including (I believe) their need to find the right person to head it up. Riggs has now found that person - Ashley.

Ashley will be organizing, staffing and setting policy and procedures to establish the new, in-house internal loan review function. While he is doing that, we expect that KPMG will continue to do some work, and may consult with him in his efforts. Over the next two years and going forward after that, our examiners will need to obtain information on and evaluate the plans, progress and problems in establishing the new in-house function, and after it is established to review and evaluate whether the function is meeting its objectives.

While Ashley was EIC, his examiners performed several reviews of KPMG, which showed no major issues. If I recall correctly, early on in his role as EIC (4 to 5 years ago), the exam team also performed reviews of the then existing in-house function. Going forward we need to be able to discuss with the bank their plans, staffing, procedures and performance for the in-house function. Would that present problems since Ashley has not actually reviewed this new in-house function as an OCCer? If it does, then we would be prevented from obtaining information directly from the most knowledgeable source. Instead, we would probably be obtaining it from Ashley's boss, who in turn would be getting it from Ashley anyway. Seems convoluted. My concern is that if the examiners do not obtain information directly from the best source, it won't be the best information. Our review of findings after the exam is completed is always done with the functional head, mainly to make sure we have all of our facts right and to try to ensure that the person with the responsibility to effect corrections gets a good and direct understanding of what the issues are. Those objectives are compromised if we cannot discuss with the functional head.

Since the in-house loan review function did not exist for the last several years, I believe "we (would not be)... discuss(ing) with the former EIC the examination conclusions and credit evaluations that he participated in or reviewed or that were conducted during his tenure." Perhaps we need to take you up on your suggestion for you to do a detailed review in advance to be sure everyone is comfortable that we are not violating any restrictions. A great deal of information is available in EVA and SMS concerning the loan review function. Can you review and let us know what you think we must do?

I would also ask that you indicate to us in writing (so I can pass it on) what we will need to provide you prior to any substantive contact with Ashley, if you conclude from your review of the materials that is really necessary under the circumstances.

Thanks for your help and guidance. It's the first time I have had to work directly with this subject.

-----Original Message-----
From: Redwood, Jason
Sent: Tuesday, September 10, 2002 5:38 PM
To: Noonan, John
Cc: Aldemeyer, Barrett; Rushdoony, Jonathan
Subject: FW: pre-exit ethics -- remaining tasks/questions

John, please read Barry Aldemeyer's guidance below.

To avoid a potential violation of 18 U.S.C. 207 (post-employment rules), the best practice may be to refrain completely from direct communications between OCC examiners and Ashley Lee for at least two years. If contact is necessary, Barry Aldemeyer indicates that a draft e-mail could be presented to me for advance review. I may seek Barry's further review in that circumstance, because this is an area in which redundancy is wise, to avoid the potential consequences of a criminal violation. I am prepared to review the specific information that I may need to review (e.g., examination reports and related material) in

order to reach a determination about whether communications with Ashley about a particular matter would implicate Section 207. My general belief is that a bright line is sometimes missing between "new" matters and the matters that were under Ashley's supervision as EIC; if we have to try to find a demarcation, we probably will have to do a detailed analysis in advance.

You and all involved parties might keep in mind that "behind the scenes" involvement does not implicate Section 207; a Section 207 issue arises only when and if Ashley personally communicates to, or appears before, the OCC. So a "safe" alternative is for another Riggs officer to sign any letter, make any telephone call, etc. Even a silent appearance (by a former Federal Reserve governor) at a meeting has been prosecuted. Given the scope of the criminal statute, we should err on the side of caution. I realize that a barrier to direct communications with a knowledgeable former OCC examiner could be inefficient from a bank supervision standpoint, but the criminal statute should get the highest priority.

If any scenarios are present concerns, please feel free to raise them. I still plan to follow up further with Ashley (tomorrow or later this week, via e-mail), probably repeating much of the cautions expressed here.

-----Original Message-----
From: Rushdoony, Jonathan
Sent: Tuesday, September 10, 2002 2:01 PM
To: Aldemeyer, Barrett; Redwood, Jason
Subject: RE: pre-exit ethics -- remaining tasks/questions

Sounds reasonable to me.

-----Original Message-----
From: Aldemeyer, Barrett
Sent: Tuesday, September 10, 2002 1:52 PM
To: Redwood, Jason
Cc: Rushdoony, Jonathan
Subject: RE: pre-exit ethics -- remaining tasks/questions

John says "we can have contact with Ashley for information gathering purposes, and to review with him our conclusions concerning credit and his loan review function." I would not agree with this statement, as I understand it. We are generally not to discuss with the former EIC the examination conclusions and credit evaluations that he participated in or reviewed or that were conducted during his tenure. That is what the post-employment statute provides. Such matters would have to be discussed with Mr. Lee's supervisor, his subordinate, or some other Riggs designee. To the extent that new matters are to be discussed that were not evaluated by the OCC during his term as EIC, then Mr. Lee could participate in the discussion.

We are not the ones who put him in his current position which necessarily limits his contact with the OCC. It is precisely because of concerns about other former EICs being placed in similar positions that, with the approval of the Executive Committee, we adopted a policy of prohibiting contacts with former EICs absent prior ethics approval that would clearly establish that the topics to be discussed were new loan policies or other matters that were not under the supervision of the former EIC.

If contact with Mr. Lee is deemed necessary, a draft e-mail sent to you could serve the purpose of obtaining your concurrence.

-----Original Message-----
From: Redwood, Jason
Sent: Tuesday, September 10, 2002 1:20 PM
To: Aldemeyer, Barrett
Cc: Rushdoony, Jonathan
Subject: FW: pre-exit ethics -- remaining tasks/questions

Barry, it appears from John Noonan's message below that he and others in bank supervision anticipate communications with Ashley Lee with regard to Riggs matters after Ashley joins Riggs.

I hope my initial response to John is appropriate, but please advise on how restrictive we should or must be, and what particular measures will have to be taken. For example, I might suggest, if you concur, that OCC individuals who need bank-related information from Ashley Lee communicate with him in writing (e.g., e-mails), absent an exception approved in advance by the ethics official (Jon, you or me). Would that be too restrictive? It would presumably be protective of all parties, while giving the OCC access to whatever particular information is needed. (And of course, I would not have to be the intermediary each time information was needed. If any meetings are held in Washington, you could attend if you wish.)

Please feel free to copy John Noonan on any guidance; as ADC responsible for Riggs, John will be the primary person who needs specific guidance about what to do or not do, along with the new EIC. I realize it may be difficult to balance the statutory concerns against the examiners' interest in having at least limited access to the new loan review head.

-----Original Message-----
From: Redwood, Jason
Sent: Tuesday, September 10, 2002 12:36 PM
To: Noonan, John
Subject: RE: pre-exit ethics -- remaining tasks/questions

Thanks, John. I can appreciate that some information-gathering may be necessary, although it's problematic after Ashley joins Riggs. We may have to consider in advance of a meeting what particular information is needed, and circumscribe and document each meeting. That is my own sense of this, but I am coordinating with Barry Aldemeyer and will let you know if Barry has guidance.

-----Original Message-----
From: Noonan, John
Sent: Tuesday, September 10, 2002 12:12 PM
To: Redwood, Jason
Subject: RE: pre-exit ethics -- remaining tasks/questions

Thanks, Jason. I read, and Ashley told me he did also, the Ethics message to which you refer. Ashley is on assignment in California now, so you should initially contact him via email. His phone number is 661-291-3178. I'll be sure to let the interim EIC and the next EIC know. My read of the rules is that we can have contact with Ashley for information gathering purposes, and to review with him our conclusions concerning credit and his loan review function. We will need to do at least that for our supervisory purposes. If your reading of the rules is more restrictive, as you may be indicating in your message ("no OCC meetings with Ashley"), then we need to discuss.

Ashley was immediately recused from having anything to do with supervision of Riggs - as soon as he let us know he had been contacted by the bank for the chief loan review officer position. Since then, he has been largely out of Riggs, attending a credit committee meeting and examining loans at City National Bank, Beverly Hills, CA. He was at Riggs for a day or two last week, introducing the interim EIC - Les Miller - to Riggs management and showing Les where everything was. Les will be conducting the work paper review and expects to have it completed by the end of September. Ashley's last day with the OCC is 10/3/02.

Let me know if you need any additional information.

-----Original Message-----
From: Redwood, Jason
Sent: Monday, September 09, 2002 6:05 PM
To: Noonan, John
Subject: pre-exit ethics -- remaining tasks/questions

John, I received a question from Barry Aldemeyer: what has Ashley been doing since his recusal from Riggs on 8/8? Just a brief note would be helpful. (I wouldn't expect the assignments have been extensive, and the main point is that he is not working on Riggs matters.) There's a possibility that the Treasury IG audit people will ask for all our

documentation at some point, given the history of the audits and concerns in this area.

I also need to review further the post-employment rules with Ashley. I will do an e-mail (perhaps tomorrow) and will copy you. We can follow up with discussions or additional e-mails as needed. In addition to the rules that I send to each departing employee, there is a message on the Ethics Bulletin Board (under the general "Pre-exit Procedures" heading), entitled, "Guidelines for OCC Employees on Contacts With Former OCC Employees", 01/08/2001. These guidelines are important for you, for the next EIC (?), and for Ashley. So please review them when you have an opportunity, and also please emphasize them to the next EIC. I will emphasize them to Ashley. I think the key point to remember is this: no OCC meetings with Ashley for at least two years (unless we specifically review and approve in advance).

-----Original Message-----
From: Redwood, Jason
Sent: Monday, September 09, 2002 5:27 PM
To: Noonan, John
Subject: RE: Workpaper Review

ok, not a problem

-----Original Message-----
From: Noonan, John
Sent: Monday, September 09, 2002 4:19 PM
To: Finke, Fred; Redwood, Jason
Subject: FW: Workpaper Review

This review is not completed. I don't know why the message was sent.

-----Original Message-----
From: Noonan, John
Sent: Monday, September 09, 2002 4:28 PM
To: Noonan, John
Subject: Workpaper Review

Thank you for completing Workpaper Review for Robert Ashley Lee. The completed review has been forwarded to deputy comptroller Fred Finke and ethics official Jason Redwood for their review.

Redwood, Jason

From: Rushdoony, Jonathan
Sent: Wednesday, September 11, 2002 2:13 PM
To: Redwood, Jason; Aldemeyer, Barrett
Subject: RE: pre-exit ethics -- remaining tasks/questions

Yes, let's keep it (rule/policy) simple. On the documentation issue, can we just recommend it, as needed, in the future on a case by case basis (rather than making a sweeping request or exemption now)?

-----Original Message-----
From: Redwood, Jason
Sent: Wednesday, September 11, 2002 2:10 PM
To: Aldemeyer, Barrett
Cc: Rushdoony, Jonathan
Subject: RE: pre-exit ethics -- remaining tasks/questions

Maybe I will recommend but not require documentation of any meetings that I pre-approve.

Is it fair to say that OCC policy goes BEYOND the statutory and regulatory constraints? I think a policy that's more restrictive than required by law is appropriate, but I raise this question because of my thought this morning about copying Part 2637 and asking Ashley Lee, John Noonan and other parties to review it. It has been some time since I looked at that part, and I have never perused it. I noticed, for example, that in connection with the permanent representational bar, 18 USC 207(a), the reg at 5 CFR 2637.201(b)(5) states, among other things, that "imparting purely factual information" is not prohibited. As a practical matter though, it may be difficult to confine a meeting to raw information-gathering and not cross a line into an "intent to influence". The example under 2637.201 (b)(5) illustrates that. So a more stringent OCC policy is worthwhile (and ultimately conserves resources and avoids problems for everyone).

So it's probably better not to call attention to Part 2637, and instead be sure to focus the examiners on OCC policy, as embodied in two relevant messages on the Ethics Bulletin Board. Do you agree or have any additional thoughts?

-----Original Message-----
From: Aldemeyer, Barrett
Sent: Wednesday, September 11, 2002 12:03 PM
To: Rushdoony, Jonathan; Redwood, Jason
Subject: RE: pre-exit ethics -- remaining tasks/questions

I would not asl them to develop extra documentation on meetings that you have approved. Once they are cleared for a meeting (or, in the case of the new loan review policy, a category of meetings), they are cleared.

But this is a matter for you to decide.

-----Original Message-----
From: Rushdoony, Jonathan
Sent: Wednesday, September 11, 2002 11:52 AM
To: Redwood, Jason; Aldemeyer, Barrett
Subject: RE: pre-exit ethics -- remaining tasks/questions

Jason, this may be stating the obvious, but I'd want to restate the lines that are clear (e.g., must contact counsel and obtain prior approval before any OCC discussion with Ashley re matters related to his OCC supervision).

-----Original Message-----
From: Redwood, Jason
Sent: Wednesday, September 11, 2002 11:49 AM

Permanent Subcommittee on Investigations
EXHIBIT #30

To: Rushdoony, Jonathan; Aldemeyer, Barrett
Subject: RE: pre-exit ethics -- remaining tasks/questions

This back-and-forth is helpful. I will re-read each set of thoughts (haven't yet focused) and will draft a brief document (perhaps in a memo format) that could be sent to John Noonan and to his subordinate examiners and also to Ashley Lee (who might choose to share it with his new Riggs bosses, so that they are on the same page with regard to the rigorous parameters). It's worthwhile to draw the key points into one document, don't you think?

In my prospective memo, I will emphasize that OCC policy prohibits meetings for two years and re-state the importance of erring on the side of non-communication, absent advance clearance from ethics officials. I will also state my recommendation that a Riggs officer other than Ashley essentially serve as the OCC contact (shadow).

One point that is not explicitly covered in the EBB policy but that I could recommend: IF any meetings are cleared (e.g., on the basis that they will cover new loan review matters), the examiners should document those meetings, probably more fully than they would otherwise a meeting with a bank officer. That is, they should be prepared to produce documents and testimony in the (hopefully-unlikely) event that any issue is raised about the content of the meeting(s). When and if I am asked to clear a meeting-- and my intention is that I would clear meetings one at a time rather than give any sort of blanket clearance-- I would re-state this documentation advisory.

If you have any thoughts about what else should go into my memo, please speak up, otherwise I will do a draft and send it to you both.

-----Original Message-----
From: Rushdoony, Jonathan
Sent: Wednesday, September 11, 2002 11:20 AM
To: Aldemeyer, Barrett
Cc: Redwood, Jason
Subject: RE: pre-exit ethics -- remaining tasks/questions

Agree.

-----Original Message-----
From: Aldemeyer, Barrett
Sent: Wednesday, September 11, 2002 11:21 AM
To: Rushdoony, Jonathan
Cc: Redwood, Jason
Subject: RE: pre-exit ethics -- remaining tasks/questions

That's fine. We want a workable procedure. But I would definitely suggest that you restate things again. My experience with other OCC/former EIC dealings is that people look for what is convenient and can sometimes fail to recall the limitations.

John seems to suggest that no ethics approval is now required. Make sure that you emphasize that this refers only to the approved category of communications. We still have a policy in place prohibiting former EICs from attending meetings with the OCC for two years, absent ethics approval.

I will be pleased now to bow out of the picture!

-----Original Message-----
From: Rushdoony, Jonathan
Sent: Wednesday, September 11, 2002 11:07 AM
To: Aldemeyer, Barrett; Redwood, Jason
Subject: RE: pre-exit ethics -- remaining tasks/questions

I believe John understands these limits, but is just emphasizing what can be discussed with Ashley. Just to be sure, we could restate them for him to document.

-----Original Message-----
From: Aldemeyer, Barrett
Sent: Wednesday, September 11, 2002 10:57 AM
To: Rushdoony, Jonathan; Redwood, Jason
Subject: FW: pre-exit ethics -- remaining tasks/questions

John may have reached somewhat overbroad conclusions, I think. I would suggest that it might be appropriate to permit Mr. Lee to discuss the new loan review program with the OCC and for Mr. Lee to attend meetings with the OCC that were limited to that topic. Mr. Lee should not attend meetings or participate in discussions with the OCC on other topics without written ethics clearance. There may be other categories of information that can be generally cleared for Mr. Lee to discuss, e.g., new credits that were not reviewed during his tenure or other new policies, but these items or categories should be clarified with the ethics official.

What think you?
-----Original Message-----
From: Noonan, John
Sent: Wednesday, September 11, 2002 10:41 AM
To: Aldemeyer, Barrett
Cc: Rushdoony, Jonathan; Redwood, Jason
Subject: RE: pre-exit ethics -- remaining tasks/questions

I agree. We won't be spending too much time reviewing KPMG's work anyway, since they won't be doing it going forward, and we can review whatever we have on that with someone other than Ashley. We can easily distinguish it, so that we don't review anything with Ashley that was covered during his tenure. Thanks, Barrett. I was hoping to avoid all of the paperwork suggested; that would have made our exams a lot less efficient.

-----Original Message-----
From: Aldemeyer, Barrett
Sent: Wednesday, September 11, 2002 10:19 AM
To: Noonan, John
Cc: Rushdoony, Jonathan; Redwood, Jason
Subject: RE: pre-exit ethics -- remaining tasks/questions

John,

It sounds to me as though we might be able to work out an arrangement so that we can discuss with Ashley Lee a new loan review function that was not in existence during his tenure as EIC. Can this be distinguished from a discussion of KPMG's performance or other bank activities that occurred during his tenure? We cannot discuss with him bank activities that were reviewed under his supervision.

-----Original Message-----
From: Noonan, John
Sent: Wednesday, September 11, 2002 9:40 AM
To: Redwood, Jason
Cc: Aldemeyer, Barrett; Rushdoony, Jonathan
Subject: RE: pre-exit ethics -- remaining tasks/questions

Thanks everyone for the additional guidance. Perhaps, if I was more explanatory about Ashley's role at Riggs and his past supervisory responsibility with it, we could pinpoint more precisely what the issues are? I don't recall all of the dates, but Riggs outsourced several years ago its internal loan review function to KPMG. During 2002, Riggs was planning to bring the function back in house, but was delayed for various reasons, including (I believe) their need to find the right person to head it up. Riggs has now found that person - Ashley.

Ashley will be organizing, staffing and setting policy and procedures to establish the new, in-house internal loan review function. While he is doing that, we expect that KPMG will continue to do some work, and may consult with him in his efforts. Over the next two

years and going forward after that, our examiners will need to obtain information on and evaluate the plans, progress and problems in establishing the new in-house function, and after it is established to review and evaluate whether the function is meeting its objectives.

While Ashley was EIC, his examiners performed several reviews of KPMG, which showed no major issues. If I recall correctly, early on in his role as EIC (4 to 5 years ago), the exam team also performed reviews of the then existing in-house function. Going forward we need to be able to discuss with the bank their plans, staffing, procedures and performance for the in-house function. Would that present problems since Ashley has not actually reviewed this new in-house function as an OCCer? If it does, then we would be prevented from obtaining information directly from the most knowledgeable source. Instead, we would probably be obtaining it from Ashley's boss, who in turn would be getting it from Ashley anyway. Seems convoluted. My concern is that if the examiners do not obtain information directly from the best source, it won't be the best information. Our review of findings after the exam is completed is always done with the functional head, mainly to make sure we have all of our facts right and to try to ensure that the person with the responsibility to effect corrections gets a good and direct understanding of what the issues are. Those objectives are compromised if we cannot discuss with the functional head.

Since the in-house loan review function did not exist for the last several years, I believe "we (would not be)... discuss(ing) with the former EIC the examination conclusions and credit evaluations that he participated in or reviewed or that were conducted during his tenure." Perhaps we need to take you up on your suggestion for you to do a detailed review in advance to be sure everyone is comfortable that we are not violating any restrictions. A great deal of information is available in EVA and SMS concerning the loan review function. Can you review and let us know what you think we must do?

I would also ask that you indicate to us in writing (so I can pass it on) what we will need to provide you prior to any substantive contact with Ashley, if you conclude from your review of the materials that is really necessary under the circumstances.

Thanks for your help and guidance. It's the first time I have had to work directly with this subject.

-----Original Message-----
From: Redwood, Jason
Sent: Tuesday, September 10, 2002 5:38 PM
To: Noonan, John
Cc: Aldemeyer, Barrett; Rushdoony, Jonathan
Subject: FW: pre-exit ethics -- remaining tasks/questions

John, please read Barry Aldemeyer's guidance below.

To avoid a potential violation of 18 U.S.C. 207 (post-employment rules), the best practice may be to refrain completely from direct communications between OCC examiners and Ashley Lee for at least two years. If contact is necessary, Barry Aldemeyer indicates that a draft e-mail could be presented to me for advance review. I may seek Barry's further review in that circumstance, because this is an area in which redundancy is wise, to avoid the potential consequences of a criminal violation. I am prepared to review the specific information that I may need to review (e.g., examination reports and related material) in order to reach a determination about whether communications with Ashley about a particular matter would implicate Section 207. My general belief is that a bright line is sometimes missing between "new" matters and the matters that were under Ashley's supervision as EIC; if we have to try to find a demarcation, we probably will have to do a detailed analysis in advance.

You and all involved parties might keep in mind that "behind the scenes" involvement does not implicate Section 207; a Section 207 issue arises only when and if Ashley personally communicates to, or appears before, the OCC. So a "safe" alternative is for another Riggs officer to sign any letter, make any telephone call, etc. Even a silent appearance (by a former Federal Reserve governor) at a meeting has been prosecuted. Given the scope of the criminal statute, we should err on the side of caution. I realize that a barrier to direct communications with a knowledgeable former OCC examiner could be inefficient from a bank supervision standpoint, but the criminal statute should get the highest priority.

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If any scenarios are present concerns, please feel free to raise them. I still plan to follow up further with Ashley (tomorrow or later this week, via e-mail), probably repeating much of the cautions expressed here.

-----Original Message-----
From: Rushdoony, Jonathan
Sent: Tuesday, September 10, 2002 2:01 PM
To: Aldemeyer, Barrett; Redwood, Jason
Subject: RE: pre-exit ethics -- remaining tasks/questions

Sounds reasonable to me.

-----Original Message-----
From: Aldemeyer, Barrett
Sent: Tuesday, September 10, 2002 1:52 PM
To: Redwood, Jason
Cc: Rushdoony, Jonathan
Subject: RE: pre-exit ethics -- remaining tasks/questions

John says "we can have contact with Ashley for information gathering purposes, and to review with him our conclusions concerning credit and his loan review function." I would not agree with this statement, as I understand it. We are generally not to discuss with the former EIC the examination conclusions and credit evaluations that he participated in or reviewed or that were conducted during his tenure. That is what the post-employment statute provides. Such matters would have to be discussed with Mr. Lee's supervisor, his subordinate, or some other Riggs designee. To the extent that new matters are to be discussed that were not evaluated by the OCC during his term as EIC, then Mr. Lee could participate in the discussion.

We are not the ones who put him in his current position which necessarily limits his contact with the OCC. It is precisely because of concerns about other former EICs being placed in similar positions that, with the approval of the Executive Committee, we adopted a policy of prohibiting contacts with former EICs absent prior ethics approval that would clearly establish that the topics to be discussed were new loan policies or other matters that were not under the supervision of the former EIC.

If contact with Mr. Lee is deemed necessary, a draft e-mail sent to you could serve the purpose of obtaining your concurrence.

-----Original Message-----
From: Redwood, Jason
Sent: Tuesday, September 10, 2002 1:20 PM
To: Aldemeyer, Barrett
Cc: Rushdoony, Jonathan
Subject: FW: pre-exit ethics -- remaining tasks/questions

Barry, it appears from John Noonan's message below that he and others in bank supervision anticipate communications with Ashley Lee with regard to Riggs matters after Ashley joins Riggs.

I hope my initial response to John is appropriate, but please advise on how restrictive we should or must be, and what particular measures will have to be taken. For example, I might suggest, if you concur, that OCC individuals who need bank-related information from Ashley Lee communicate with him in writing (e.g., e-mails), absent an exception approved in advance by the ethics official (Jon, you or me). Would that be too restrictive? It would presumably be protective of all parties, while giving the OCC access to whatever particular information is needed. (And of course, I would not have to be the intermediary each time information was needed. If any meetings are held in Washington, you could attend if you wish.)

Please feel free to copy John Noonan on any guidance; as ADC responsible for Riggs, John will be the primary person who needs specific guidance about what to do or not do, along with the new EIC. I realize it may be difficult to balance the statutory concerns against

the examiners' interest in having at least limited access to the new loan review head.

-----Original Message-----
From: Redwood, Jason
Sent: Tuesday, September 10, 2002 12:36 PM
To: Noonan, John
Subject: RE: pre-exit ethics -- remaining tasks/questions

Thanks, John. I can appreciate that some information-gathering may be necessary, although it's problematic after Ashley joins Riggs. We may have to consider in advance of a meeting what particular information is needed, and circumscribe and document each meeting. That is my own sense of this, but I am coordinating with Barry Aldemeyer and will let you know if Barry has guidance.

-----Original Message-----
From: Noonan, John
Sent: Tuesday, September 10, 2002 12:12 PM
To: Redwood, Jason
Subject: RE: pre-exit ethics -- remaining tasks/questions

Thanks, Jason. I read, and Ashley told me he did also, the Ethics message to which you refer. Ashley is on assignment in California now, so you should initially contact him via email. His phone number is 661-291-3178. I'll be sure to let the interim EIC and the next EIC know. My read of the rules is that we can have contact with Ashley for information gathering purposes, and to review with him our conclusions concerning credit and his loan review function. We will need to do at least that for our supervisory purposes. If your reading of the rules is more restrictive, as you may be indicating in your message ("no OCC meetings with Ashley"), then we need to discuss.

Ashley was immediately recused from having anything to do with supervision of Riggs - as soon as he let us know he had been contacted by the bank for the chief loan review officer position. Since then, he has been largely out of Riggs, attending a credit committee meeting and examining loans at City National Bank, Beverly Hills, CA. He was at Riggs for a day or two last week, introducing the interim EIC - Les Miller - to Riggs management and showing Les where everything was. Les will be conducting the work paper review and expects to have it completed by the end of September. Ashley's last day with the OCC is 10/3/02.

Let me know if you need any additional information.

-----Original Message-----
From: Redwood, Jason
Sent: Monday, September 09, 2002 6:05 PM
To: Noonan, John
Subject: pre-exit ethics -- remaining tasks/questions

John, I received a question from Barry Aldemeyer: what has Ashley been doing since his recusal from Riggs on 8/8? Just a brief note would be helpful. (I wouldn't expect the assignments have been extensive, and the main point is that he is not working on Riggs matters.) There's a possibility that the Treasury IG audit people will ask for all our documentation at some point, given the history of the audits and concerns in this area.

I also need to review further the post-employment rules with Ashley. I will do an e-mail (perhaps tomorrow) and will copy you. We can follow up with discussions or additional e-mails as needed. In addition to the rules that I send to each departing employee, there is a message on the Ethics Bulletin Board (under the general "Pre-exit Procedures" heading), entitled, "Guidelines for OCC Employees on Contacts With Former OCC Employees", 01/08/2001. These guidelines are important for you, for the next EIC (?), and for Ashley. So please review them when you have an opportunity, and also please emphasize them to the next EIC. I will emphasize them to Ashley. I think the key point to remember is this: no OCC meetings with Ashley for at least two years (unless we specifically review and approve in advance).

-----Original Message-----

From: Redwood, Jason
Sent: Monday, September 09, 2002 5:27 PM
To: Noonan, John
Subject: RE: Workpaper Review

ok, not a problem

-----Original Message-----
From: Noonan, John
Sent: Monday, September 09, 2002 4:19 PM
To: Finke, Fred; Redwood, Jason
Subject: FW: Workpaper Review

This review is not completed. I don't know why the message was sent.

-----Original Message-----
From: Noonan, John
Sent: Monday, September 09, 2002 4:28 PM
To: Noonan, John
Subject: Workpaper Review

Thank you for completing Workpaper Review for Robert Ashley Lee. The completed review has been forwarded to deputy comptroller Fred Finke and ethics official Jason Redwood for their review.

MEMORANDUM

Comptroller of the Currency
Administrator of National Banks

Northeastern District
1114 Avenue of the Americas, Suite 3900
New York, NY 10036-7780

Office of the District Counsel
Voice (212) 790-4010
Fax (212) 790-4058

To: Ashley Lee and John Noonan

Through: Jonathan H. Rushdoony, District Counsel

From: Jason D. Redwood, Counsel

Date: September 12, 2002

Re: Post-Employment Rules

In view of Ashley's pending position as the director of loan review at Riggs Bank, N.A., I want to review briefly the significant restrictions that will apply. You both may have already focused on these restrictions, given my prior e-mails and your review of two messages on the OCC's Ethics Bulletin Board on OCCnet, but I think it could be helpful to provide a summary. Since the post-employment rules involve a criminal statute, 18 U.S.C. § 207, redundancy and an abundance of caution are worthwhile for everyone involved.

"Ethics Rules For Resigning or Retiring OCC Employees" – Ethics Bulletin Board message dated 05/08/2002, under the general heading of "Pre-exit Procedures" (copy attached)

Please be sure to read all the material under the heading, "Ethics Rules After You Leave". The two rules that apply to Ashley are the permanent representational bar, applicable to "particular matters" that he "personally and substantially" participated in while at the OCC, and the two-year representational bar, applicable to matters Ashley supervised during his last year at the OCC.

"Guidelines For OCC Employees On Contacts With Former OCC Employees" – Ethics Bulletin Board message dated 01/08/2001, also found under the general heading of "Pre-exit Procedures" (copy attached)

Although these guidelines are directed toward all OCC employees who may be assigned to Riggs, I believe the key individuals who should be aware of the guidelines are Ashley and John, plus the new examiner-in-charge (EIC), to be selected.

I believe the most important points to be remembered in connection with the guidelines and the post-employment rules generally are the following:

Permanent Subcommittee on Investigations
EXHIBIT #31

(1) To the maximum extent possible, refrain from direct communications between OCC examiners and Ashley Lee until about November, 2004, and permanently with regard to particular matters in which he was personally and substantially involved. Another Riggs officer should serve as the "voice" for Riggs even though Ashley presumably will be directing and advising that officer on all aspects of loan review.

(2) If direct communications with Ashley regarding new loan review systems are desirable, you may proceed, because entirely new matters are not within the scope of 18 U.S.C. § 207.

(3) If direct communications with Ashley potentially involve matters that were under Ashley's supervision as EIC of Riggs, please obtain my prior approval in writing (e-mail). I may need details about the content of the proposed communications and may consult with Barry Aldemeyer to reach a determination.

I hope this is helpful, and please contact me as needed, via e-mail at jason.redwood@occ.treas.gov, or by telephone at 212-790-4010. If there are no questions presently, the only remaining pre-exit ethics requirement is the workpaper review, which is being directed by John.

Attachments

cc: Barry Aldemeyer, Senior Counsel

Khalil, Elizabeth

From: Miller, Lester
Sent: Thursday, December 18, 2003 3:03 PM
To: 'rlsloan@sibley.org'; 'jsargent@hagner.com'
Cc: Ouimette, Roberta; 'kathy_jackson@riggsbank.com'; 'david_caruso@riggsbank.com'; 'larry_heber@riggsbank.com'; 'bob_roane@riggsbank.com'; 'cindy_pehl@riggsbank.com'; 'ashley_lee@riggsbank.com'
Subject: Riggs 4Q03 Supervisory Target Letter for Personal Trust

Please see the attached documents and let me know if you have any questions. Thanks, Les

Redacted by the Permanent Subcommittee on Investigations

Les Miller
OCC

Redacted by the Permanent Subcommittee on Investigations

This message is intended for designated recipients only. If you have received this message in error, please delete the original and all copies and notify the sender immediately. Federal law prohibits the disclosure or other use of this information.

Permanent Subcommittee on Investigations
EXHIBIT #32

Redacted by the Permanent Subcommittee on Investigations

Redacted by Permanent Subcommittee on Investigations

To: RNC/RBNA Audit Committees

From: Lester J. Miller, III, NBE

Date: December 18, 2003

Subject: Riggs Bank N.A. – Personal Trust Review of Wealth Management 4Q03

Redacted by Permanent Subcommittee on Investigations

On October 20, 2003, we began a review of Personal Trust and Custody Accounts to evaluate the [redacted], and compliance with the bank's internal Bank Secrecy Act/Anti-money Laundering (BSA/AML) policies and procedures. Our

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prior review, [redacted] eighteen months since our

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[redacted] = Redacted by the Permanent Subcommittee on Investigations

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Permanent Subcommittee

on Investigations

Minutes of a Joint Meeting of the
Audit Committees
of Riggs National Corporation
and Riggs Bank N.A.

February 25, 2004

The Audit Committees (the "Committee") of the Boards of Directors of Riggs National Corporation (the "Corporation" or "Riggs") and Riggs Bank N.A. (the "Bank") met in a joint session on Wednesday, February 25, 2004, at 800 17th Street, N.W., Washington, D.C. Mr. Robert L. Sloan, Chairman of the Corporation Committee, called the meeting to order at 8:35 a.m. Committee members present at this time were:

Corporation Committee	Bank Committee
Charles A. Camalier, III	Jacqueline C. Duchange
	Thomas F. Fitzgerald
	John A. Sargent, Chairman

The following officers of the Bank and Corporation were present:

Joseph M. Cahill	R. Ashley Lee
David B. Caruso	Mary B. LeMont
Timothy C. Coughlin	John S. Mazzocchi Jr.
Walter B. Doggett, III	Jason D. Notini
Michael J. Elchwany	Robert C. Roane
David Gallalee	Gerald S. Savitsky
Lawrence L. Hebert	Steven T. Tamburo

Others present were:

KPMG LLP ("KPMG")

Robert C. Best, Lead Engagement Partner
Richard T. Wheeler, III, Assurance Manager

Office of the Comptroller of the Currency (the "OCC")

David M. Hunter, National Bank Examiner
Roberta L. Johnson, National Bank Examiner
Lester J. Miller, III, National Bank Examiner
John Wagner, National Bank Examiner

Mr. Sloan presented the minutes of the joint meeting held January 28, 2004.

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by
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on Investigations

Permanent Subcommittee on Investigations
EXHIBIT #33

Redacted by Permanent Subcommittee on Investigations

The exit conference for the Equatorial Guinea ("EG") review was held January 27, 2004. Mr. Caruso reported that the OCC concluded that oversight and management of the relationship was inadequate and that violations had resulted from inaccurate "Know Your Customer" ("KYC") documentation. Mr. Caruso described in detail additional OCC comments and opinions, including Currency Transaction Reports that had not properly identified the customer Redacted by Permanent Subcommittee on Investigations The Committee discussed Management's oversight of the EG accounts, and Mr. Caruso replied that Management had looked at the EG accounts and believed the explanations in the SARs were sufficient.

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At this point, the Committee went into executive session with the following officers present:

Joseph M. Cahill	Lawrence I. Hebert
David B. Caruso	R. Ashley Lee
Timothy C. Coughlin	Mary B. LeMont
Michael J. Elehwany	Robert C. Roane

The four OCC representatives also remained in the meeting.

Mr. Timothy C. Coughlin, President of the Corporation, informed the Committee that Riggs intended to terminate its relationship with Equatorial Guinea ("EG") and discussed the events leading up to that decision. He explained that in January 2004 the Bank discovered and confirmed that the EG account officer had embezzled funds from the account. Management met with the OCC to inform them of the situation. Mr. Coughlin thoroughly described the investigation, the companies and persons involved, and the suspect transactions. Riggs subsequently provided the information to the EG ambassador. The President of EG came to the U.S., and Management met with him on February 23, 2004. During that meeting, the President confirmed he was aware of several transactions and confirmed that they had been authorized. However, he had no knowledge of certain other transactions. Mr. Coughlin reported that, due to the actions of the Officers' Risk Management Committee, the Bank had not suffered a loss. He concluded his report, saying that Management has requested that EG move the relationship, as well as all personal accounts, to another institution as soon as possible.

During the ensuing discussion, Mr. Coughlin said that a total of about $700 million in EG funds would be leaving the Bank - $400 million in deposit accounts and about $300 million in investments with the Riggs Funds. Mr. Robert C. Roane, Executive Vice President, Operational Excellence, added that EG had about $42 million in loans with Riggs and that the Bank had already exercised its right of offset and the loans were paid off. The Committee discussed the impact of this on the Bank's liquidity. Mr. Lawrence I. Hebert, President and Chief Executive Officer of the Bank, explained that for several years Management, through the Asset/Liability Committee ("ALCO"), has reviewed Riggs' large exposures in the event that large sums would be withdrawn. He said that the EG account was one of the accounts considered in this exercise and assured the Committee that there would be no problem in providing the funds to EG. Mr. Coughlin said that Management would consult with counsel to ensure that all transactions in closing the accounts are handled properly.

Redacted by the Permanent Subcommittee on Investigations

Redacted by Permanent Subcommittee on Investigations

Mr. Miller said that the OCC's overall conclusion would be presented at the March 2 exit meeting. He said the EG relationship is very serious, noting there is always the potential for bribery. He indicated that a Senate investigation of EG is underway, noting that this posed a significant reputational risk to Riggs. Mr. Miller reported that Riggs was in non-compliance with three key articles of the Consent Order. He said the key issue for the OCC is accountability and advised Management to stress that from top to bottom throughout the organization and with the directors as well. Mr. Miller noted that this was the third relationship within Embassy Banking that Riggs has had trouble with, suggesting that the Bank should thoroughly review that area. He added that the OCC would return in June 2004 to conduct an examination of Embassy Banking. Mr. Miller declared that this situation has forced the OCC to take several actions. He said that Riggs has a weak IA function as well as internal controls, citing the fact that the former EG account officer had signing authority over customer accounts. He urged Riggs to determine if

any other officers have signing authority over customer accounts. In addition, the Bank needs to fully review wire transfer procedures.

Mr. Miller then announced that Redacted by the Permanent Subcommittee on Investigations Because of the unsafe and unsound management of the EG relationship, the OCC will consider civil money penalties for the Bank and will issue a "15 day letter". The Bank then has an opportunity to respond as to why civil money penalties are not warranted. Redacted by the Permanent Subcommittee on Investigations The Committee discussed the connection between a Senate hearing and Riggs. Mr. Miller noted that it posed a reputational risk for Riggs. The Committee agreed it believed the fact that the Senate may be investigating EG is being used as a threat against Riggs and that the profitability of the Bank is a greater risk for Riggs at this time. The Committee pointed out that although the OCC has concluded that Riggs has poor internal training and controls, in fact it was the Bank's internal controls that discovered the problem in the first place. Mr. Miller stated that the OCC's position is that the account officer should never have had signing authority over customer accounts in the first place. If the Compliance Department discovers something, by definition the Bank's internal controls have broken down because it should never have been allowed to happen in the first place. Responding to a question, Mr. Wagner said that improvement in IA is called for and the OCC has made some recommendations in the management of that area. Mr. Miller commented that Riggs is a complex institution and that when hiring audit staff Management needs to ensure that it is getting the best people the firm has to offer.

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Mr. Miller acknowledged that Riggs has made substantial progress, but that the OCC found more inherent risk than was known, especially in Embassy Banking. In particular, he said that Riggs needs to concentrate more on the front end procedures.

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There being no further business, the meeting adjourned at 11:55 a.m.

Robert L. Sloan, Chairman
Audit Committee, Riggs National Corporation

John A. Sargent, Chairman
Audit Committee, Riggs Bank N.A.

Attest:

Mary B. LeMont
Secretary

RNB 029224
RNB 029225
RNB 029226
RNB 029227

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Keen, Larry

From: Hunter, David
Sent: Tuesday, March 16, 2004 3:58 PM
To: Miller, Lester; Kelly, Jennifer; Sejnoha, Robert; Decker, Sharon
Cc: Boss, Joseph; Pasley, Bob; Amundson, Carolyn
Subject: RE: Meeting with Riggs Management - Scope of Embassy Banking Review
Sensitivity: Private

Attached is the attachment.

David M. Hunter
National Bank Examiner

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-----Original Message-----
From: Miller, Lester
Sent: Tuesday, March 16, 2004 3:34 PM
To: Hunter, David; Kelly, Jennifer; Sejnoha, Robert; Decker, Sharon
Cc: Boss, Joseph; Pasley, Bob; Amundson, Carolyn
Subject: RE: Meeting with Riggs Management - Scope of Embassy Banking Review
Sensitivity: Private

Please see our BSA strategy recommendation for the June target at the very bottom. This will also help the bank speed remediation in EB. Thanks, Les

Les Miller
OCC

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-----Original Message-----
From: Hunter, David
Sent: Tuesday, March 16, 2004 3:28 PM
To: Miller, Lester
Cc: Boss, Joseph
Subject: Meeting with Riggs Management - Scope of Embassy Banking Review

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EXHIBIT #34

Sensitivity: Private

Les Miller, Joe Boss and I met with Riggs management today to discuss the upcoming exam of Embassy Banking. Attached is the presentation detailing the scope. At the same time, the new EVP of the Embassy Bank Division (EBD) - Tim Coughlin, the bank's Risk Manager - Ashley Lee, and Compliance Manager - David Caruso presented what will be a change within EBD, that will drastically reduce the risks within the area. It was presented today, that at the next Officer's Risk Management Committee on Friday they will recommend that EBD terminate all OFAC, FinCEN, and FATF related countries. Currently, this includes 19 countries totaling at least a 1,000 accounts. While the exact number of all accounts (but estimated in the 1,000s) is unknown at this time, they know that Official accounts (e.g., Embassy and other government accounts) and PEPs total 529 accounts. The expected total (1000) is also at least one-half of the expected number of high-priority accounts designated by management that need upfront remediation. As a result, the reduction in this exposures will significantly reduce BSA/AML risk. However, the closing of relationships puts additional pressure on Embassy resources as account closing efforts, to be done in an orderly manner, takes time to ensure the bank is protected. In many situations account holders have loans and other obligations (guaranteed credit cards - exposing them to other risk). This time restricts personnel to focus on remediation efforts necessary for the other 16,000 to 18,000 accounts in EBD. We requested that a complete remediation plan, which includes estimated timeframes of closing and remediating accounts be performed to detail management's resources.

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David M. Hunter
National Bank Examiner

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Subject: Riggs EBD Weekly Update Meeting
Due Date: Thursday, March 25, 2004
Priority: High

Status: Completed
Percent Complete: 100%
Date Completed: Thursday, March 25, 2004

Total Work: 0 hours
Actual Work: 0 hours

Owner: Hunter, David
We met with Tim Coughlin - Head of Embassy Banking and Risk Manager Ashley Lee to get a weekly update of actions taken in the Embassy Banking Division (EBD) to ensure the area meets compliance with the Consent Order. Tim provided us the attached hand out (zip file) that outlines the discussion for today. However, before starting his update we asked Tim for an organization chart of EBD and discuss whether his authority includes the subsidiaries of REBL, RBIC, and Jersey. Tim stated his responsibility only includes EBD and he reports directly to Larry Hebert. Henry Morneault oversees those subs and they directly report to him. This is important due to the approximately 600+ International Private Banking accounts currently under EBD. Remediation efforts will be performed by the Administration and Operations area of EBD and the IPB accounts will either be closed or assigned to RIBC or Private Banking. During this time Peter Fowler will oversee the two International Private Bankers in EBD. Tim will provide an Organization chart of EBD at next weeks meeting.

Based on the recommendation from the Officer's Risk Management Committee and approved by the Board's BSAC and Audit Committee, all high risk accounts designated at that meeting will be closed (107 country relationships). Tim detailed that account closure will be in order of risk starting with all FinCEN, FATF, and OFAC relationships first. Before starting the country notification process, the bank will issue a press release announcing that the bank's strategic focus will be on branch expansion and they will be reducing their exposure to Embassy Banking. This announcement is expected to be made early next week. Until the announcement is made, EBD has been instructed to wait before notifying customers whose accounts will be terminated. Riggs recently sent letters to their EBD countries noting the 10k issues and that they were expecting to be designated a "Trouble Bank" by the OCC. At this time Tim has only spoken to the Chilean Ambassador informing the Ambassador what Riggs's limitations were under the designation. Chile is one of three high-risk countries that maybe subject to an exception from closure. The other two countries are Mexico and Brazil.

Draft policies from Compliance for Account Closing for Equatorial Guinea and Saudi Arabia were presented and subject to our review and comment. The polices will be reviewed this week. Tim expects the EG account will be closed by March 31, 2004. If they have not been instructed by the EG Government by 3/31/04, cashier checks will be drawn and delivered to the EG Ambassador at that time. Individual accounts not closed by the date will have official checks drawn and will be held unless instructions were given by the account holder.

For the report on EBD's remediation efforts, he continued to stress that accounts designated to be closed will not be remediated. The Compliance Division will present

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EXHIBIT #35

a revised remediation plan now that the bank has decided to terminate high-risk countries where thousands of accounts will be closed. The plan will include new staffing requirements and accounts defined as high-risk which are not being closed will be prioritized.

Training sessions held during the last two Saturday detailed EBD policies and procedures and file remediation processes. Management is also stressing that all EBD employees complete their mandatory training before April 30, 2004.

Tim will provide three deliverables to us before next week's meeting:

- Copy of letter to customers recently sent
- Organization Chart of EBD
- Follow-up on a IPB account previously questioned by Joe Boss (Z&S Real Estate)



update 3_25_04.zip

DRAFT
April 20, 2004
10:01 AM

Minutes of the Special Meeting of the BSA Compliance Committees of Riggs National Corporation and Riggs Bank N.A.

April 7, 2004

The joint Bank Secrecy Act Compliance ("BSAC") Committee (the "Committee") of the Boards of Directors of Riggs National Corporation (the "Corporation" or "Riggs") and Riggs Bank N.A. (the "Bank") met on April 7, 2004, at 800 17th Street, Washington, DC. Mr. Thomas F. Fitzgerald, Chairman of the Bank's BSAC Committee, called the meeting to order at 3:10 p.m.

Other Committee members present were:

Corporation	Bank
Charles A. Camalier, III	Jacqueline C. Duchange*
Eddie N. Williams	Robert C. Roane

Corporation Committee member J. Carter Beese, Jr. was not able to attend.

The chairman of the Corporation's Audit Committee, Robert L. Sloan, also attended.

The following Corporation and Bank officers also attended:

Joseph M. Cahill	David Gallalee
David B. Caruso	Lawrence I. Hebert
Lawrence __.Connell	R. Ashley Lee
Timothy C. Coughlin	Mary B. LeMont
Michael J. Elehwany	Henry D. Morneault

Others present at this time were:

Office of the Comptroller of the Currency (the "OCC")
David M. Hunter, National Bank Examiner
Lester J. Miller, III, National Bank Examiner

Promontory Financial Group, LLC ("Promontory")
Robert H. Hartheimer, Principal

Sullivan & Cromwell LLP
H. Rodgin Cohen, Partner*
Mark J. Menting, Partner*

Cleary, Gottlieb, Steen & Hamilton
John C. Murphy, Jr., Partner
Linda J. Soldo, Partner

**Telephonically*

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EXHIBIT #36

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Mr. Lawrence I. Hebert, President and Chief Executive Officer of the Bank, introduced Mr. Lawrence __. Connell, Vice Chairman. He said that Mr. Connell is an able and experienced banker and former regulator, who also had previously worked with Promontory. In his new position with Riggs, Mr. Connell will guide and lead the strategic process for Embassy Banking and International and will be the principal coordinator with the OCC and the Federal Reserve Bank of Richmond. Mr. Hebert and Timothy C. Coughlin, President of the Corporation and head of Embassy Banking, will work closely with Mr. Connell, who has overall responsibility in this area. Mr. Connell will also lead the coordination of completing all tasks to achieve comprehensive regulatory compliance. Mr. Connell noted that it was a pleasure to work with the Bank and its advisors and that he was committed to getting all things done right.

Mr. Fitzgerald welcomed Mr. Connell and then directed attention to the minutes of the BSAC meeting held March 22, 2004, which had been previously distributed to the Committee. Given that this is an interim meeting and that he has a number of comments on the minutes himself, he recommended that the Committee table approval of the minutes until the next meeting and asked that the Committee members call him or the secretary with any comments they may have on the minutes. Mr. Fitzgerald also noted that management had not been able to provide written materials to the Committee in advance of this meeting. Because Mr. Fitzgerald concluded that it was more important to have the meeting than to wait for prior written materials, he asked the Committee's indulgence. Mr. Fitzgerald then asked Mr. Caruso to report on the examination of RIBC by Federal Reserve examiners.

Mr. David B. Caruso, Director, Compliance & Security, reported that he, Ms. Cynthia A. Pehl, Director of Compliance, Mr. Henry D. Morneault, Executive Vice President, Wholesale Banking, and Mr. R. Ashley Lee, Executive Vice President and Chief Risk Officer, had a telephone conference on April 2, 2004, with Mr. Richard B. Gilbert, a Federal Reserve examiner, for a pre-exit meeting concerning the Federal Reserve's recent examination of Riggs International Banking Corporation ("RIBC"). Mr. Gilbert informed Management that the Federal Reserve cited six significant preliminary findings:

1. Lack of transaction monitoring prior to February 2004.
2. Lack of file review/remediation prior to the examination.
3. Internal Audit ("IA") did not address transaction monitoring and file review after the June 2003 examination, and the staffing level for the audit was insufficient.

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4. Tailored training should have included on-site classroom sessions.
5. RIBC had not followed policies and procedures being used by the Bank.
6. The compliance officer for RIBC was not hired soon enough.

Mr. Gilbert said that a formal enforcement action was likely and would likely result in a cease and desist order. He planned to vet the examination ratings with the Federal Reserve Bank of Atlanta and the Federal Reserve Board and then schedule a formal exit review for the following week.

Ms. Marimarlene Clay, Consultant, Promontory, joined the meeting telephonically.

Mr. Fitzgerald said that the Committee was very disappointed with the results of the Federal Reserve examination. He asked Mr. Caruso to explain what steps are needed in the short term to address and remedy the situation. Mr. Caruso replied that monitoring of transactions was implemented during the first week of February 2004 and is 70% complete. He noted that currently due to different technology systems, monitoring in Miami is not as robust as in Washington but would be so in about a month. Mr. Fitzgerald asked why it was not happening now. In response, Mr. Caruso said that it was not a question of personnel, but rather the need to integrate information into technology and non-technology systems. Mr. Fitzgerald asked Mr. Caruso whether he had added the personnel resources to get done what needs to be done for the integration. Mr. Caruso said yes, and that there is a plan to complete integration by the end of April, which had been reviewed with Federal Reserve staff. Mr. Hebert noted that the examination originally had been scheduled for May 3, but had been moved up by the Federal Reserve. Mr. Fitzgerald asked whether the Federal Reserve agreed that the new monitoring system is adequate. Mr. Caruso responded yes and noted that two of his staff went to Miami to present the monitoring plan to the Federal Reserve, who said they believed it would be sufficient when operational; it was just not implemented soon enough. Mr. Caruso then addressed training, saying that it had been remedied and will continue to be addressed. RIBC staff has been sent to off-site training, and a member of Mr. Caruso's staff will go to Miami in the next two weeks to deliver additional onsite training.

Mr. Fitzgerald directed Mr. Caruso to prepare a written tracking report for the Committee with benchmarks and interim deadlines to track these initiatives.

Mr. Michael J. Elchwany, Internal Audit Liaison Manager, reported that he had last week presented to the Audit Committee the draft findings of the Ernst & Young, LLP ("E&Y") (the Bank's outsourced internal auditor)

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BSA audit for RIBC. He said that E&Y had rated RIBC as unsatisfactory. Mr. Elehwany noted that E&Y's field work took place in the first week of February, and that E&Y's audit work was reviewed by senior E&Y personnel, including in New York. Mr. Fitzgerald asked whether E&Y had been given a copy of the June 2003 Federal Reserve examination. Mr. Elehwany responded in the affirmative and said that although E&Y had been asked to review issues raised during the Federal Reserve's examination in 2003, there had been some confusion on E&Y's part about the operational date for centralized reporting in Washington. E&Y thought that date was November 19, but it actually was February 2004. As a result, E&Y did not make an appropriate report finding. Mr. Elehwany noted that one OCC criticism about E&Y's BSA audit of the Bank was that E&Y had not looked at accounts opened after October 1, 2003. The Bank had emphasized this criticism to E&Y, and therefore E&Y had reviewed a 100% sample of all 20 RIBC accounts that had been opened since October 1, 2003. Of those, 12 were rated high risk. Fifteen accounts had been reviewed for transaction monitoring, and E&Y said that two required further investigative efforts. Mr. Elehwany said he had met with Mr. Gilbert of the Federal Reserve on March 12, 2004 to discuss the sample size, which at that time could have been increased if needed. At that time, Mr. Gilbert did not comment on the sample size. Mr. Fitzgerald asked if consideration was being given to having E&Y go back to RIBC to address the identified problems. Mr. Elehwany said that there had not as yet been any consultation with the Audit Committee on this question, noting that this was a breaking issue. Mr. Fitzgerald directed Mr. Elehwany to address this question and provide a report to the Committee at its next meeting. Mr. Hebert said that management will move quickly to request that E&Y go back to Miami and perform a satisfactory audit. Mr. Fitzgerald noted that this should be done now so that the E&Y final audit reflects a satisfactory audit. Mr. Hebert agreed. Mr. Elehwany reiterated that centralized compliance was the primary problem. Mr. Fitzgerald noted that he would speak with the chairman of the Bank's Audit Committee and the chairman of the Corporation's Audit Committee and request that they talk with E&Y.

Mr. Caruso next addressed the issue regarding the RIBC compliance officer. He reported that a compliance officer had been hired and started work in November 2003; however, a subsequent check of his resumé revealed a discrepancy, and he was terminated. The search continued, and the current compliance officer started in February.

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Mr. Caruso noted that the implementation of policies and procedures hinged on having a compliance officer, and the timing of filling this new position, created in November 2003, was not satisfactory to the regulators.

Mr. Morneault, addressing file review and remediation, explained that because the Miami business requires that the compliance officer have a Series 24 license, the hiring of a qualified candidate is complex. He then addressed the Miami file remediation project, which he said was in process. He said that the lack of file remediation at the time of the examination was disappointing, and added that the lack of a compliance officer probably fueled that issue. Mr. Morneault added that a full-fledged file review is currently underway. Mr. Morneault said that Mr. Juan Luis Toro, President and Chief Operating Officer of RIBC, currently has no marketing responsibilities and will have none until the remediation project is completed. He indicated that Mr. Toro has identified about 200 accounts that will be closed immediately due to unnecessary risk. Mr. Morneault added that the Federal Reserve has said it wants to see anecdotal qualitative comments in the files reflecting information about the account and how it is being used, and that process is also being improved. In addition, the Federal Reserve had reviewed 50 files (as opposed to the 17 files reviewed by E&Y) and cited the lack of updated "Know Your Customer" forms in the files. Mr. Fitzgerald asked what the timetable is for completion of the file remediation. In response, Mr. Morneault said that the remediation project should be completed by mid-summer 2004. Mr. Camalier noted the complications of the hiring of a compliance officer, and Mr. Roane noted the gap between December and February without a compliance officer. Mr. Fitzgerald asked for a tracking report of the specific tasks needed to complete the file remediation, including benchmarks and due dates and the names of both high level and line employees who are responsible for the completion of these activities. Mr. Fitzgerald added that this is not something that should wait – the Committee should be getting interim reports. Mr. Morneault said that there was no uncertainty among Miami personnel that remediation is a 100% priority.

Mr. Fitzgerald then distributed a blackline draft of the Proposed BSA Compliance Committee Procedures that had been first distributed at the last Committee meeting for review. He noted that changes had been made to the previous draft in response to helpful suggestions and comments from Mr. Miller and Mr. Hunter of the OCC. Mr. Fitzgerald noted that the procedures required draft minutes within a week after each Committee meeting, and told the Bank's secretary that help would be provided if she needed it. He also noted two corrections to the draft.

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First, agenda item 3 will include status reports from management concerning the closing of high-risk accounts being exited by the Bank and SAR compliance. Second, agenda item 6 will be changed to say that management will provide a quarterly executive summary analysis with respect to trends in SAR volumes, types of SARs filed and an explanation of the reasons for differences between the volume of referrals and the number of SARs filed. Mr. Joseph M. Cahill, Executive Vice President and General Counsel, suggested that the procedures refer to titles rather than specific persons. Upon motion duly made and seconded, the Committee approved the BSA Compliance Committee Procedures as presented and corrected at this meeting.

Mr. Hebert next provided a report on the status of exiting Embassy Banking high-risk accounts. He said that Management had asked Promontory to assist Mr. Coughlin in developing an exit plan for the identified Embassy Banking accounts. Management also intends to solicit the OCC's input on the plan. The plan will be submitted for the Committee's review. Mr. Hebert indicated that Management had been asked by the Committee to examine the complexities and risks of exiting these accounts. He said that management is also exploring exiting these accounts in a manner that could lessen risk to the Bank, including the placement of accounts with another institution. Mr. Fitzgerald said he wanted to be sure this would not slow down the exit process. Mr. Hebert said that it would not delay the process and that consideration of this alternative would move on a parallel track. Mr. Fitzgerald asked Mr. Connell to provide the Committee with a detailed time line and work plan to accomplish exiting the high-risk country Embassy Banking accounts by the next meeting, including benchmarks and flags if work is falling behind, so the Committee can evaluate the progress Management is making. Mr. Coughlin replied that this process has already been started. He then distributed a report he had prepared for Mr. Connell on the current status for closing these accounts. Mr. Fitzgerald asked whether Promontory had reviewed the report. Mr. Hartheimer said that Promontory had not reviewed this specific package, although probably had seen most of the information that is summarized.

Mr. Fitzgerald asked Mr. Coughlin to report on the status of account closings involving Equatorial Guinea ("EG"). Mr. Coughlin reported that all official EG accounts were closed on March 31, 2004, and cashiers' checks for approximately $340 million were issued. The checks will remain at Riggs until the account owners claim them. Mr. Coughlin further reported that personal letters have been prepared for PEPs (politically exposed persons) and

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credentialed diplomats (as approved by legal) and will be sent by April 30, 2004. Mr. Coughlin explained that for all accounts, the requisite number of signers must come to Riggs to receive the cashiers' checks or provide the Bank with written instructions to deliver the checks to the embassy or wire the funds to a bona fide institution in the same account name (which is the Bank's preferred method of transfer so that the Bank will know the bank to which funds are transferred). He said the same rules for delivering funds for the official accounts apply to the individual accounts. In addition, EG has about $300 million invested in short term money market investments; Riggs has resigned as the investment advisor, and these funds are currently held in the Bank's custody department. EG has provided verbal instructions to not sell these investments, but Riggs has informed EG that Riggs will do so if it does not receive written instructions from EG shortly.

David Caruso noted that pursuant to Section 314 there have been some information exchanges with another bank to which EG may move accounts (UBS).

Mr. Fitzgerald asked Mr. Miller and Mr. Hunter if they had any questions or comments. Mr. Hunter inquired whether the Section 314 exchanges were necessary because a U.S. banking institution was involved. Mr. Caruso confirmed that was correct.

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Mr. Fitzgerald said he thought a mechanism was needed for approval of cash withdrawals from all of these high-risk accounts over $100,000 and proposed that Mr. Connell would be the person with approval authority. Upon motion duly made and seconded, the Committee charged Mr. Connell with the responsibility of judging in each case whether a cash withdrawal of over $100,000 from any of these high-risk accounts would be permitted.

Mr. Coughlin then turned to a report on Embassy Banking file remediation and referred the Committee to materials he had distributed regarding the file remediation project, which included an overview and a spreadsheet.

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Mr. Fitzgerald asked when the project would be completed. Mr. Coughlin said the remediation would take place between June and August. Up until that time, Embassy Banking will be focused on closing the EG and Saudi and other high-risk embassy accounts and will be identifying the deficiencies in the files, which will be done by the Compliance Department. Mr. Fitzgerald asked if additional resources were needed to deal with these tasks more promptly. Mr. Caruso said that Riggs faces challenges in completing the review. He had expected to engage PricewaterhouseCoopers to assist in this effort and in preparing for the OCC Retail Banking examination in June. However, PricewaterhouseCoopers has indicated that they do not have the personnel that Riggs requires to complete the review. Mr. Caruso said that the work plan for this effort requires about 10 to 14 people and assistance to prepare for the June examination of Retail Banking. He has talked with three smaller accounting firms to see if they have the necessary personnel, adding that he wanted to begin immediately when the resources are on site. Mr. Coughlin noted that everything would be completed by mid-October. Mr. Fitzgerald said that this work should have been done last year and the question is why not sooner than October. He noted that if resources are needed, they needed to be obtained. Mr. Caruso said that the cost is not an issue. He is looking into resource alternatives, but the companies who do this work are busy. Mr. Fitzgerald asked Mr. Connell to prepare a report for the next Committee meeting on the status of obtaining the necessary resources for this project. In addition, he asked that Mr. Connell review the current work plan time line and bring to the next Committee meeting the most aggressive time line possible in order to complete the remediation process. Mr. Coughlin said that the high-risk accounts being closed will not be remediated. Mr. Roane suggested using temporary paralegal personnel, and Mr. Caruso agreed that particular skill set would be ideal for this project. Mr. Fitzgerald reiterated that the Bank must finish this remediation project as soon as possible, using whatever resources are necessary.

Mr. Cohen then reported that Mr. John D. Hawke, Jr., Comptroller of the Currency, had testified before the Senate Banking Committee today. He reported that the Banking Committee had asked Mr. Hawke specifically about Riggs' reported failure to file timely SARs and whether Riggs was meeting the deadlines outlined in the OCC's Consent Order. Mr. Hawke said that he would report the answers to the Banking Committee soon.

Mr. Fitzgerald asked Mr. Caruso to report on overall tracking and compliance issues.

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Mr. Caruso reported that Promontory has put together a thorough draft regulatory action item tracking report addressing all open compliance issues, indicating that the draft currently was 60 pages long. He said that he will have a working session with Promontory on April 12, 2004, to review the draft, assign due dates and individual responsibilities, etc. Mr. Hartheimer said that the tracking report includes about 170 items going back to the Consent Order, recent examinations, target examinations and the CMP letters. He indicated that it will make sense for Promontory to validate certain items to ensure they have been fully completed, adding that the completed report will be presented to the Committee for review at the next Committee meeting. Mr. Hartheimer said that this will be a working document that can be sorted by due date or person responsible, etc. Mr. Fitzgerald said that the report should include benchmarks and interim due dates. Mr. Fitzgerald asked whether senior or line personnel would be listed as responsible parties. Mr. Hartheimer said that several levels of responsibility for completing each item can be included and that he would discuss the personnel with Mr. Caruso. Mr. Fitzgerald asked that the key items for attention be flagged in some way on the report and that the report be circulated to the directors at least three business days before the next Committee meeting.

Mr. Sloan left the meeting.

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Mr. Caruso next reported on the status of compliance at all subsidiaries. He reported that the Financial Services Authority ("FSA") had conducted a closing meeting today regarding their three-day anti-money laundering

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("AML") review of Riggs Bank Europe Limited ("RBEL"), Riggs & Company International Limited ("RCIL"), and the London Branch. The FSA found that file documentation and controls were robust and that there was a sufficient commitment to anti-money laundering requirements and that there were no major shortcomings. Mr. Fitzgerald asked for a full report on subsidiary compliance by the next meeting. Mr. Fitzgerald said that he would in the interim talk with Mr. Caruso and would convene a special meeting of the Committee to get immediate reports on the subsidiaries if warranted. Mr. Miller stated that the OCC believes it is important for the Committee to be aware of what is happening in the subsidiaries and that any reporting process must be effective. Mr. Fitzgerald said that he had directed that there be regular reports from Compliance & Security concerning subsidiaries and was now requesting fuller, more detailed reports.

Mr. Fitzgerald asked Mr. Elehwany for a report on internal audit. Mr. Elehwany reported that he had received the first draft of E&Y's BSA centralized compliance audit plan. He indicated that he would review it with E&Y tomorrow and with the OCC. Field work will start around April 15. He noted that this schedule was consistent with the schedule approved by the Audit Committee last week. Mr. Elehwany said that the RIBC BSA audit had been planned for 500 hours and that all six BSA audits are planned for about 2,250 hours. Mr. Fitzgerald said that if E&Y believes that they need additional time or resources, the Committee should be informed. Mr. Fitzgerald asked if audits are on track. Mr. Elehwany said that internal audits are on track and that E&Y will redo the audit of Wealth Management at no charge to the Bank. Mr. Fitzgerald asked whether E&Y had assigned the right people to audits. Mr. Elehwany said there are some holdovers from the last BSA audit but that a new senior audit person had been assigned. He said that he would be looking for more personnel changes based on the Miami audit. He added he did not think it would be prudent to replace E&Y at this time. Mr. Fitzgerald said that there is uncertainty and asked if the Bank is communicating the problems to E&Y and addressing issues now. Mr. Elehwany replied that Miami is a breaking situation, but that he is looking to E&Y for more personnel changes. Mr. Fitzgerald said that this situation should not wait and directed Mr. Elehwany to speak with the chairmen of the Bank and the Corporation's Audit Committees and BSA Committees and report by memo by Monday whether E&Y was satisfying his concerns. Mr. Elehwany said that he would talk with Mr. Arnold of E&Y about new resources to remediate the problems in Miami. Mr. Fitzgerald then asked if Mr. Elehwany had the necessary resources to

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provide the required oversight for Internal Audit. Mr. Elehwany replied not yet, but noted that at its March 31, 2004 meeting, the Audit Committee had given him permission to hire five additional staff members at the "auditor in charge" level – people who are qualified to run an audit from start to finish. He said that he would begin soliciting for the new hires next week. Mr. Elehwany then addressed two additional issues. The first is that he does not know how many hours will be required for testing compliance with Section 404 of the Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley"); he anticipates having preliminary figures for the next Audit Committee meeting. The second concern is that the Bank has had to add 15 additional audits to the schedule for 2004. He said that if the five additional people are hired and the E&Y staff is augmented, all the audits should be completed this year. Mr. Fitzgerald asked if Mr. Elehwany expected to encounter hiring issues. Mr. Elehwany noted that right now there is a tremendous demand for auditors capable of working on Section 404 of Sarbanes-Oxley and that the Bank had reputation issues. Mr. Fitzgerald asked Mr. Elehwany to report at the next meeting on the status of audit resources and to consider an alternate plan to complete the work if the Bank cannot hire the appropriate staff or if E&Y cannot allocate more staff to Riggs. Mr. Elehwany said that as one alternative the Audit Committee has already given him permission to contact smaller audit firms for some audit projects. He will be talking with one such firm on April 12, 2004. He will have a progress report at the next meeting.

Mr. Fitzgerald asked Mr. Caruso to report on training. Mr. Caruso distributed a memorandum from him to all Riggs employees with training completion statistics and reminding them all that AML online training must be completed by April 30, 2004, and noting that consequences for non-compliance would be immediate and severe. Mr. Fitzgerald asked how training was being tracked. Mr. Caruso said that tracking will be done daily. He added that another reminder would be sent next week. If by then compliance is not at about 90%, he will direct that managers discuss it with individual employees. Mr. Fitzgerald directed Mr. Caruso to present a report to the Committee by April 15, 2004 on the status of compliance, any problems that may exist, and the steps that will be taken to address any problems. He said that the Bank must hit this mark with 100% compliance, and that the Committee should be informed if there were problems in any of the business units. Mr. Caruso informed the Committee that four two-hour classroom training sessions have been scheduled for Embassy Banking during April.

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In addition, there will be classroom training for Retail Banking in May. He said he would get the training materials to the Committee by the next meeting.

Mr. Caruso said that the Committee has asked how Management intends to ensure that the level of compliance knowledge for employees is satisfactory. He proposed that each business area be responsible for determining that, adding that his group would assist each area in deciding how such compliance knowledge can be tracked and measured. Mr. Caruso said that he would work with Messrs. Morneault and Kinard to explain all the procedures to which their staffs must adhere. Following that, his group will develop the procedures to measure and track employee knowledge. Mr. Fitzgerald noted that the business managers should have responsibility and accountability for compliance; line managers have to ensure that the staff under their supervision are doing what they are supposed to for compliance. He added that the Committee wants to see a plan at that level, with the Compliance & Security plan as an overlay, and expects a report from Mr. Caruso for the next Committee meeting.

Mr. Hunter distributed a copy of a memorandum addressed to the Committee regarding OCC review of National Security Letters ("NSLs"). He explained that NSLs are issued by law enforcement agencies and are requests for information on persons of national interest and likened them to subpoenas. NSLs cannot be shared with other persons. Mr. Hunter reported that Riggs has a policy regarding the handling of NSLs in place; however the OCC is finding that banks are handling the requests in different ways. He then referred to the six points in the advisory memorandum regarding how the OCC expects banks to handle NSLs, noting that the OCC views this as an effective tool for handling these matters. Mr. Hunter said that banks are expected to do the research required in the NSL and to review bank activity to determine if there might be suspicious activity and if a SAR should be filed. He emphasized that if the bank believes a SAR should be filed, it should contact the agency sending the NSL to determine if they have any concerns about filing the SAR. Ms. Duchange asked if this would require any change in the Bank's procedures. Mr. Fitzgerald asked Management to report at the next Committee meeting on the current policy and detail any changes they propose in light of the OCC's advisory letter. Mr. Hunter said that the next meeting would be fine. Mr. Caruso said that as a matter of practice, Riggs contacts the law enforcement authorities in such cases on any SAR, if warranted, prior to filing the SAR. He said that if the law enforcement authority tells the Bank not to file a SAR, written instructions are requested to confirm the request, but the authorities are reluctant

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to give written instructions. Mr. Hunter said if the law enforcement authority will not give written instructions, the Bank should get a name and phone number so that the OCC can check back. But Mr. Hunter added that the Bank should try to get written instructions. Mr. Murphy asked if the Bank would be in compliance if it got a name and phone number where the authorities will not put in writing that the Bank should not close an account or file a SAR. Mr. Hunter said that he would research the question and get back to the Committee. Mr. Caruso said that Management would recommend amendments to current procedures and present them for approval at the next Committee meeting. Mr. Fitzgerald asked Mr. Caruso to have the OCC review the amended procedures as well.

Mr. Fitzgerald said that the next Committee meeting would be held on Monday, April 26, 2004.

There being no further business, the meeting was adjourned at 6:10 p.m.

_____
Chairman
BSA Compliance Committee
Riggs National Corporation

_____
Chairman
BSA Compliance Committee
Riggs Bank N.A.

ATTEST:

_____
Secretary

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KNOW YOUR CUSTOMER

COMPLIANCE

POLICIES AND PROCEDURES

MANUAL

Approval Date by Board of Directors: January 16, 2001
Approval by Audit Committee: June 28, 2000
Revision Date: June 10, 2000

Permanent Subcommittee on Investigations
EXHIBIT #37

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KNOW YOUR CUSTOMER POLICY
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RIGGS NATIONAL CORPORATION
WASHINGTON, D.C.
KNOW YOUR CUSTOMER
POLICY AND PROCEDURES

I. INTRODUCTION

A. It is the policy of Riggs National Corporation (RNC) and its subsidiaries, including Riggs Bank N.A. (Riggs) to conduct business only with individuals, companies, trusts (beneficial owners) and grantors/power holders of such trusts that we know to be of good reputation and who, to the best of our knowledge through proper and thorough due diligence, have accumulated their wealth through legitimate and honorable means. Riggs will not accept as a customer any individual, company or trust relationship whom we have any reason whatsoever to believe has been convicted of any crime involving the misappropriation of funds or the use or trafficking of narcotics, or narcotics related material, or money laundering, or has obtained funds through illegal or illicit means. Riggs requires that information provided is scrutinized and corroborated to ensure the validity of the information. This information will be used in the determination of whether to accept an individual or entity as a Riggs customer. We do not make judgment as to the acceptance of clients on the basis of race, religion, sex, country of origin, or political belief, with the exception that Riggs will not accept any customers that are listed hereafter:

(1) Designated national as that term is defined in the Foreign Asset Control Regulations 31 CFR Part 500;
(2) Any person we are prohibited from dealing with under applicable law or regulation or;
(3) Any customer who is a member of a party that advocates the violent overthrow of the government of the United States.
   (a) Riggs will make inquiries we believe sufficient to ensure that no person is entering into transactions on the behalf of another to evade any regulations issued by the U.S. Treasury's Office of Foreign Assets Control (OFAC) or any Executive Order.
   (b) Riggs employees are expected to exercise care, due diligence and good judgment in determining the overall character, activities and nature of both existing and new Riggs customers.

An exception will be made to the above if we have a valid license from the Office of Foreign Assets Control.

B. Riggs has an expressed corporate goal to maximize long term shareholder value in the conduct of a highly ethical financial enterprise. In achieving this goal, we will do business only with individuals and organizations we believe to be of sound character and good reputation. Every employee is expected to use care and good judgment in determining the general character and reputation of prospective and existing customers. Senior management will take an active and direct role in the oversight and observance of all banking activities with particular attention being paid to the Private Banking (PB), International Private Banking (IPBD), and Trust (Riggs & Co.) activities. Oversight extends to all areas in order to properly create a corporate culture that understands the need for proper and sound banking practices and risk

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aversion in the area of Know Your Customer (KYC). However, management recognizes the potential for enhanced risk levels in these areas.

C. All Riggs' employees shall exercise reasonable care in monitoring customer accounts to safeguard the interest of Riggs. The principle "Know Your Customer" applies in every circumstance and to all business we conduct. The satisfactory application of this principle requires that every employee protect the Bank's interest by following prescribed procedures to evaluate and to be familiar with our customers.

If the results of the evaluation are unsatisfactory, it shall be our practice to decline or discontinue the relationship. Riggs will endeavor to identify areas of concern and to resolve these concerns. However, should we be unable to resolve the issues to determine whether the individual or business is of good standing, a determination will be made as to whether the account relationship will commence or continue. Our Private Banking business is built on professionalism, credibility, trust, and confidence. These four vital attributes help sustain and grow our business, and therefore, are most precious to the bank's entire business, safety and soundness.

D. Program Structure
(1) Objectives and Target Customer Base
(2) KYC Requirements
(3) Training
(4) Audits
(5) Board Reporting
(6) Record Retention

E. Essential KYC Components
(1) Obtaining and establishing positive identification and basic background information on clients and prospective clients.
(2) Ascertaining the client's and prospective client's source of wealth, funds and line of business.
(3) Obtaining satisfactory references from independent sources.
(4) Detailing and properly documenting any information obtained from independent sources providing references about an existing or prospective client.
(5) Obtaining and documenting positive testimonial regarding the character of any existing or prospective client from another Riggs unit.
(6) Developing a customer profile, and defining the type and volume of transactions expected to be conducted through the client's account(s). Customer profiles should be regularly updated throughout the relationship in order to change the profile as the client's needs change. A copy of this profile follows this policy.
(7) Properly monitoring the client's use of Riggs' banking facilities for inappropriate or suspicious activities, and reporting said activities to the proper authorities. This process is detailed in Section III (B).
(8) Properly documenting contact and visitation reports, by documenting meetings with clients in their home countries and places of business.
(9) As the state and federal regulatory agencies increase their knowledge of ways to prevent or thwart the laundering of money, new legislation or guidelines may be introduced. When this occurs, Riggs' Management will inform employees as to changes in the law and make appropriate changes to Riggs' policies and procedures.

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However, Riggs has and always will emphasize the importance of KYC and will not tolerate any deviation from its policies and procedures in the area of KYC. It is the correct approach and the responsibility of Riggs to ensure that KYC policies and procedures are followed in order to avoid any negative publicity and to conduct business in a proper and ethical manner. Action steps to follow are found in Section III (B) of this policy.

II. BANKING ACTIVITIES

A. Objectives and Target Customer Base -- Riggs & Co.

(1) The objective of Riggs & Co. is to sell services and products to high net-worth individuals, and as a result, increase Assets Under Management (AUMs) thus increasing revenues and shareholder value. However, this objective should be obtained within the framework of the KYC Policies and Procedures that should in no way be circumvented in order to reach Riggs' objectives and goals. PB, IPBD, Trust and RIMCO should use proper risk management in order to minimize any exposure that a prospective client may have.

The general business of the Domestic Private Banking group, operating under the Riggs & Company brand name, is to provide a wide range of financial services to affluent households, professional service firms and their individual partners. Services provided include commercial and consumer loans, as well as deposit and other branch services. In an effort to provide comprehensive financial services, RIMCO, trust, cash management products, and referrals to alliance service providers are also offered through Private Banking Relationship Managers.

(2) Target Customer Base and Services Offered

Riggs has determined that the customer base that the Private Banking Department and International Private Banking Department should target is a high net-worth individual.

As defined in the bank's Strategic Plan, "private banking customers" are households with $100,000 to $500,000 or more in investable assets and wealthy foreign nationals and/or households with annual total income of $100,000 or more. These customers are most likely to benefit from the following services:

(a) Checking Accounts
(b) Money Market Accounts
(c) Cashier's Checks and Drafts
(d) Foreign Exchange
(e) Hold-Mail/ Special Handling
(f) Issuance of Credit Cards
(g) Bill Payment Services
(h) Certificate of Deposits, International Banking Facility (IBF) Deposits, Eurodollar Deposits
(i) Fully Secured Credit Facilities, Loans, Letters of Credit and Stand-by Letters of Credit
(j) Trust Services/ Offshore Companies
(k) Investment Portfolios
(l) Custody Accounts

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(m) Mutual Funds
(n) Wire Transfers
(o) Financial Planning Services
(p) Insurance Sales
(q) Equity Transactions
(r) Portfolio Management
(s) Investment Advisory Services

If an existing or prospective client should be in need of any special services not listed above, the relationship officer must consult with Senior Management, and results should be properly documented in the client file. Refer to Section III (A)(6)(b)(iii) which details higher risk companies.

B. Objectives and Target Customer Base – Retail Sales and Service

(1) Retail Sales and Service has two types of customers, external (market) and internal. External customers are the general public, and the internal customers are bank employees. There are numerous service quality standards detailed in the *Customer Service Manual*, as well as other procedures designed to serve the customer in the most appropriate manner and provide them with the products most suitable for their needs.

(2) Target Customer Base – Retail Banking Customers

As stated above, external customers are considered to be the general public. If during the sales session with the customer it appears that the customer has sizable assets, the customer will be referred to either Domestic or International Private Banking. If a referral occurs, the customer's account will be documented under the appropriate KYC procedures detailed elsewhere in the policy.

(3) Account Opening Procedures:

(a) The *Customer Service Manual* used by Retail Banking employees states that "Customer Service Representative must positively verify the identity of each new account applicant. Each applicant should be informed of the bank's identification policy and that proper identification is required for all banking transactions."

(b) Retail Banking employees require two forms of identification to open an account, primary and secondary. Primary identification includes a driver's license, passport, armed forces ID, or an ID issued by a nationally or locally recognized credit card company.

(c) At account opening, Customer Service Representatives are instructed to check for signs of potential fraud.

(d) In accordance with bank procedure, the account is opened through Retail Banking's SalesPro system and all fields of information must be completed, including primary and secondary forms of ID, and all pertinent personal information.

(e) At the close of each business day, the supervisor or officer reviews all signature cards and applicable information to ensure that all information was included on the SalesPro system and that all necessary documentation was obtained. The account is also verified through Equifax and ChexSystems to reduce the possibility of fraudulent activity. ChexSystems also verifies if the account is on

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the Specially Designated Nationals list that is issued by the Office of Foreign Assets Control.

(4) Monitoring of Unusual or Suspicious Activity of Retail Banking Deposit Accounts

Riggs' Corporate Bank Secrecy Act (BSA) Policy addresses the bank-wide "Monitoring for Suspicious Activity." This section of the BSA Policy states, "detection of suspicious activity is achieved through various methods throughout the Bank. These include the use of the Antonori System, the Risk Tracker System program, and an internal program designed to identify check-kiting suspects."

A more in-depth discussion of the monitoring mechanism of non-private banking accounts is discussed in the Corporate BSA Policy.

C. Objectives and Target Customer Base – Correspondent Banking

(1) The objective of Riggs Bank N.A. and Riggs Bank Europe Limited (RBEL) correspondent banking activities is to facilitate domestic and international payment and foreign exchange transactions on behalf of Riggs' clients; support Riggs' requirement to access inter-bank trading markets for liquidity management, foreign exchange and derivative transactions; and to promote the Riggs Bank name in the marketplace in order to attract trading and letter of credit lines from banks and business referrals.

The business of the Correspondent Banking Division includes forming and maintaining relationships with other banks, by evaluating the products and services they offer, and measuring and monitoring counter-party risk. In general, this is done to enable other areas of the bank to utilize a Correspondent Bank's services in order to provide the following products or services to our commercial, retail, private and embassy clients:

(a) Electronic payment and cash letter clearing services throughout the world, providing beneficial features such as enhanced clearing time or reduced expense to Riggs or our customers;
(b) Provide bank drafts for our customers, which are drawn on foreign banks;
(c) Foreign exchange services offered through our "nostro" accounts with foreign bank, conducting foreign exchange trades and selling bank notes;
(d) Managing the bank's liquidity through buying and selling Fed Funds or other inter-bank placements;
(e) Facilitating trade finance by confirming letters of credit issued by other banks for the benefit of our customer, or gaining acceptance by other banks of letters of credit issued by Riggs Bank on behalf of our customers;
(f) Gaining client referrals as foreign individuals and businesses move to the U.S., primarily to the Washington, D.C. area.
(g) Sharing in risk participations or credit instruments that exceed Riggs' risk limits or underwriting standards.

(2) Existing Correspondent Banking Base and Services Offered

(a) Most of the bank's correspondent business is with large multi-national, investment-rated banks, which are used to facilitate

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customer transactions and liquidity management of the bank and its subsidiaries;

(b) Large regional domestic banks are used primarily for liquidity management by Riggs;

(c) A few medium-sized foreign banks located in OECD countries are used for liquidity management purposes by RBEL;

(d) Riggs and RBEL maintain a small number of "nostro" accounts with medium-sized foreign banks in order to facilitate transactions of particular clients;

(e) A small number of domestic "downstream" banks have accounts at Riggs to facilitate specific transactions or use Riggs Bank's international services;

(f) A small number of foreign banks in emerging countries have dollar accounts with Riggs in order to facilitate their customer payments. These are not "payable through" accounts.

(3) Typical International Correspondent Bank Relationship

(a) Primary Relationships

Primary Banks - most domestic and international correspondent relationships are with the largest and generally highest rated banks located in the U.S. or within OECD, or European countries.

(i) Financial information from these banks is readily available along with third party information;

(ii) Most of the international relationships are well established and have been maintained satisfactorily for a number of years;

(iii) Periodic visits are conducted with representatives of the primary banks both in the U.S. and at the foreign location;

(iv) Some relationships maintain dollar accounts at Riggs for specific local and/or client transaction purposes;

(v) Riggs and RBEL maintain most "nostro" accounts with these primary banks.

(b) Secondary Relationships

Secondary Banks – Smaller foreign banks in developing countries which maintain dollar accounts with Riggs. Most of the accounts have been opened for a number of years and are typically low volume accounts. Transactions usually relate to the country's nationals residing in the U.S. and/or benefit the foreign embassy in Washington, D.C.

(i) A number of foreign banks maintain dollar accounts at Riggs for the purpose of clearing local payments;

(ii) A small number of domestic banks within the Washington D.C. region maintain correspondent accounts with Riggs;

(iii) Riggs and RBEL maintain "nostro" accounts with a small number of banks in non-OECD countries to facilitate customer transactions;

(iv) A few central banks maintain accounts with Riggs, predominately to facilitate donor funds and to fund their foreign state obligations.

(4) Establishing New Correspondent Relationships

Prior to establishing a correspondent account with a foreign bank, the relationship manager must verify the legitimacy and character of the bank and the nature of its proposed business with Riggs.

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(a) The acceptability of Primary banks located in OECD countries can be established upon receipt of its financial information, obtaining verification of an investment grade rating or third party rating agency report and determination of the bank's well established position within its financial community.
  (i) Public information should be reviewed for current financial performance and to understand the type of business in which the bank is primarily engaged;
  (ii) Ownership of the bank should be determined and considered for appropriateness;
  (iii) The purpose of establishing a correspondent account should be established and evaluated for appropriateness.

(b) Secondary banks, especially located in non-OECD countries or emerging markets should be verified as follows:
  (i) The Riggs relationship manager must have personal contact with an appropriate level officer at the prospective bank in order to validate any written request and to obtain preliminary information;
  (ii) The OFAC list must be reviewed to determine that the prospective bank is not named;
  (iii) A license must be provided and independently verified by the relationship manager through the issuing central bank or the foreign embassy located in Washington, D.C.;
  (iv) Ownership of the bank must be determined and considered for appropriateness;
  (v) Articles of incorporation or equivalent, financial statements and other information about the types of services offered by the bank must be obtained and reviewed;
  (vi) Information about the types of customers and markets served by the bank must be documented;
  (vii) Verifiable references should be furnished, preferably in writing, from a credible source, acceptable to Riggs, such as another correspondent bank or multi-national corporation;
  (viii) The purpose of establishing a correspondent account should be established and determined to be reasonable.

(5) Generally Undesirable Correspondent Bank Relationships
  (a) Newly formed foreign banks with no business history;
  (b) Banks where ownership or management integrity is questionable;
  (c) "Offshore" shell banks doing business in the U.S.;
  (d) Banks unable to provide necessary documentation and references;
  (e) Banks that have no credible reason to have an account in Washington, D.C.;
  (f) Banks with whom no personal contact has been made and/or whose place of business cannot be verified.

(6) Recommending the Correspondent Account

After receiving and reviewing all of the above, the Relationship Manager must make a recommendation to open the account and obtain approval from the Correspondent Bank Division Head or IBG Group Manager.
  (a) The written recommendation should include a completed checklist, with comment if appropriate;

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(b) The appropriateness of an agency agreement must be evaluated and recommended;

(c) Determination should be made whether the account is eligible to be placed in the drawing book based on country risk and soundness of the bank's financial condition.

(7) Monitoring the Correspondent Account

(a) The Relationship Manager is responsible for monitoring the on-going status, strategy, and ownership of a correspondent bank with whom Riggs has a relationship;

(b) For mature relationships, there should be some form of annual contact preferably in person or by phone with each bank holding an active correspondent account with the purpose of gaining information about any ownership, structural or strategic changes;

(c) For new relationships, a meaningful form of contact with management should be documented on a semi-annual basis for the first two years;

(d) A review of the correspondent bank's account activity with Riggs should be made quarterly to look for a trend of unusual or non-conforming transactions;

(e) A review checklist should be completed annually for each active non-rated Secondary correspondent bank account and placed into the file.

D. Objectives and Primary Customer Base – Relationship Banking

(1) The mission of the Relationship Banking Group is to support the overall objectives of Riggs. Riggs' market is defined as the Washington, D.C. metropolitan area.

(2) Relationship Banking strives to provide a broad range of high quality, technically sound credit and non-credit products and services at competitive prices.

(3) Relationship Banking consists of four major segments: Not-for-Profit Lending, Commercial Lending, Commercial Real Estate Lending, and Business Banking which caters to the needs of smaller businesses. Customers include many area churches, small businesses, and major development companies that are well established and/or publicly traded who have demonstrated sound management.

(4) Products offered by the various units within Relationship Banking include US Small Business Administration 504 Program Loans for qualifying businesses, Micro Loans for Non-Profit community development corporations and other qualified community groups, commercial lines of credit (secured or unsecured), term loans (secured or unsecured), lines of credit (typically secured by assets being financed), owner-occupied commercial mortgages, tax-exempt bond financing, guidance facilities, letters of credit, commercial mortgages, residential lot development lines of credit, commercial construction lines of credit; residential construction lines of credit, and cash management services.

III. IDENTIFICATION, PROFILING, AND SUSPICIOUS ACTIVITY REPORTING

A. Know Your Customer Requirements

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(1) Establishing positive identification and basic background information of Riggs & Co., clients.

(a) Prior to accepting responsibility for any new customer relationship within Riggs, the officer must obtain satisfactory proof and documentation that evidences that the individual is who he/she claims to be, and have basic background information about the prospective client.

(i) Customer must provide satisfactory means of establishing his/her identity by means of a passport or other photo ID. Acceptable forms of identification include a national identification card ("cedula"), driver's license, etc. A photocopy of the identification should be taken for the customer's file including the biographical passport pages in addition to the page indicating the type of entry Visa.

(ii) If the customer is known to the President or Officer of Riggs Bank N.A., or is referred by another Riggs unit, proper documentation of the referral, in the form of a letter, should be placed in the client file. Please note that a referral does not absolve Riggs of due diligence requirements, unless we are satisfied that the referring unit followed this policy. If a completed client profile worksheet accompanies the referral, ensure that it is complete and accurate and proceed accordingly. ***Please note that if a letter is not obtained, the referral must be thoroughly documented, including written notes of conversations, etc. However, an effort should be made to ensure that a letter of recommendation is obtained. It is understood that this will not always be possible.***

(iii) If the customer is personally introduced by a valued Riggs' customer, it is strongly recommended that the existing valued customer give the officer responsible for the account a letter stating that he/she believes this new customer would be an acceptable individual to have as a Riggs customer, meeting the parameters detailed in the "typical client profile section" of this policy. If not, the verbal referral must be documented (with a memo) by the Riggs Officer. A valued customer must be someone with whom we have a substantial track record.

(iv) When a new client is introduced by a law firm, accounting firm, consultant, etc., a letter documenting the background for the file is essential. ***Please note that if a letter is not obtained, the referral must be thoroughly documented, including written notes of conversations, etc. However, an effort should be made to ensure that a letter of recommendation is obtained. It is understood that this will not always be possible.***

(v) Customers having already met the opening account requirements for a new account and, thus establishing another Riggs account relationship should be properly noted.

(vi) Additional items required by RIMCO include the following:

- W-9 or W-8
- Copy of the Governing Instrument
- Current Financials (corporate clients), such as 10K, 10Q, etc.

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- Statement of Portfolio Assets from statement of prior advisor, broker, bank or consultant
- Corporate Resolutions

All account documentation is subject to review by the Chairman, President or Treasurer of Riggs, and the Director of Compliance of Riggs & Company.

(2) Ascertaining the prospective client's source of wealth, funds, and line of business.

Proper corroboration of the prospective client's source of wealth, funds, and line of business is an important component of the KYC process. Proper corroboration includes, but is not limited to, the following:

(a) Consulting with Credit Bureaus in foreign countries to obtain information;
(b) Obtaining Audited Financial Statements, marketing brochures, and annual reports of customers' businesses;
(c) Obtaining private credit agency reports on the prospective client's businesses;
(d) Questioning and scrutinizing large cash deposits before accepting in order to open an account;
(e) Researching published information to obtain any further details on the prospective client;
(f) Making an assessment as to whether the amount and type of expected activity is commensurate with the established client profile.

(3) Obtaining Satisfactory References

(a) Satisfactory references are required to open an account relationship with Riggs.
  (i) PB and IPBD Account Officers should obtain references on prospective clients from reliable independent sources, such as other financial institutions, the prospective client's business associates, attorneys or accountants, who describe the capacity in which the referring party knows or knew the prospective client and the nature of their relationship. ***Please note that if a letter is not obtained, the referral must be thoroughly documented, including written notes of conversations, etc. However, every effort should be made to ensure that a letter of recommendation is obtained. It is understood that this will not always be possible.***
  (ii) Internal references from personnel that serve the prospective client from an affiliate or other department within Riggs' unit must be accompanied by detailed, well-supported documentation.

(b) Unsolicited New Customers:
  (i) Bank References: A new customer who is not referred by a Riggs unit or an existing Riggs customer, primarily business customers and/or holders of large accounts, where possible/practical, should provide two favorable and reliable bank references. Each Riggs & Company, business unit, has established benchmark dollar amounts defining "large accounts". The customer should provide two letters of reference prior to Riggs agreeing to establish an account. The reference letters should be from banks where the

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customer has had a relationship for at least six months. The officer who opens the account is responsible for reviewing the reference letters and should independently verify their authenticity. It should be noted that there might be situations where it may be impractical to obtain letters of introduction from certain markets at certain periods.

(ii) As offshore bank references are usually of limited assistance, the officer responsible should not look upon bank references as the only means of comfort when opening an account.

(iii) Local lawyers and accountants maintaining existing account relationships at Riggs may serve as satisfactory referrals.

(4) Developing a customer profile, which defines the type and volume of transactions expected to be passing the prospective client's accounts.

A Client Profile Form is completed by the officer for each client which documents the client's background, source of wealth, occupation, identification provided at account opening, personal and/or professional (banking or commercial) references, target products, investment risk tolerance and expected levels of activities.

(a) In developing a client profile, an account officer or relationship manager should include the following information about the prospective client's expected activity:

(i) Review established parameters based on type of account and associated level of risk.

(ii) The prospective client's annual income.

(iii) The amount of funds expected to be received throughout the year.

(iv) The amount of funds expected to be received in a one-month period.

(v) The form in which the funds will be received (wire transfer or deposit).

(vi) The expected amount and purpose of loans which the client may require.

(vii) The anticipated amount that will be invested in RIMCO Monument Funds, Prudential, Meridian or other investments.

(viii) The anticipated number of deposits that can be expected to be received in a one month period.

(ix) The estimated number of checks that will be drawn against the account in a one month period and the estimated largest amount to be drawn against the account in the form of a check.

(x) The estimated number expected for incoming and outgoing wire transfers in a one-month period.

(xi) Expected investments and risk tolerances.

(xii) Any other information that can assist in the determination of a client's activity should be included.

(xiii) Additional requirements for Business customers include obtaining financial statements, marketing brochures and materials, annual reports, and any other materials available on the prospective client's business.

(b) Based on these expected levels of activity the Administrative Officer within RIMCO, the account officer within Private Banking, Trust, and International Private Banking will monitor the accounts for any

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activity which is beyond the expected activity levels or that may be suspicious based on the information provided by the PB Officer.

(c) Upon completion of the Client Profile, the Administrative Officer within RIMCO, the Managing Director within Private Banking, the Administrative Officer within International Private Banking, and the Account Officer within Trust as applicable, will review the documentation in client file to ensure the file is compliant with Riggs' policies and procedures.

(d) The KYC Status Report will be used to aid in the monitoring of account relationships.

(e) The employee responsible for establishing the loan or deposit relationship will also review the names of all the signatories on the account against the Office of Foreign Assets Control (OFAC) list in order to ensure that Riggs does not violate the OFAC Regulations. Refer to the most recently issued OFAC listing, which is distributed by the Compliance Department as changes are made by OFAC, or via the on-line OFAC checker website. Check with your Compliance Officer if you do not have the current address of this website.

(f) Description of, Requirements for High Profile Customers

(i) DESCRIPTION: High profile, high visibility, military or publicly elected or appointed individuals are scrutinized even more carefully when they are solicited as clients as they have a higher risk of possibly jeopardizing Riggs' reputation at some future time. These customers include anyone known to be under investigation by the United States Government or any related agency or any state or local government or any related agency.

(ii) REQUIREMENTS:

- Obtain published information on high profile customers from the press, periodicals and through standard database searches;
- If a prospective client is deemed to be high profile, the officer will prepare a brief background memorandum of recommendation. The appropriate division head will concur with the memorandum;

(5) Properly documenting contact and visitation reports by documenting meetings with clients in their home countries and/or places of business.

(a) Occasionally, account officers visit their clients during marketing trips and maintain contact via telemarketing and correspondence.

(b) Officers, where practical and possible, should visit clients at their businesses, farms, factories, homes, etc., and therefore, obtain or update first-hand knowledge of their clients' activities.

(c) Call Reports are required (and attached to Expense Account Reports) and document both background and useful marketing information obtained from these meetings.

(d) In addition to visiting our clients, they may visit our offices. Upon these visits, the Officer should update client business activities, review pending documentation and discuss account activity.

(e) Officers should review client accounts on a regular basis when reviewing customer requests for funds transfers and for other services. In addition, when the account officer reviews daily reports such as current account

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balances, time deposit maturities, bill payments and large transactions reports, account activity is monitored.

(6) Client Activities and Suspicious Activities

(a) Officers should be extremely vigilant with certain types of client/prospect activities that could require further scrutiny of the client/prospect by the officer.

(b) PB, IPBD, Trust, and RIMCO must understand the client's business and expected levels and types of account activity. The following are certain activities that should require further investigation:

(i) Client sells to/buys from or receives/sends funds to Tax Havens.

(ii) Client is active in drug producing countries or in transfer/transit ports or countries.

(iii) Client engages in certain businesses which can be considered high risk, such as:

- Exchange houses/ Casas de Cambio
- Travel agencies
- Casinos
- Import/Export Companies
- Jewelers or dealing in precious stones
- Car, Boat and Plane Dealerships
- Business dealing with leather and furs
- Stock Brokers
- Spare parts dealers for cars, boats and planes
- Art and Antique Stores
- Movie Theaters
- Stadiums
- Restaurants

(c) Non-Managed Personal Investment Companies (PICs)

(i) PICs are a common practice in Estate and Tax Planning for non-residents. International Private Banking clients will often establish offshore PICs to house their investments (i.e., real estate, time deposits, bonds, equities, and other securities). PICs offer confidentiality, especially for those investors who live in countries characterized as politically unstable.

(ii) Ownership of PICs is vested through issuance of shares, sometimes in the form of registered shares, 'nominee' shares or 'bearer' shares.

- Nominee shares are issued in the name of the nominee for the benefit of the beneficial owner.
- In the case of bearer shares, ownership rests with the person(s) who are in possession of these certificates.

(iii) The following is the list of required documentation to establish an account with Riggs, in the name of a PIC:

- Account Data Form (signed by all authorized signatories)
- Certification of Ownership Form
- W-8 Form signed by an authorized signatory.
- Two signature cards signed by all authorized signatories.
- Riggs' Corporate Resolution Form
- Riggs' Resolution for Bank Accounts Form

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Articles of Incorporation and by-laws for Commonwealth Companies (Certified copies are acceptable if the originals are not available).
Copies of an unexpired passport or a valid official identification document of the authorized signatories.
A complete Riggs' KYC Profile

(iv) Prior to the opening of an account for a PIC, Riggs' Due Diligence procedures must be followed, as discussed in Section III (A)(1-6).

(v) In order to comply with the KYC procedures, Riggs must at all times be informed of the identity of the person(s) with beneficial interest in the PIC. This is true even if the person with the beneficial interest is the same as or different from the directors and officers of the PIC.

(vi) The Officer must obtain from the Corporation a duly signed "Certificate of Ownership" certifying:
who the beneficial owners are
that no other person, besides those listed, has undisclosed beneficial interest in the company
that Riggs will receive written notice of any change in the corporation's beneficial ownership
that should Riggs become aware of a change in ownership without prior written notice, Riggs reserves the right to refuse to honor transactions in the PIC until Riggs has received official notice of the change in beneficial ownership.

(vii) For existing PIC accounts, a duly signed Certification of Ownership must be obtained and be placed in the customer's legal file.

(viii) In the event a change is requested in the signing arrangements for a previously established PIC account (for example, the addition, elimination, or substitution of signatories), the Officer must request the following:
The original, or a certified copy, of the Minutes of the meeting held re-appointing the new Directors and/or officers, including their new signing powers.
A letter must be sent to the known owner(s) of the company seeking confirmation that there has been no change in beneficial ownership.
Until such confirmation has been received by Riggs, all transactions in the account must be approved by the assigned officer with concurrence by the Executive Director of Private Banking, the Executive Director of Trust, the Executive Director of RIMCO, or the Executive Vice President of International Banking, as applicable.
Should Riggs receive notice that the ownership structure has remained unchanged, business conduct will continue as usual. A memorandum detailing these results must be filed in the customer's legal file, signed by both the Officer and the Executive Director of Private Banking, the Executive Director of Trust, the Executive Director of RIMCO, or the Executive Vice President of International Banking, as applicable.

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Should Riggs receive notice that the ownership structure has changed, proper due diligence must be executed regarding the new owner(s). Should the results of this investigation prove to be satisfactory, a memorandum signed by the Managing Director of Private Banking, Managing Director of International Private Banking, or the Director of Compliance of Riggs & Co., as applicable, confirming the outcome must be filed in the customer's legal file.
Should the due diligence inquiries prove to be unsatisfactory, refer to KYC procedures regarding due diligence.

(ix) In the event Riggs is advised of or otherwise learns after the fact of a change in ownership of an existing PIC, procedures described in the last two paragraphs of viii must be followed.

B. Suspicious Activity Reports (SARs)

(1) Bank employees are required to contact the Security Department when they are suspicious of transactions flowing through a customer's account. Using established procedures as outlined in Section III (A)(6) of the policy, the relationship officer is required to determine if the activity flowing through the account is within established parameters for the account and/or type of account. If the account officer believes the activity is suspicious, the security officer, or his/her designee, will review the account activity to determine if the transaction(s) is an isolated incident, or part of a series of transactions appearing to indicate money laundering and/or structuring.

(2) The key tool(s) that will be used to monitor customers' accounts will be the Daily Balance Fluctuation Report (R-2060); Large Transaction Activity Report (R-2051); the High Activity Report (R-2055); and the Large Balance Report (R-2070).

(3) The key tool used by RIMCO and Trust is the Daily Asset Allocation report. A large deposit or withdrawal would normally trigger an "Out of Tolerance" situation that is monitored by the Client Service Officer and RIMCO's Director of Compliance.

(4) The Balance Fluctuation Report reflects variations in excess of 30% or $500,000; the Large Transaction Report is generated for items in excess of $100,000 for individual accounts and $250,000 in the case of corporate/commercial accounts. The High Activity Report generates excessive transactions by account type and the Large Balance Report captures accounts in excess of $500,000.

(5) These reports, when compared to the KYC Client Profile worksheets, may identify accounts with transaction activity which Riggs' management may determine is not consistent with that of a typical investment-oriented Riggs customer or the nature of the client's business or activity. If unusual/abnormal activity is noted, refer to Section III (A)(6).

(6) The monitoring process encompasses three critical steps:
(a) Riggs' Control and daily review of the previously mentioned reports and select accounts that exhibit abnormal transaction activity. This

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list of customers is presented and reviewed, on a daily basis, to each Officer and the Managing Director of Private Banking and International Private Banking, and the Director of Compliance in the case of RIMCO/trust accounts.

(b) The relationship officer reviews the daily reports.

(c) The Managing Director of Private Banking, or International Private Banking, or the Director of Compliance, as applicable, will review with the Relationship Manager/Account Officer the findings. Refer to Section III (A)(4)(a-d).

(7) The Fiduciary Oversight Committee will meet quarterly and review the KYC Tracking Report, which details outstanding exception items of Riggs & Co., clients, by account. This Committee will determine if the missing information is required based on the size and nature of the relationship, and/or the history of the bank's relationship with the customer.

Waiver of required documentation, addressed within this policy and detailed on the KYC Client Profile worksheet, must be initialed, dated, and supported by no less than the Director of Compliance within RIMCO, or the Managing Director of Private Banking or International Private Banking.

(8) Riggs staff can be assured that careful thought will be given when deciding if a customer relationship should be terminated due to non-compliance of this KYC policy. The employee's role in monitoring customers and how customer accounts are used is vital for our continued success. Knowing your customer is fundamental in maintaining the safety and soundness of Riggs Bank N. A.

IV. CHARACTERISTICS OF CLIENTS BY DEPARTMENT

A. Characteristics of a Typical Domestic Private Banking and International Private Banking Client

(1) Typical Domestic Private Banking Client

(a) Clients generally have investable assets of $100,000 to $500,000 or more and annual incomes which exceed $100,000;
(b) Clients demonstrate the potential for accumulating a large net worth;
(c) Private Banking receives referrals from branches and acquire customers from the Call Program;
(d) Clients generally reside within the Washington D.C. metropolitan area;
(e) Clients' source of income is substantial personal income or inherited wealth;
(f) Clients use Private Banking as a retail bank;
(g) Loan products generally desired are home equity products, personal lines of credit, residential mortgages, or consumer installment.

(2) Typical International Private Banking Client

(a) New clients are generally referred from Riggs Embassy Banking or from existing relationships. If from Embassy Banking, they generally have an established banking (but not necessarily investment) relationship with Riggs;

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(b) Although difficult to confirm, Riggs expects that prospects will invest at least $100,000 in liquid assets with IPBD and expect that the relationship will grow within one to two years to $300,000 or more;
(c) Almost all clients live outside the U.S.;
(d) Clients generally have funds at other institutions in the U.S. and/or in their home country;
(e) Frequently the prospects are not sophisticated investors. A large percentage are novice investors with limited investment experience and seek detailed explanations of investment options which generally involves a lot of "hand holding" on the part of the Relationship Manager;
(f) Sources of funds frequently are "lump sum" pension payouts, commissions, and proceeds from business transactions;
(g) Most investments are relatively conservative. When investing in equities, the majority prefer domestic-based funds;
(h) Activity is generally limited to rollover of maturity investments. Occasional electronic wire activity is to support infrequent large purchases (houses, vehicles, vacations);
(i) Most additions to portfolios are via wire transfer. Checks are occasionally sent but cash is hardly ever deposited. Most accounts receive less than 10 additions per year.

(3) Less Common International Private Banking Client
(a) This type of client represents the high-end client within IPBD. Assets Under Management tend to exceed $1 million;
(b) Nearly all of these clients are located outside the U.S.;
(c) Most of these clients have ongoing business operations which are the source of funds for their investments;
(d) These clients tend to be more sophisticated and utilize RIMCO and the Trust Department to manage their assets;
(e) These clients tend to have significant investment portfolios with other financial institutions;
(f) When their business operations are part of the Riggs relationship, a high volume of related commercial services are used (e.g., wire transfers, foreign exchange, letters of credit, credit facilities, or London accounts). It is possible for some of these clients to have multiple wires on the same day;
(g) It is possible to see large fluctuations in balances as investments are shifted among institutions in search of higher rates of return but not usually in excess of 25% of the investment portfolio;
(h) Cash deposits are rare.

B. Characteristics of a Typical Trust Client

(1) Typical Personal Trust Client
(a) The size of Personal trusts generally range from $100,000 to $50,000,000;
(b) Funding sources are generally inheritance, personal savings and investments, sale of a company, sale of land, retirement, or settlement of a court order;
(c) Annual additions after first year are generally less than 50% and are made by check, wire, or additional securities;
(d) Annual disbursement per year of income is typically no more than 100%;
(e) Annual disbursements per year of principal is generally less than 25%;

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(f) The authority to open the account is given by the grantor;
(g) The general reason for opening the account is tax or estate planning, and/or investment management;
(h) The age of the principal power holder(s) is 65 or older;
(i) The typical client generally has no more than two addresses within the last 10 years.

(2) Typical Institutional Trust Client
(a) The size of these trusts generally range from $2,000,000 to $50,000,000;
(b) Funding sources are generally inheritance, personal savings and investments; settlement and court order; and contributions;
(c) Annual additions after first year range from 1-300% and are made by check, wire, or additional securities;
(d) Annual disbursement per year of income ranges from 5-10%;
(e) Disbursements of principal is generally less than 30% before closing;
(f) The authority to open the account is given by the grantor;
(g) The general reason for opening the account is investment management;
(h) The age of the principal power holder(s) ranges from 25 to 65;
(i) The typical client generally has no more than one address within the last 10 years.

(3) Typical Agency-Personal Trust Client
(a) The size of these trusts generally range from $500,000 to $1,000,000;
(b) Funding sources are generally inheritance, personal savings and investments; settlement and court order; and business income;
(c) Annual additions after first year range from 1 to 2% and are made by check, wire, or additional securities;
(d) Annual disbursement per year of income is generally 100%;
(e) Disbursements of principal is generally less than 1%;
(f) The authority to open the account is given by the principal;
(g) The general reason for opening the account is accounting services/system;
(h) The age of the principal power holder(s) is generally 40;
(i) The typical client generally has no more than one address within the last 10 years.

(4) Typical Agency-Institutional Trust Client
(a) The size of these trusts generally range from $1,000,000 to $100,000,000;
(b) Funding sources are generally sale of a company; business income; and/or contributions;
(c) Annual additions after first year are generally 10% and are made by check or wire;
(d) Annual disbursement per year of income is generally less than 10%;
(e) Disbursements of principal is generally less than 10%;
(f) The authority to open the account is given by the principal;
(g) The general reason for opening the account is accounting services/systems;
(h) The age of the principal power holder(s) is generally at least 50;
(i) The typical client generally has no more than one address within the last 10 years.

(5) Typical EBT-Personal Trust Client

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(a) The size of these trusts generally range from $30,000 to $5,000,000;
(b) Funding sources are generally from retirement (another plan);
(c) Annual additions after first year are rollovers;
(d) Annual disbursement per year of income is none;
(e) Disbursements of principal is generally up to 100%;
(f) The authority to open the account is given by the A/C principal;
(g) The general reason for opening the account is retirement;
(h) The age of the principal power holder(s) is generally at least 50;
(i) The typical client generally has no more than two addresses within the last 10 years.

(6) Typical EBT-Institutional Trust Client
(a) The size of these trusts generally range from $1,000,000 to $100,000,000;
(b) Funding sources are generally employer/rollover;
(c) Annual additions after first year are generally less than 50% and are made by check, wire, and/or securities;
(d) Annual disbursement per year of income is generally zero;
(e) Disbursements of principal is generally 0-20%;
(f) The authority to open the account is given by an IRS letter/application;
(g) The general reason for opening the account is ERISA pension/welfare;
(h) The age of the principal power holder(s) ranges from 30-65;
(i) The typical client generally has no more than three addresses within the last 10 years.

(7) Court Supervised Trusts
(a) The size of these trusts generally range from $100,000 to $40,000,000;
(b) Funding sources are generally by settlement or court order;
(c) Annual additions after first year are generally zero;
(d) Annual disbursement per year of income is up to 100%;
(e) Disbursements of principal is generally zero before closing;
(f) The authority to open the account is given by a court order, will, or trust agreement;
(g) The general reason for opening the account is a court order, will, or trust agreement.

C. Characteristics of a Typical RIMCO Client

(1) Typical RIMCO Client
(a) Portfolios of at least $1,000,000 managed in accordance with written investment guidelines;
(b) Received prior investment management services from other registered investment advisors, consultants, broker dealers or banks;
(c) Typically employs registered consultants to evaluate the performance of the investment managers (especially portfolios in excess of $5,000,000);
(d) Have been in their respective business at least five years;
(e) Hire managers on the basis of nationwide searches and Request For Proposal (RFP) evaluations in the case of portfolios in excess of $10,000,000;
(f) When transferring from Riggs Trust Department, has had a trust relationship of at least two years or is personally known to senior manager of the Bank;
(g) Has less than twelve major additions (contributions) to the portfolio per year;

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(h) Increases the base size (initial funding) of the portfolio by no more than 150% per year;
(i) Withdraws less than 25% of the portfolio per year;
(j) Does not make a deposit with cash, traveler's checks, and bearer instruments in street name.

V. TRAINING

A. Officers must attend refresher courses to keep the account officers up-to-date to all the changes made to KYC regulations and policies/procedures. This training will be conducted as a joint effort by the Compliance and Training and Development Departments within Riggs Bank and provided on an annual basis.

B. All Officers are encouraged to participate in various Money Laundering and Drug Money Seminars sponsored by either the local international banking association and/or the professional or educational organizations.

VI. AUDITS AND REVIEWS

The Risk Management Division will review adherence to this policy on an annual basis. This will be done either as part of individual reviews or a full scope independent review. Regardless, an annual report will be made to the Board of Directors or a committee thereof.

VII. BOARD APPROVAL

This policy will be submitted to the Board of Directors (or a committee thereof) at least annually for their review and approval. In the event of a change in the policy, prior Board approval will be sought if the level of compliance is reduced. If the level of compliance is enhanced, prior Board approval is not required. Such changes will be noted at the next annual update.

The BSA Officer may initiate enhancements to the Policy with the concurrence of the BSA Committee as defined in the BSA Compliance Program.

VIII. RECORD RETENTION

Client Profiles will be maintained for five years beyond the life of the account relationship. Documentation regarding any suspicious activity will be forwarded to the Security Department and maintained for a minimum of five years beyond the date of filing a Suspicious Activity Report.

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APPENDIX A
MONEY LAUNDERING

I. The purpose of laundering money is to conceal criminal activity associated with it, including the crimes that generate it, such as drug trafficking; the criminal attempt to avoid paying taxes; or a combination of both.

A. Money laundering is driven by criminal activities. It conceals the true source of funds so that they can be used freely.

B. It is the support service that allows criminals to enjoy the fruits of their crimes.

C. It allows crime to pay and, often, pay well.

D. Banks have become major targets of money laundering operations because they provide a variety of services and instruments (cashier's checks, traveler's checks, wire transfers) that can be used to conceal the source of money.

II. Money laundering is a complex process, managed by a sophisticated criminal element. In order for a money launderer to be successful the individual must be allowed to complete the following three independent steps:

A. The first, and the most difficult, step is placement or physically depositing the tainted funds (either cash or via wire transfers) in a financial institution in the USA or outside the USA.

B. The second step is called integration. The criminal needs to provide a legitimate explanation for the illicit funds. This is frequently done through the creation of a "front" company, usually a retail business.

C. The third step is layering or separating the proceeds from the source through layers of complex transactions or ownership of companies. Once the money is in a financial institution, it can be moved with extreme speed.

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APPENDIX B
LEGISLATIVE AND REGULATORY STANDARDS

I. The United States has promulgated many legislative and regulatory standards to deter money laundering activities, such as The Bank Secrecy Act, the Currency and Foreign Transactions Reporting Act of 1970, the Annunzio-Wylie Money Laundering Act and the Money Laundering Suppression Act of 1994. (Refer to Riggs' BSA Compliance Program for a complete text of Riggs' policies and procedures relating to BSA).

A. The BSA requires banks to report to the Internal Revenue Service currency transactions of more than $10,000, thus providing a system of tracing currency transactions.

B. The BSA also requires banks to file reports to the U.S. Customs Service any transaction over $10,000 in currency or monetary instruments which is being transported out of U.S. to another country and any currency coming into the U.S. from another country other than by common carrier.

II. The Money Laundering Control Act of 1986

A. This law was enacted to reinforce anti-money laundering efforts by financial institutions.

B. This law made money laundering a federal crime and created three new criminal offenses, which are as follows:

(1) Knowingly helping in the laundering of money from criminal activity;

(2) Knowingly engaging in a transaction involving property from criminal activity;

(3) "Structuring" transactions to avoid Bank Secrecy Act reporting of a reportable transaction. Structuring is defined, by the BSA, as acting alone, or in conjunction with, or on behalf of, other persons or a person that conducts or attempts to conduct one or more transactions in currency, in any amount, in one or more days, in any manner, for the purpose of evading the CTR reporting requirements.

III. More recently, The Anti-Drug Abuse Act of 1988 reinforced anti-money laundering efforts in several ways, including:

A. Significantly increasing civil, criminal and forfeiture sanctions for laundering crimes and BSA violations;

B. Requiring strict identification and recording of cash purchases of certain monetary instruments;

C. Directing the Treasury to negotiate bilateral international agreements covering the recording of large U.S. currency transactions and the sharing of such information;

D. Increasing the penalty for tax evasion if it involves money from criminal activity.

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IV. Other Treasury Regulations relate to record keeping for funds transfers and transmittals of funds by Financial Institutions. (Refer to Riggs' BSA Policy and Procedures for steps Riggs is taking for compliance with this regulation). To summarize, this regulation achieves the following:

A. This regulation and amendment to the BSA enhances the record keeping requirements relating to certain funds transfers by financial institutions;

B. Financial institutions are now required to collect, retain and/or verify information pertaining to funds transfers over $3,000;

C. For transactions involving the purchase of a negotiable instrument over $3,000 and less than $10,000 the details of the transaction are maintained in the Operations Department, but a chronological log is no longer required to be maintained by the financial institution.

V. The Annunzio-Wylie Money Laundering Act amended the BSA in the following respects:

A. The Act authorized the Treasury Secretary to require any financial institution, and its officers, directors, employees, and agents to report any suspicious transaction relevant to a possible violation of law or regulation;

B. The Act created a "safe harbor" provision for those who reported any suspicious activity;

C. The Secretary of the Treasury was authorized to require financial institutions to carry out anti-money laundering programs and authorized special record-keeping rules relating to funds transfer transaction;

D. The Bank Secrecy Act Advisory Committee was created by this Act. This group offers advice to Treasury on increasing the utility of anti-money laundering programs to law enforcement and eliminating unnecessary or overly costly regulatory measures;

E. Lastly, the Act made operation of an illegal money transmitting business a crime, enacting provisions requiring mandatory re-examination of the charters of federally chartered or -insured depository institutions convicted of money laundering.

VI. The amendments to the BSA in the Money Laundering Suppression Act of 1994

A. Required liberalization of the rules for exemption of transactions from the currency transaction reporting requirement;

B. Authorized the Treasury to designate a single agency to receive reports of suspicious transactions from financial institutions; and

C. Required all money transmitting businesses to register with the Treasury.

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RIGGS

ATTACHMENT D

CORRESPONDENT BANK RELATIONSHIP

ANNUAL REVIEW CHECKLIST

Applies to all non-rated banks only

BANK_____COUNTRY_____

INVESTMENT GRADE?____RELATIONSHIP MANAGER_____DATE_____

BALANCES: AV 6 MO NOSTRO_____AV 6 MO VOSTRO_____

Attach the most recent call report

Name & position of contact	
Date of contact/ venue	
Any ownership/management changes?	
Any strategic business changes?	
Any material earnings change?	
Is there adequate capital?	
Are there any significant trends?	
Is the account active?	
Main types of transactions?	
Does usage fit account purpose?	
Do we have other business together?	
Are there reputation concerns?	
OFAC list checked?	
Recommendation	NO CHANGE FURTHER REVIEW
If further review, what action required	

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RIGGS

ATTACHMENT E

NEW CORRESPONDENT BANK RELATIONSHIP

BANK NAME_____COUNTRY_____

RELATIONSHIP MANAGER_____DATE _____

INFORMATION	YES	NO	PROVIDE BRIEF EXPLANATION
New relationship?			
Introduction or referral?			
Well established in country?			
Rated by third parties?			
Acceptable ownership?			
Financial statements obtained?			
Financial condition acceptable?			
Credible purpose established?			
Washington customers?			
FOLLOWING NOT REQUIRED FOR PRIMARY BANKS			
Copy of License Obtained?			
License verified? How:			
Organizational Papers?			
OFAC list checked?			
Shell bank /offshore business?			
Internal warning list checked?			

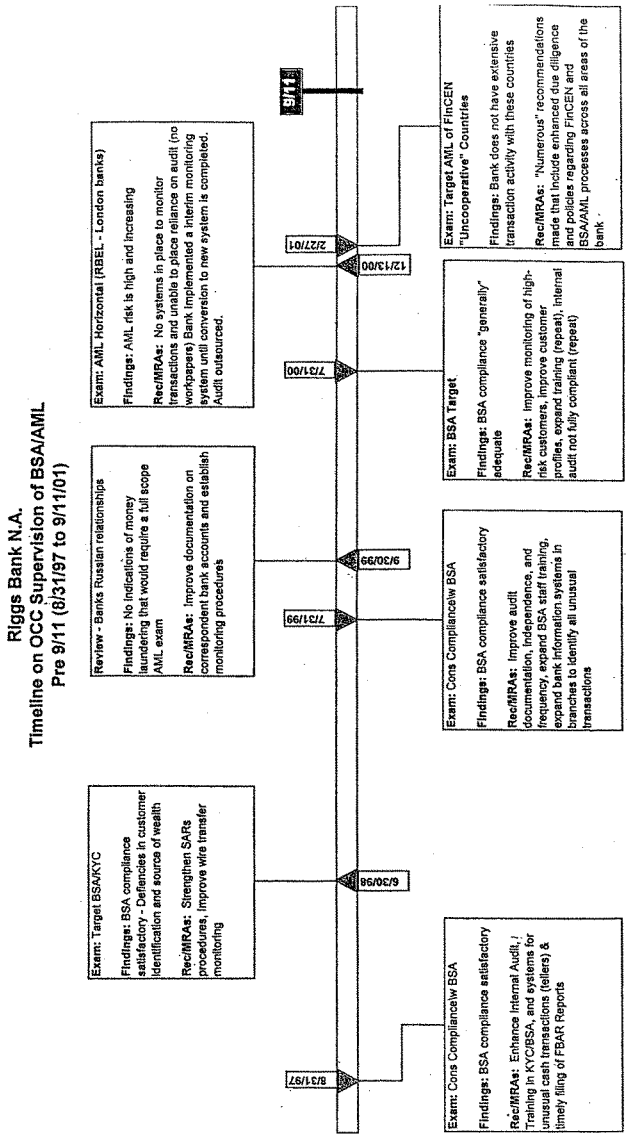
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Place of business verified?			
Other references obtained?			
INFORMATION	**YES**	**NO**	**PROVIDE BRIEF EXPLANATION**
Embassy requested?			
Expect high volumes?			
Other			

I HAVE EVALUATED ALL THE DOCUMENTS AND CONSIDER THIS RELATIONSHIP TO BE ACCEPTABLE AND WITHIN THE POLICY AND CORRESPONDENT BANKING MISSION OF RIGGS BANK.

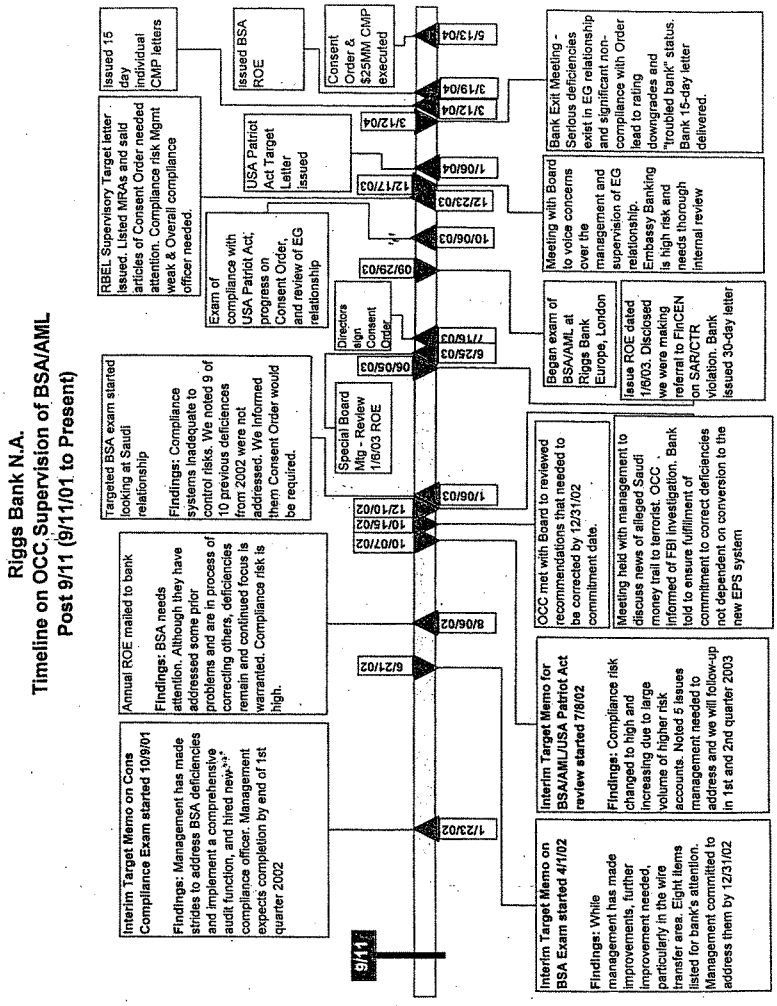
RELATIONSHIP MANAGER_____

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OCCX00001

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Riggs Bank N.A.
Timeline on OCC Supervision of BSA/AML
Post 9/11 (9/11/01 to Present)
9/11
1/23/02
Interim Target Memo on BSA Exam started 4/1/02
Findings: While management has made improvements, further improvement needed, particularly in the wire transfer area. Eight items listed for bank's attention. Management committed to address them by 12/31/02
Interim Target Memo on Cons Compliance Exam started 10/9/01
Findings: Management has made strides to address BSA deficiencies and implement a comprehensive audit function, and hired new compliance officer. Management expects completion by end of 1st quarter 2002
6/21/02
Interim Target Memo for BSA/AML/USA Patriot Act review started 7/8/02
Findings: Compliance risk changed to high and increasing due to large volume of higher risk accounts. Noted 5 issues management needed to address and we will follow-up in 1st and 2nd quarter 2003
8/06/02
Annual ROE mailed to bank
Findings: BSA needs attention. Although they have addressed some prior problems and are in process of correcting others, deficiencies remain and continued focus is warranted. Compliance risk is high.
10/07/02
OCC met with Board to reviewed recommendations that needed to be corrected by 12/31/02 commitment date.
10/15/02
Meeting held with management to discuss news of alleged Saudi money trail to terrorist. OCC informed of FBI investigation. Bank told to ensure fulfillment of commitment to correct deficiencies not dependent on conversion to the new EPS system
12/10/02
1/06/03
Targeted BSA exam started looking at Saudi relationship
Findings: Compliance systems inadequate to control risks. We noted 9 of 10 previous deficiencies from 2002 were not addressed. We informed them Consent Order would be required.
Special Board Mtg - Review 1/6/03 ROE
06/05/03
Directors sign Consent Order
09/29/03
RBEL Supervisory Target letter issued. Listed MRAs and said articles of Consent Order needed attention. Compliance risk Mgmt weak & Overall compliance officer needed.
Exam of compliance with USA Patriot Act; progress on Consent Order, and review of EG relationship
10/06/03
Began exam of BSA/AML at Riggs Bank Europe, London
6/25/03
7/15/03
Issued 15 day individual CMP letters
Issued BSA ROE
Consent Order & $25MM CMP executed
USA Patriot Act Target Letter issued
12/17/03
Issue ROE dated 1/6/03. Disclosed we were making referral to FinCEN on SAR/CTR violation. Bank issued 30-day letter
12/23/03
Meeting with Board to voice concerns over the management and supervision of EG relationship. Embassy Banking is high risk and needs thorough internal review
1/06/04
3/12/04
3/12/04
3/19/04
Bank Exit Meeting - Serious deficiencies exist in EG relationship and significant non-compliance with Order lead to rating downgrades and "troubled bank" status. Bank 15-day letter delivered.
5/13/04

OCCX00002

Minutes of the Joint Regular Meeting
Of the Boards of Directors
Of Riggs National Corporation and
Riggs Bank N.A.

July 16, 2003

The regular joint meeting of the Boards of Directors of Riggs National Corporation (the "Corporation" or "Riggs") and Riggs Bank N.A. (the "Bank") was held on July 16, 2003, at 1503 Pennsylvania Avenue, N.W., Washington, D.C. Mr. Robert L. Allbritton, Chairman of both boards, called the meeting to order in executive session at 8:50 a.m. Other directors present at this time were:

Corporation Directors	Bank Directors
Joe L. Allbritton	Barbara B. Allbritton
J. Carter Beese, Jr.	Nathan D. Baxter
Charles A. Camalier, III	Jacqueline C. Duchange
Timothy C. Coughlin	Thomas F. Fitzgerald
Lawrence I. Hebert	Heather S. Foley
Steven B. Pfeiffer	Lawrence I. Hebert
Robert L. Sloan	Frederick J. Ryan, Jr.
William L. Walton	John A. Sargent
Eddie N. Williams	Stephen J. Trachtenberg

Corporation Director Jack Valenti did not attend. Bank Director Robert C. Roane was not present for the executive session at this point.

Bank officers attending were Mr. Joseph M. Cahill, Ms. Gail Greenberg, and Ms. Mary B. LeMont.

Mr. Allbritton directed attention to the minutes of the joint organization/regular Board meeting held April 16, 2003, The Corporation Executive Committee meeting held May 29, 2003, and a special Bank Board meeting held June 25, 2003. The Bank Directors noted that the June 25, 2003, minutes should reflect that the Bank Board had cited the lack of evidence concerning a statement made by Mr. Noonan of the Office of the Comptroller of the Currency (the "OCC") regarding the Saudi royal family accounts at Riggs. There being no other additions or corrections, and upon motion duly made and seconded, the minutes of April 16, and May 29, 2003, were approved as presented, and the minutes of June 25, 2003, were approved as amended.

Mr. Joseph M. Cahill, Executive Vice President and General Counsel, presented an indemnification agreement for the independent Bank Directors, explaining that the indemnification was consistent with OCC regulations and the Bank's By-Laws. He indicated that the inside Bank directors would need to approve the indemnification for the independent directors. The Bank directors discussed the agreement, noting that it stated that the Bank has no obligation to maintain liability insurance for its directors. Mr. Cahill pointed out that, in fact, the

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Bank does maintain liability insurance for its directors, but agreed to review the language and remove it if it is not required prior to sending the indemnification agreement to the independent directors for signature.

At this point, Bank Director Mr. Robert C. Roane joined the meeting in order to vote on the indemnification agreement. Upon motion duly made and seconded, the disinterested directors adopted the following resolution:

BANK RESOLUTION

WHEREAS, Article Seventh of the Articles of Association (the "Charter") of Riggs Bank N.A. (the "Bank") require the Bank to indemnify its directors and officers;

WHEREAS, directors of national banks are subject to risk of litigation and claims being asserted against them, including by way of example, those risks associated with the new duties created by the passage of the Sarbanes-Oxley Act of 2002;

WHEREAS, in light of these risks, the Board of Directors (the "Board") has deliberated regarding whether the indemnification agreement, substantially in the form attached hereto as Exhibit A (the "Indemnification Agreement"), should be provided to the independent directors, especially those who presently comprise the Audit Committee and the Compensation Committee of the Board;

WHEREAS, the deliberations of the Board were conducted at a regular meeting of the Board held on April 16, 2003, at which a quorum was present;

WHEREAS, the undersigned members of the Board (other than the Independent Directors) all of whom were present at that meeting (the "Disinterested Directors"), together constitute a majority of the directors present at that meeting; and

WHEREAS, the Disinterested Directors have fully considered the material facts concerning the Independent Directors, and further have fully considered the legal and financial issues involving the provision of the Indemnification Agreement to the Independent Directors, including the additional rights afforded to all such individuals under the Indemnification Agreement and the potential additional costs to the Bank associated with those additional rights;

NOW, THEREFORE, BE IT

RESOLVED, the Disinterested Directors have determined, in good faith, that providing the Indemnification Agreement to Independent Directors, in the form attached hereto, is fair to and in the best interest of the Bank; and it is

FURTHER RESOLVED, that the President or his designees be and hereby are authorized and directed to take any and all actions necessary or appropriate to effectuate the aforementioned resolutions, and any actions previously taken by such officer(s) in furtherance of the foregoing be and hereby are approved and ratified in all respects; and it is

FURTHER RESOLVED, that the Secretary of the Bank be, and she hereby is, authorized and directed to file these Resolutions with the minutes of the proceedings of the Board.

* * * * * * * *

Mr. Roane left the meeting.

Mr. Steven B. Pfeiffer, Chairman of the Nominating/Corporate Governance Committee, summarized the Committee's inaugural meeting held July 15, 2003. He reported that the Committee is charged with reviewing the Boards and their committee structures and making recommendations on how they should be organized. Mr. Pfeiffer said that the Committee received a preliminary report from the Promontory Financial Group LLC ("Promontory"), which Riggs has engaged to review its risk management and corporate governance functions. The final report will be completed and delivered to Riggs before the next Federal Reserve Bank of Richmond (the "FRB") examination, which is scheduled to begin on August 11, 2003. The Committee approved its charter and then reviewed and approved the charters for a number of other Board committees. Mr. Pfeiffer reported that the Committee discussed the Corporate Governance Guidelines and the Employee Code of Conduct, both of which will be reviewed at the Committee's next meeting. He said that the Committee will be reviewing director qualifications and the board committee structure, noting that the Committee would have some realignment recommendations at the October Board meeting. Mr. William L. Walton, a member of the Committee, observed that as the business world becomes more complex, Riggs must ensure that the Board and its committees provide the necessary oversight. Following further discussion, and upon motions duly made and seconded, the following resolutions were approved.

CORPORATION RESOLUTION

RESOLVED, That the Charters for the following Corporation Director Committees be, and they hereby are, approved:

- Audit Committee
- BSA/Compliance Committee
- Budget Committee
- Executive Committee
- International Committee
- Nominating/Corporate Governance Committee
- Riggs & Co. Committee

BANK RESOLUTION

RESOLVED, That the Charters for the following Bank Director Committees be, and they hereby are, approved:

- BSA Compliance Committee
- Budget Committee
- Executive Committee
- International Committee
- Riggs & Co. Committee

CORPORATION RESOLUTION

RESOLVED, That the Corporate Governance Committee report of the meeting held July 15, 2003, be and it hereby is accepted.

* * * * * * * *

Mr. William A. Craig, Executive Vice President, Human Resources, joined the meeting.

Mr. Thomas F. Fitzgerald, Chairman of the Bank Compensation Committee, summarized the meetings held May 30, June 26, and July 14, 2003. He reported that the Committee had approved Mr. David B. Caruso's appointment as Executive Vice President, Compliance & Security, and his base salary. In addition, the Committee had approved Mr. Glenn E. Kinard's appointment as Executive Vice President, Corporate & Institutional Banking, replacing Ms. Terrie G. Spiro who recently resigned. The Directors discussed the background and qualifications of Messrs. Caruso and Kinard.

Mr. Fitzgerald said that the Committee had reviewed the first quarter's performance of the Bank's 401(k) and Pension Plan. In preparing for the transition to a new 401(k) plan administrator, CIGNA Retirement & Investment Services, the Committee approved the mapping of current funds to new funds offered through CIGNA. Mr. Fitzgerald explained that a sub committee had selected only those funds that met the Bank's "best in class" requirements. In addition, the Committee approved several new funds in the current plan that would map to the CIGNA funds. Turning to the Pension Plan, Mr. Fitzgerald said that, following a review, the Committee approved maintaining the current asset/liability mix within the Bank's Pension Plan and agreed to review it quarterly. Lastly, the Committee approved modifications to the investment guideline for the Long Duration Fixed Income Fund managed by State Street Research, which is currently part of the Pension Plan portfolio.

BANK RESOLUTION

RESOLVED, That the Compensation Committee report of the meetings held May 30, 2003, and June 26, 2003, and July 14, 2003, be and it hereby is accepted.

* * * * * * * *

Mr. Eddie N. Williams summarized three meetings of the Corporation Compensation Committee held April 17, June 4, and July 14, 2003. He reported that the Committee approved a performance share award for Mr. Robert L. Allbritton of 30,000 performance shares that will be earned if the Riggs meets or exceeds certain financial goals. If earned, the shares would be paid out over the subsequent three years beginning in January 2004. Mr. Williams further reported that the Committee approved stock option, performance shares, and deferred stock awards for Messrs. Caruso and Kinard in accordance with the Bank's current option granting formula. In addition, the Committee approved a net award of 25,000 stock options to Mr. Caruso as part of his sign on compensation. Upon motion duly made and seconded, the following resolution was adopted:

CORPORATION RESOLUTION

RESOLVED, That the Compensation Committee report of the meetings held November 12, 2002, December 2, 2002, January 15, 2003, and January 17, 2003, be and it hereby is accepted.

* * * * * * * *

Mr. Cahill reviewed the Corporation's new 10b5-1 Program for trading Riggs' stock, which the Board adopted in April and which would be effective July 16, 2003. He explained that a 10b5-1 plan is a pre-arranged trading program that is established during a trading window that allows trading in Riggs stock outside of the window. Mr. Cahill said that executive officers are required, and Board members are eligible, to initiate a 10b5-1 trading plan with a broker during the trading window that would open on July 21, 2003, for the next ten business days. Upon motion duly made and seconded, the following resolution was adopted:

RESOLUTION FOR CONSIDERATION BY THE BOARD OF DIRECTORS OF RIGGS NATIONAL CORPORATION JULY 16, 2003

WHEREAS, on April 16, 2003, the Board of Directors of Riggs National Corporation (the "Corporation") adopted a program pursuant to which its directors may, and executive officers must, sell shares of the Corporation's Common Stock in accordance with a Rule 10b5-1 pre-arranged trading plan (the "Trading Program"); and

WHEREAS, because of additional required preparation, including outstanding vendor issues, the Board of Directors originally approved an effective date of July 31, 2003 for the Trading Program.

RESOLVED, that, because of the completion of the required preparation associated with the Trading Program, including the resolution of outstanding vendor issues, the effective date of the Trading Program shall be, and hereby is, July 16, 2003.

* * * * * * *

Mr. Robert L. Sloan, Chairman of the Corporation's Audit Committee, summarized the meetings held May 2, May 15, June 25, and July 2, 2003. He reported that the Committee approved Management's recommendation to retain the law firm of Sullivan & Cromwell, which in turn engaged KPMG Forensic Services to assist Management in their efforts to develop a "gold standard" Bank Secrecy Act ("BSA")/anti-money laundering ("AML") program. He emphasized that this is a significant engagement that, although expensive, was necessary for the Bank. KPMG will address the four primary components of a compliance program: (1) internal controls; (2) management; (3) independent testing; and (4) training. Mr. Sloan said that the Committee thoroughly reviewed the Work Plan that addresses deficiencies identified by the OCC and approved a revised Compliance organization chart that includes the new Compliance & Security Department headed by Mr. Caruso, which will report to the Audit Committee.

Mr. Sloan reported that the Committee had reviewed the FRB's risk management and corporate governance examination report, noting that Management has been pro-active in allocating resources and retaining outside expertise to address the FRB's concerns. Mr. Sloan attended the June 2003 meeting of the Riggs Bank Europe Limited ("RBEL") Audit Committee and reported on the OCC's concerns and the need to coordinate activities and functions between the UK and Washington.

Mr. Sloan outlined the Audit Committee's top priorities: (1) compliance with BSA/AML; (2) the Enhancing Performance and Service Project ("EPS") conversion; (3) internal controls; (4) information security; and (5) re-working the Concerns Tracking Report. The most significant change the Committee has approved is the outsourcing of Internal Audit ("IA") to Ernst & Young, LLP ("E&Y"), noting that Management believes this step is

the most effective way to ensure timely compliance. Mr. Sloan said that E&Y has developed an Audit Plan for the remainder of 2003 that will help verify appropriate internal controls.

Addressing other matters, Mr. Sloan said that the Committee reviewed the KPMG Management Letter and ratified the Allowance for Loan and Lease Losses ("ALLL") for the first quarter. The Committee approved the new Information Security Program required by the Gramm-Leach-Bliley Act of 1999 ("GLBA"). In addition, the Committee discussed the audit work that formed the basis for concluding that the Trust Department is being administered in accordance with applicable laws and regulations. Lastly, Mr. Sloan reported that due to the volume of information and degree of change, the Committee would meet monthly for the remainder of 2003.

Messrs. Caruso and Roane joined the meeting.

Mr. Fitzgerald reported that the Bank Secrecy Act Compliance Committee ("BSAC") has met three times and has received training in BSA/AML. He further reported that the Committee reviewed the Work Plan developed to ensure compliance with regulatory requirements and established a process to monitor and supervise compliance with the Consent Order and on-going compliance.

JOINT RESOLUTION

RESOLVED, That the Bank Secrecy Act Compliance Committee report for the meetings held May 12, 2003, June 10, 2003, and July 7, 2003, be and it hereby is accepted.

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Mr. Allbritton presented the OCC's Consent Order and emphasized that the concerns identified by the OCC have nothing to do with the safety and soundness of the Bank. He said Riggs' challenge is to find the right balance between dealing with the regulatory issues and running the business, noting that the Bank must accept the Consent Order in order to protect its reputation and its Charter. Mr. Allbritton said the process will be expensive, but reminded the Board that the Bank must still face a USA PATRIOT Act examination in the fall.

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There being no further business, the meeting adjourned at 11:40 a.m.

Robert L. Allbritton
Chairman of the Board

ATTEST:

Mary B. LeMont
Corporate Secretary

RIGGS

MEMORANDUM

TO: Lawrence Connell

FROM: Timothy C. Coughlin TCC

DATE: 5 April, 2004

RE: Embassy Banking Division

On March 1, 2004, in addition to my role as President of Riggs National Corporation, I became Senior Vice President in charge of Embassy Banking. Aside from the establishment of an outstanding Compliance Department which functions independently from the Embassy Banking Division, I found very little effective remediation of controls and training within the Embassy Banking Division. All that is now changing rapidly, and I thought it would be helpful to give you and overview of where things stand with the Embassy Banking Division at this moment, which excludes Riggs International Banking Corporation in Miami, Riggs Bank Europe Limited in London, Riggs Bank's branch in London and Riggs Bank & Trust Company (Channel Islands) Limited, all of which continue to report to Henry Morneault.

The best way that I can bring you up to date on the Embassy Banking Division is through a set of enclosures with a brief explanation of each:

1. **Embassy Banking Division Business Summary**
   The memorandum of April 2, 2004 by Patti McKeown, my Administration and Operations Manager, was prepared under my guidance to respond to Bob Hartheimer's information request. Note that the relationship with Equatorial Guinea has been closed and the relationship with Saudi Arabia is in the process of being closed which together have a very significant impact on the remaining size and profitability of the Embassy Banking Division's business.

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2. **Organization Charts for the Embassy Banking Division**
The major organizational change I have made to Embassy Banking is the establishment of an Administrative and Operations section which is new and in the process of formation, which explains the high number of vacant positions.

3. **High Risk Account Definition**
This new definition now defines which Embassy Banking Division accounts are high risk.

4. **Resolution of the Officers Risk Management Committee**
This resolution, which was approved by the joint BSA Committee of the Boards of Directors, specifies the high risk accounts to be terminated by June 30, 2004.

5. **High Risk Countries**
This is the list of countries which meet the new definition of high risk and are included in the Officers Risk Management Committee's Resolution for Termination. Note that this list does not include Equatorial Guinea and [redacted] because the decisions to terminate the banking relationships with those two countries had already been made before the Officers Risk Management Committee's resolution to terminate relationships with high risk countries. The termination of these relationships diminish the Embassy Banking Division's deposits by approximately $300 million in addition to the diminishment of approximately $420 million caused by termination of the relationships with Equatorial Guinea and [redacted]

6. **Closing Procedures for Equatorial Guinea and [redacted]**
These account closing policies and procedures were created specifically for Equatorial Guinea and [redacted]

7. **Embassy Banking Relationship Closure Procedures**
These closure procedures were created for the closing of all high risk country relationships in Embassy Banking.

8. **Remediation**
The files of all high risk Embassy Banking relationships not subject to termination (such as politically exposed persons from non high risk countries, etc.) will be remediated according to Amy D'Angelo's memorandum of March 30, 2004.

I look forward to meeting with you to discuss the Embassy Banking Divison's plans for reducing risk and remediating files. In the meantime, should you need any additional information, just let me know.

[redacted] = Redacted by the Permanent Subcommittee on Investigations

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Memo

ANDERSEN

To	The Files
From	Emily Ballard
Date	December 14, 2001
Subject	Embassy Banking

Tel 703-962-3613
Fax

The purpose of this memo is to document discussions between Emily Ballard of Andersen with Peter Fowler, Senior Vice President of the Embassy Banking Division, Jackie Sterling, Group Vice President of Western Europe Region, and Carl Mattison, Vice President of the Western Europe Region.

Embassy Banking-Background

Following are the two types of Embassy accounts:

1. **Official Accounts**- These accounts are set up with embassies, officials, or missions. About 160 embassies have accounts with Riggs. The standard uses of these accounts are payroll, operating expenses, military related purchases, etc.

2. **Personal Accounts**- These accounts are for employees and personnel of embassies and missions. About 10,000 of these accounts exist at Riggs. These accounts usually have low balances and the standard uses include salaries and personal expenses for embassy staff while they are in the United States.

Account Opening Procedures

Customers opening personal accounts must have a letter which confirms position, salary, issuance of a visa and in order to open an account with Riggs. The Operations Staff[1] then profiles the customer by asking what type of account the customer is interested in opening, the purpose of opening the account, the expected average balance in the account, how many checks the customer wants, and whether an ATM card is desired. The Operations Staff inputs the information the customer provides into the Sales Pro System and then suggests an account type to the customer. The Operations Staff goes over the features and fees associated with the type of the account listed in the Riggs' "*Fee Schedule: Personal Accounts and Services*" brochure.

If the customer decides to open an account, one primary form of identification and one secondary form of identification must be shown. Acceptable forms of identification include:

[1] Other departments refer to employees who open accounts as Account Officers ("AOs").

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Primary Identification:
- Driver's License
- Passport

Secondary Identification:
- US Issued Visa
- Government ID
- Credit Card
- Employer ID
- Student ID

A diplomatic visa within a foreign passport is accepted as two forms of ID. Embassies and diplomats do not have a taxpayer identification number, since they are exempt from paying taxes. A taxpayer identification number is not necessary to open a business account. For routine checking and savings the Operations Staff then makes a copy of the two forms of identification and keeps them in the new account file. The file is kept in each division for 12 months, and then is stored at a remote warehouse location for five years.

The customer's name is then manually compared to a Riggs distributed and updated Office of Foreign Asset Control ("OFAC") list of specially designated nationals and blocked persons. The OFAC list is routinely updated. There is also an online version of the list on the Riggs Intranet site that the Operations Staff have access too. If applying for credit, the customer's name, social security number, driver's license number (if issued), and address are inputted into the system to verify their credit history. If the results are satisfactory, credit is approved. Customer that request to open an account that appear suspicious, or their name is located on the OFAC list are reported to the Branch Manager to take appropriate action.

Monitoring Accounts

Usually the teller notifies the Branch Manager of suspicious activity. The manager identifies the account until further investigation can be performed of his or her banking activity at that branch. If the manager determine that a Suspicious Activity Report ("SAR") should be filed, the Security Department is notified and then a SAR is subsequently filed. The Embassy Banking Division averages about one SAR per calendar year. The account activity seems to be very predictable, making any fluctuations in activity easy to detect, according to Mr. Fowler. Also, since the diplomatic visas of persons opening embassy accounts at Riggs are pre-approved by the US State Department, the risk of potential money launderers is very low.

Wire transfers are fairly common in the Embassy Banking Division. Thus, as a precautionary measure, all outgoing wire transfer beneficiaries are checked against the OFAC list automatically by the by the Wire Transfer Department.

Assist software will be implemented on December 27, 2001 to further monitor account activity. Past account activity will be compared with current activity and any inconsistencies will be brought to management's attention.

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Training

Teller training is conducted for new hires and on an annual schedule. Courses are accessed on-line through the Compliance College website. The Training Department ensures that all tellers have completed the training in the required time period. The banks Compliance Department monitors teller training. All Embassy Banking Staff are required on an annual basis to successfully pass compliance tests on all Federal Reserve Banking Regulations.

Prior Office of the Comptroller of the Currency ("OCC") and KPMG Findings

1. **OCC Comment-** Implementation of the customer profile information form as required by bank policy is poor and inconsistent.

   Current Status- Account opening procedures are consistently followed in adherence with Rigg's International Banking Operations/Procedures Manual.

2. **OCC Comment-** Most tested files did not contain either the bank's required customer profile form or other information to establish the customer's identity, business, and banking activities.

   Current Status- All accounts are opened in the Sales Pro System, which currently International Banking utilizes.

3. **AML Comment-** Embassy banking should consider a periodic account review process for unusual or suspicious activity for high-risk countries.

   Current Status- The system was implemented on 12/27/01 that automatically reviews *all* accounts for suspicious or unusual activity. [redacted] Balance Fluctuation Report (BFR) and requiring additional comments to assess the questions.

4. **KPMG Comment-** KPMG examined 13 accounts and found:
   a. 13 had no documented OFAC checks performed
   b. 13 had no completed KYC form
   c. 13 had no documented due diligence
   d. 13 had no source funds listed

   Current Status- The current the Embassy Banking Division in terms of the identified areas is as follows:
   a. All new accounts and wire transfers are checked automatically by the bank's internal systems to check for OFAC.
   b. KYC forms, at this time, are not required.
   c. Due diligence is performed for the opening of each new account by reviewing and verifying proper identification and the original letter from the embassy.
   d. The current Sales Pro System includes a field to document the source/type for the opening deposit.

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There is, however, no field to reflect the broader definition of "source" (such as salary, bonus, inheritance).

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PPM 5400-8 (REV)

POLICIES & PROCEDURES MANUAL

Comptroller of the Currency
Administrator of National Banks

Section: Bank Supervision Subject: Supervision Work Papers

TO: Deputy Comptrollers, Department and Division Heads, and all Examining Personnel

PURPOSE AND SCOPE

This PPM presents policy for creating, labeling, indexing, storing, and retaining work papers generated as a result of any OCC supervisory activity.[1] It revises PPM 5400-8 (Rev), dated January 17, 2001. Because examination information is increasingly obtained and analyzed in digital format,[2] this revised PPM incorporates issues relevant to digital work papers. This PPM is for OCC use and does not create any substantive or procedural rights that are legally or administratively enforceable.

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[1] Supervisory activity includes both on-site and off-site examinations, reviews, and analyses.
[2] For purposes of this PPM, the term digital format means *computer-readable*, in the form of a file that can be transferred from one computer to another through a variety of media.

Permanent Subcommittee on Investigations
EXHIBIT #42

POLICY

Work papers must contain all essential information required to support conclusions about supervisory activities and may be in paper or digital form.

PROCEDURES

Examiners should prepare clear work papers that other examiners and reviewers can readily understand. This requires that work papers be legible and concise, with descriptions of work, communications with bankers, and conclusions reached that are free of ambiguities. As work papers are potentially subject to subpoena or disclosure in other contexts, their contents should reflect professionalism and be free from irrelevant, inflammatory, or otherwise inappropriate material.

Preparation of Work Papers

Work papers are expected to document supervisory activities and examiner conclusions. Specifically, they should:

- Document any deficiencies in the entity's risk management practices, policies, processes, personnel, or control systems.
- Describe and summarize the core assessment and any additional examination or verification procedures performed.
- Provide support for assertions of facts or opinions in the report of examination, especially those that are contrary to bank management's opinions.
- Organize material assembled during the supervisory activity so that the material is available for future reference.
- Help examiners conduct future supervisory activities more efficiently.
- Aid the examiner-in-charge (EIC) in planning, directing, coordinating, and evaluating the work of assisting personnel.
- Serve as support for enforcement actions, findings of violations of law, or referrals to other agencies.

Standards for Preparing Work Papers

Content

Work papers should include the following information:

- The entity (bank, holding company, technology service provider, etc.) name.
- The title of the analysis or schedule the work paper contains.
- The start date of the supervisory activity.
- The name of the preparer.
- The name of the reviewer, if applicable.
- A summary of the procedures performed.
- The date(s) the work paper was prepared and, if applicable, reviewed.

Examiners may maintain work papers either in digital or paper formats, but should use digital formats when creating or storing work papers in the OCC's digital record-keeping applications such as Examiner View (EV). Regardless of the format used, the level of detail work papers contain should be commensurate with the risks facing the institution. The level of detail may vary over time depending on changes in the bank's condition, its risk profile, pending or actual enforcement actions, violations of law, or referrals to other agencies (e.g., fair lending).

In most cases, work papers need not include all of the data reviewed during a supervisory activity. Instead, the examiner should generate and retain only those documents necessary to support the scope of the supervisory activity, significant conclusions, rating changes, or changes in a risk profile. For example, examiners need not include a copy of an entire bank policy. Only those pages of the policy that support significant findings or assertions should be maintained.

Normally, there is no need for work papers to address every objective and procedural step in the examination procedures. Examiners can summarize the overall findings for an area in the conclusions section of the procedures and note which objectives and procedures were completed. This approach will avoid duplication of findings within the work papers.

Work papers should clearly document which examination procedures were performed and whether they were performed fully or partially. If the supervisory activity is outside of the core assessment procedures, or if the periodic monitoring scope goes beyond the minimum requirements, the examiner should briefly note reasons for expanding the procedures. The use of a legend or symbols to indicate the level of procedure performance is acceptable and encouraged when using a paper format. For instance, a checkmark may indicate that the procedure was fully performed; an "X" may indicate that the procedure was not performed; and a circle may indicate that the procedure was partially performed.

When appropriate, examiners also can use bank-prepared lists and reports for work paper documentation purposes, after they have been tested and found to be accurate. Using such material prepared by bank personnel can increase the efficiency with which examination procedures are completed.

Exceptions

Additional documentation, over and above that described earlier in this document, is required in situations where management disagrees with examination conclusions, for troubled institutions exhibiting higher risk profiles, and for institutions subject to or under consideration for enforcement actions. For example, PPM 5000-7 describes the specific documentation requirements needed for civil money penalties. Examiners should consult their district counsel or the Enforcement and Compliance division, as appropriate, concerning documentation in other cases.

Organization

Each set of work papers should be organized according to subject. Every subject should include sections with information on the scope and conclusions reached for that subject.

- *Scope*—This section describes the nature, timing, and extent of the examiner's review and the extent of verification procedures performed, if any. The scope should be consistent with the supervisory strategy. If the scope differs from the strategy, the examiner should explain why this change is appropriate.

For community banks with lower risk profiles, examiners should provide a general comment referencing the procedures performed.

For mid-size or large banks or those banks with higher risk profiles, the scope should include a description of activities performed. Specifically, the examiner should discuss the evaluation of, and degree of reliance placed on, the bank's risk management processes. The scope section also may refer the reader to other work papers, as appropriate, to avoid duplication of material.

- *Conclusions*—This section should consist of succinct conclusions that the examiner reached as a result of the analysis performed. The conclusions should be consistent with the supervisory activity's objectives and should be designed to provide support for information contained in the report of examination (ROE). Work paper conclusions should be limited to providing support for component ratings, risk conclusions, examiner criticisms, and specific bank supervisory activity objectives. For banks with higher risk profiles, examiners should provide more detailed comments supporting their conclusions.

Additional Standards for Work Papers in Digital Format

The OCC must comply with federal laws, rules, and regulations governing the creation, maintenance, use, and disposition of digital government records, including OCC work papers. Accordingly, examiners need to take special steps to ensure the reliability and integrity of digital work papers and their compliance with relevant federal requirements.

To ensure the reliability and integrity of digital work papers, and compliance with federal requirements, examiners should adhere to the following principles:

- The creator/sender of the document is identified and authorized;
- The document is created at or near the time of the transaction or event (e.g., examination) to which it relates;
- The document is protected against unauthorized additions, deletions, and alterations;
- The document is retained for the required record retention period;
- The document is retrievable as originally saved, notwithstanding subsequent software changes; and
- While stored, the document is kept secure (i.e., protected from destruction or unauthorized alteration).

These principles are built into the Examiner View application. Examiners using EV must attach or link any retained digital work papers within EV. Refer to the *Examiner View User's Manual* for guidance. If it is necessary to store documents outside the EV database, whether in digital or paper format, a clear description of the work paper and its location must be maintained in EV. Digital work papers stored outside EV must also comply with the principles listed above. Digital work papers for large banks must be maintained in a format that is readily accessible for conversion to paper form.

When entities provide data or documents in digital form in response to OCC request letters, examiners should:

- Upon receipt, create working copies of that information for use during the examination;
- Create an inventory of incoming information, including identification of the information submitted and received and the date and time the information was received; and
- For the duration of the examination, maintain at least one copy (file copy) of the data or documents in the digital format in which it was originally received.

Examiners should use only the working copies to convert the data or document to a different format or to manipulate the data or document. This procedure will ensure that the data or document is preserved in its original state. At the end of the examination, examiners should follow the guidance set forth in the Content section (page 2) of this PPM to determine which of the original file copy data and documents should be retained as work papers. Those documents not retained as work papers may be deleted.

Documentation for Specific Examination Activities

Asset Quality Line Sheets

The OCC's standardized asset quality review forms (line sheets) provide a comprehensive summary of pertinent information for work papers. When line sheets are completed properly, minimal additional documentation is needed to support the examiner's decision. Generally, line sheets should contain the following information: loan purpose, repayment source, repayment terms and status, collateral pledged, bank rating, the examiner's conclusions and rationale for the conclusions, and the allocation to the allowance for loan and lease losses and supporting justification. Line sheets should also document any credit administration weaknesses such as financial statement or collateral documentation exceptions, violations of law, or management disagreements with examiner conclusions. Examiners are encouraged to use the automated line sheets in the National Credit Tool, when available.

Use of standardized line sheets is not required, however, and other methods can be used (e.g., a spreadsheet). Documentation needs may vary based on the condition of the bank, relationship with bank management, and supervisory objectives. The EIC may modify documentation requirements accordingly. Regardless of the method used, documentation should be specific enough for the EIC to confirm the examiner's conclusions. The following guidance describes minimum documentation requirements for pass and adversely rated assets.

- *Assets rated "pass."* Although examiners should document what they reviewed to reach the conclusion about "pass" assets, they do not have to transcribe or copy other information from the bank's files. Documentation should be in the form of a summary comment that incorporates pertinent financial information that specifically addresses the strength of the primary source of repayment and the financial condition of the borrower. Pertinent financial information would include, for example, ratios addressing debt service coverage, leverage, liquidity, collateral support, etc. The following is an example of a well-supported summary comment: *Pass in view of adequate cash flow to service debt (DSC=1.5x), low leverage (TL/NW=1.8), good liquidity (current ratio=2), and strong collateral coverage (LTV=0.4). This analysis was based upon audited FYE 12/31/0X financial statements.*

- *Adversely rated assets.* Documentation should indicate the reasons for the rating and include the documents the examiner reviewed to arrive at the rating. In non-problem banks or in cases where management agrees with the rating, there may be no need for additional documentation. In all cases, comments and supporting attachments/exhibits should provide sufficient support such that an independent reviewer would be able to understand the rationale for all examiner conclusions.

The above guidance does not restrict the ability of the EIC to require additional supporting documentation because of concerns about underwriting practices or other issues that require aggregation of information from a number of sources.

Consumer Compliance File Reviews

The consumer compliance examination procedures for both large and community[3] banks contain a number of work sheets that serve as the audit trail for file reviews. If no errors or evidence of discrimination are found in the files, these work sheets are the only supporting documentation examiners need to retain. Unless errors are noted, examiners need not scan or copy other material such as credit applications or disclosures nor should they automatically print APR or APY calculations. Conclusion memorandums or answers to procedural steps should simply indicate how many files were tested, the criteria used in selecting the sample, and a conclusion summary.

While the above standards are appropriate for most instances, situations may arise that require additional detailed documentation and support. For example, when examiners find violations or evidence of discrimination, they should maintain additional documentation in the work papers, such as copies of credit applications, disclosures, APR or APY calculations, or other pertinent documentation.

[3] For purposes of this PPM, community banks also include mid-size and credit card banks, as all these banks are on Examiner View.

Indexing and Cross-Referencing Work Papers

Work Papers in Paper Format

Examiners should index their work papers consistently. For uniformity, work papers on the same subject should be coded under one heading and assigned different sub-letters. The abbreviations for the various booklets of the *Comptroller's Handbook* can be used to facilitate indexing. For example, work papers for Loan Portfolio Management (LPM) should carry the labels LPM-A, Scope; LPM-B, Conclusions; LPM-C, Notes from Meetings; etc.

Once the work papers are completed and indexed, the examiner should prepare a cover sheet "table of contents" that includes each work paper index code and corresponding document description. The document descriptions on the table of contents should match the main descriptions on the individual work papers. The cover sheet will facilitate future reference to examination work papers.

Data and other pertinent information used in various examination areas should be cross-referenced. For example, the Uniform Bank Performance Report (UBPR) can be cross-referenced in the asset quality, earnings, capital, and liquidity sections of the work papers. Cross-referencing:

- Reduces duplication of documents used in various reviews.
- Facilitates the location of information for subsequent reference.
- Identifies the source of supporting data or other information that is critical to a particular analysis.

Work Papers in Digital Format

Digital work papers attached or linked within Examiner View at their corresponding conclusion, objective, or procedure are automatically indexed for each examination module (e.g., asset quality or capital). Therefore, digital work papers should be given descriptive file names that are both distinct and easily understood by others.

Retention of Work Papers

Active Banks

Files for national bank work papers consist of analysis files and permanent reference files. Analysis files contain work papers that are specific to a particular supervisory activity. Permanent reference files contain historical reference material that changes little from one supervisory activity to another.

Analysis Files

Analysis files must be retained for a minimum of three years. For a bank on an 18-month supervisory cycle, examiners must keep work papers from two complete supervisory cycles (e.g.,

the previous—March 2001 exam, and the current—September 2002 exam). For specialty examinations, examiners must keep work papers from the last two examinations of each specialty category for a minimum of three years. For CRA examinations (which may extend to a five-year cycle) analysis files must be maintained for two complete supervisory cycles. The files should not include older work papers unless reasons are provided for retaining the material. The ADC and district deputy comptroller, or Large Bank EIC and Large Bank deputy comptroller, as appropriate, must agree to hold records beyond the minimum time outlined above.

Examiners must retain applicable work papers beyond the minimum three-year period for active banks involving:

- Current or potential enforcement actions, litigation, insider abuse, or referrals to other agencies (e.g., fair lending, criminal referrals, etc.);
- One-time chain bank documentation; or
- Other matters, as deemed appropriate by the supervisory office.

Examiners may destroy these work papers only after consultation with their district counsel.

For digital work papers, attaching or linking them in Examiner View satisfies the analysis files retention requirements.

Permanent Reference Files

Although the file is considered permanent, the individual documents in the file are updated or replaced as necessary. These documents may be in either digital or paper format. Documents in digital format need not be printed.

The permanent reference file contains crucial information regarding the bank, such as:

- Recent reports of examination for:
  - Safety and soundness.
  - Consumer compliance, including consumer protection, fair lending, and CRA.
  - Information technology, if separate from safety and soundness.
  - Asset management.
- The most recent CRA performance evaluation public disclosure.
- A listing of board members and their committees.
- A listing of key contacts in the bank and their phone numbers, if not maintained in EV.
- A copy of any administrative actions against the bank or its officials.
- Regulatory approvals or denials.
- Copies of interim correspondence to and from the OCC. Examiners should send originals of interim correspondence to the district office for filing consistent with National Filing System requirements. Large Bank EICs should send originals to Central Records.
- Copies of capital stock certificates, debenture agreements, and term lease and contract agreements.
- Copies of, or information on, articles of association, bylaws, and charter.

Inactive Banks

When a bank becomes inactive, examiners should send paper-based work papers to the local Federal Records Center (FRC). Examiners should contact their district records coordinator for instructions as to how to forward these records to the FRC. The FRC will destroy the work papers 11 years after the bank becomes inactive.

The work papers of banks that become inactive as a result of a merger into, purchase and assumption by, or consolidation with a national bank may be transferred to the work papers of the active bank, if they are needed for supervisory purposes. Examiners will send those work papers not needed for supervisory purposes to the local FRC. Examiners should contact their respective records coordinator for instructions on how to forward work papers to the FRC.

Digital work papers for banks that become inactive must be retained within Examiner View (or on write-protected CDs for examinations conducted prior to EV) until the OCC's electronic records repository (ERMA) is deployed.

Review of Work Papers

EICs or their commission-level designees must sign or initial work paper cover sheets to indicate their review. Within Examiner View, the EIC approval checkbox signifies EIC review and signoff on attached or linked work papers. This review is essential to ensure that the supervisory activity's conclusions are accurate. The EICs may tailor the thoroughness of their review based upon the experience of the examiner who initially completed the work papers.

Supervisory offices should periodically conduct work paper reviews for performance management purposes. Examiners should be held accountable for adhering to the standards and guidance in this PPM.

Questions or comments regarding this PPM should be directed to the Core Policy division at (202) 874-5350.

Mark L. O'Dell
Deputy Comptroller for Core Policy

Trojan, Lois

From: Trojan, Lois
Sent: Wednesday, January 21, 2004 5:30 PM
To: Miller, Lester; Boss, Joseph; Decker, Sharon
Cc: Hunter, David; Delaney, Donald; Pasch, Ron
Subject: FW: Riggs BSA History of Reports and WP

Importance: High

I second Joe's recollection, but I recall that we DID have meetings with the bank re: Pinochet [redacted]

Lois

-----Original Message-----
From: Boss, Joseph
Sent: Wednesday, January 21, 2004 3:09 PM
To: Miller, Lester; Decker, Sharon; Hunter, David; Trojan, Lois; Pasch, Ron; Delaney, Donald
Cc: Boss, Joseph
Subject: RE: Riggs BSA History of Reports and WP
Importance: High

Les, the Pinochet exam was a stand alone exam. It was not part of the ATF exam. As far as I recall, our Senior management decided that there would only be paper records retained related to the exam. Those paper records are housed in the Washington Duty Station. Also, as far as I recall, there was nothing in EV and nothing was provided to the bank.

Joe

-----Original Message-----
From: Miller, Lester
Sent: Wednesday, January 21, 2004 3:02 PM
To: Decker, Sharon; Boss, Joseph; Hunter, David; Trojan, Lois; Pasch, Ron; Delaney, Donald
Subject: Riggs BSA History of Reports and WP

Please confirm the status of the following Riggs BSA activity workpapers and reports. I am gathering information for the Senate's subpoena. Ashley Lee gave me as much input as he could. Should we also contact Steve O'Brien? Thanks, Les

1998 ROE - Supporting workpapers are at the Federal Records Center
1999 ROE - Supporting workpapers are at the Federal Records Center

2/27/01 FinCEN Exam - Exam communication to the bank was rolled into the annual ROE with start date of 1/23/00, end date 2/28/01 and 12/31/00 as of date. (there is a draft ROE page in EV under this FinCEN module - but it did not seem to go to the bank in that form)

The 12/31/00 ROE above states there was interim correspondence on 10/24/00 for domestic BSA, but I cannot find it. Could there be something in SMS?

7/02 Pinochet - Was this review part of an exam or stand alone? I think it was part of the 7/02 ATF exam. Was correspondence on Pinochet issued to the bank? I could not find any. We did do an ATF Target Memo, but Pinochet is not mentioned.

Ron/Don:
12/13/00 RBEL EXAM (date letter was issued to the bank) - Are the workpapers in the London Office?

[redacted] = Redacted by the Permanent Subcommittee on Investigations

Les Miller

Permanent Subcommittee on Investigations
EXHIBIT #43

OCC
c/o Riggs Bank N.A.

Redacted by the
Permanent Subcommittee
on Investigations

pients only. If you have received this message in error, please delete the original and all copies and notify the
he disclosure or other use of this information.

Redacted by the Permanent Subcommittee on Investigations

Comptroller of the Currency
Administrator of National Banks

Mid-Size Bank Supervision
830 Morris Turnpike, 2nd Floor
Short Hills, New Jersey 07078

July 16, 2003

The Board of Directors
Riggs Bank National Association
1503 Pennsylvania Avenue, N.W.
Washington, D.C. 20005

Subject: Riggs Bank National Association, McLean, Virginia

Dear Members of the Board:

Under the terms of the Office of the Comptroller of the Currency's ("OCC") regulation regarding changes in directors and senior executive officers, at 12 C.F.R. § 5.51, a national bank that is subject to a formal enforcement action, such as a Consent Order, is deemed to be in "troubled condition" for purposes of the regulation. The OCC may inform the national bank in writing that, despite the execution of a Consent Order, the national bank will not be deemed to be in "troubled condition" and, thus, not subject to the regulation's prior notice requirements.

By this letter, the OCC formally informs you that Riggs Bank National Association will not be deemed to be in "troubled condition" by virtue of the Board's execution of the Consent Order on July 16, 2003. Consequently, the Board will not be required to provide to the OCC prior notice of proposed changes to the directorate or senior management and to await the OCC's notice of intent not to disapprove those changes.

If you have any questions, please do not hesitate to telephone me at Redacted by the Permanent Subcommittee on Investigations

Sincerely,

John H. Noonan
Assistant Deputy Comptroller

Permanent Subcommittee on Investigations
EXHIBIT #44

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Les Miller's notes

Ethics Bulletin Board

Redacted

by

Permanent Subcommittee

on Investigations

Permanent Subcommittee on Investigations
EXHIBIT #45

Les Miller's notes

issues — (Asklay
confirm Asklay to new
issues (and old)

don't get into exam conclusion

let someone do this —

— No pinocchet
— No BSA

— No external loan reviews this week
— don't compare
— just talk about new on

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Amundson, Carolyn

From: Kelly, Jennifer
Sent: Wednesday, May 21, 2003 7:56 AM
To: Pasley, Bob; Miller, Lester; Amundson, Carolyn
Cc: Noonan, John; Rushdoony, Jonathan; Starr, Madonna
Subject: RE: SRC Memo



Riggs WSRC memo - edits.doc

I had a chance to review the memo last night and had the same question about what we are recommending on CMPs. It says that the question was referred to Legal, but there is not indication of what the outcome of their review is. Based on what I know at this point, I share Bob's view that the C&D is sufficient for now.

I checked with Special Supervision this morning and learned that we can pare back the supervisory strategy section. (see my recommended edits in the attached copy) Ron also concurred with Bob's recommendation to incorporate more of the detail from the report so that the memo can stand on its own. We won't be circulating the ROE to the members with the package.

Finally, Anne is out so SS never knew they had received the package until they saw Carolyn's message asking them to hold up. I committed to Ron that we would provide 20 hard copies to expedite the distribution process. I will have Teresa handle that so you can just email the revised memos to us and we'll take care of the rest.

I didn't get a copy of the draft C&D that Carolyn referred to in her memo so if you want that included in the package, please send it along with the rest.

I'm around this morning so give me a call if you have any questions.

thanks, Jennifer

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-----Original Message-----
From: Pasley, Bob
Sent: Tuesday, May 20, 2003 5:44 PM
To: Miller, Lester; Amundson, Carolyn
Cc: Noonan, John; Kelly, Jennifer; Rushdoony, Jonathan; Starr, Madonna
Subject: RE: SRC Memo

The documents look good, but I think that the examiners' memo need to be amplified on. Specifically, I think that we need to simply cut and paste the 3-4 page recitation in the draft ROE as to what is wrong with the BSA program at the bank and insert it into the text of the memo. I don't want to simply attach the ROE or portions of it, since I do not think that that gives the same impact as the SRC memo itself. In addition, I think that we should detail what our concerns have been with the Saudi accounts and explain explicitly what the nature and volume of the cash, traveler checks and PUPID transactions have been. Also, I am concerned about the statement that the executive management of the bank has been cooperative. I am sure that they are now bending over backwards, but the bank as a whole (including the general counsel, as I understand it) have not been that cooperative. In fact, as I understand, many of our document requests have been ignored and that we have only received partial responses. I think that we need to lay this all out with adequate detail.

On a more general level, I would like to address - either in the documents or at SRC -

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whether SRC has any interest in pursuing cmps. They seem a little weak at this point and I think that a c&d will send a sufficient message to the individuals - especially since the BSA officer is being replaced.

Thank you all for your extended work on this case.

-----Original Message-----
From: Miller, Lester
To: Amundson, Carolyn
Cc: Noonan, John; Pasley, Bob
Sent: 5/20/03 4:50 PM
Subject: RE: SRC Memo

Sure. I also sent to Ann Nazario who is out today. Les

<<5046 ROE - 1Q03 Compliance Ratings7.doc>> <<Riggs WSRC memo BSA.doc>> <<Riggs WSRC Memo -revised 5-20.doc>> <<WSRC Cover Page Riggs.doc>>

> -----Original Message-----
>From: Amundson, Carolyn
>Sent: Tuesday, May 20, 2003 4:47 PM
>To: Miller, Lester; Noonan, John
>Subject: SRC Memo
>
>Can you send me & Bob an copy of the WSRC package?
>
>Carolyn Amundson
>Enforcement & Compliance Division

Redacted by Permanent Subcommittee on Investigations

Miller, Lester

From: Miller, Lester
Sent: Thursday, September 12, 2002 12:11 PM
To: Lee, Ashley
Subject: RE: Riggs EV

Thanks, Ashley. Will do.

-----Original Message-----
From: Lee, Ashley
Sent: Thursday, September 12, 2002 10:39 AM
To: Miller, Lester
Cc: Lee, Ashley
Subject: RE: Riggs EV

All yellows just need supervisory office approval. As for the greens, that's a mixed bag. Some of these may have been subsequently closed as I have not replicated in 2 weeks and do not plan to do again. But for the ones I have on my computer, the response follows.

Most are in progress, started after I left the bank and you will need to review and approve. That includes the 3q asset quality, 2002 retail, 2q02 analysis and 3q asset management targets.

Marcia is still working in the 1q02 and 2q02 ALLL analysis (she may have already closed these)

The April BSA exam is complete and I had approved it. but somehow it still shows open on my computer. Since I can no longer approve, you or Joe will have to close it out.

Hope that helps,

Ashley

-----Original Message-----
From: Miller, Lester
Sent: Thursday, September 12, 2002 9:06 AM
To: Lee, Ashley
Subject: Riggs EV

Ashley, Could you please take a peek in Riggs EV and let me know of any actions that you know of that I need to take on open exams? Particularly 1Q and 2Q activities. Do they just need to be closed out? Thanks, Les (How is the California life?)

Permanent Subcommittee on Investigations
EXHIBIT #47

DECLARATION OF JOSEPH O. BOSS

I, Joseph O. Boss, declare:

1. My name is Joseph O. Boss. I am a National Bank Examiner and have been employed by the Office of the Comptroller of the Currency (OCC) for approximately 13 years. During this time, I have participated in bank examinations by assisting in examinations or by being in charge of examinations. I am working out of the Short Hills Field Office in New Jersey. Since Examiner View ("EV") has been operational, it is unusual not to input any workpapers or conclusion memos from examinations, including targeted reviews, into EV. It is not unusual, however, to retain hard copies of workpapers related to an examination where the documents are too voluminous to input them all into EV.

2. The information set forth below came to me in the regular course of my employment.

3. Beginning on or about late May or early June 2002, I participated in a targeted review of the account relationship and transactions of Augusto Pinochet at Riggs Bank N.A., McLean, Virginia ("Bank"). I was the functional examiner-in-charge of that examination. Lois Trojan assisted me with this targeted review. At that time, Ashley Lee was the resident Examiner-in-Charge of the Bank. I frequently talked to Mr. Lee, with and without Ms. Trojan, to update him on findings and issues related to the targeted review.

4. Ms. Trojan drafted a conclusion memo during the course of the targeted review. I reviewed the first draft of the memo, made a few comments and approved the memo in July 2002. By the time I approved the conclusion memo, I believe that we had completed our information gathering and analysis and, therefore, the targeted review. I believe that our work on

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EXHIBIT #48a

the targeted review was completed around mid-July 2002. There was, however, one outstanding issue: [redacted] Redacted by Permanent Subcommittee on Investigations

5. With the exception of [redacted] discussed above, I am not aware of any other OCC examiner who did any additional fact gathering or analysis or who changed the conclusion memo after July 16, 2002, but several other OCC employees were involved in [redacted] referred to in paragraph 4 above. The [redacted] was not finalized until on or about August 22, 2002.

6. Sometime around mid-July, 2002, Ms. Trojan, Mr. Lee, and I informally discussed the filing of documents related to this targeted review. Mr. Lee indicated that he wanted no conclusion memo, no workpapers, and no other documents in EV regarding the targeted review. Mr. Lee did not state a reason for that instruction. It was agreed that the conclusion memo, workpapers, and other supporting documents would be retained in hard copy in the OCC Field Office in Washington, DC ("Field Office"). I believe Ms. Trojan agreed to make arrangements to have the workpapers housed in the Field Office. I know that the conclusion memo, workpapers, and other supporting documents were stored at the Field Office, because I reviewed the documents at that location in the first quarter of 2003 to prepare for another examination of the Bank. Although I was instructed not to put any conclusion memo, workpapers, and other supporting documents into EV, it was agreed that a reference to the targeted examination should be put into EV. I asked Ms. Trojan to make the entry into EV.

7. During the course of the targeted review, we discussed problems and asked questions about Pinochet's transactions with various Bank officials, including with senior managers of the Bank who met with us on June 24, 2002, to discuss the Pinochet examination. In addition, on July 30, 2002, I participated in an exit interview with Bank officials that addressed the findings and conclusions of the July 2002 ATF targeted review that I conducted at

the Bank. During this exit meeting, which Mr. Lee and I participated in by telephone, I discussed the Pinochet examination, but only in terms of the Bank's policies and procedures that were deficient or required enhancement. I did not participate in an exit interview with Bank officials that specifically addressed Pinochet's transactions at the Bank or the details in the conclusion memo of the Pinochet examination prepared by Ms. Trojan. I do not know whether any such meeting or exit interview occurred. In addition, I am not aware of any interim target memorandum or other written communication related to the Pinochet targeted review having been produced by the OCC and sent to the Bank.

8. While looking through my e-mails on July 12, 2004, for communications with Mr. Lee, I found an e-mail indicating that Ms. Trojan had placed a notation in EV referencing the targeted review and the location of the workpapers. On that same day, I saw a notation with that information in EV. Until that day, I had not looked in EV to determine whether there was a notation that the targeted review was conducted, whether there was a notation that the workpapers were stored in the Field Office in Washington, or whether any workpapers or conclusion memos for the targeted review are in EV. It had always been my understanding that the workpapers or conclusion memos for the targeted review are not in EV. I have not seen any workpapers or conclusion memos for the targeted review in EV.

9. I have not participated in another examination where the workpapers and conclusion memos were not entered into EV.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on July 14, 2004.

Joseph O. Boss
National Bank Examiner

DECLARATION OF LOIS A. TROJAN

I, Lois A. Trojan, declare:

1. My name is Lois A. Trojan. I am a National Bank Examiner and have been employed by the Office of the Comptroller of the Currency (OCC) for approximately 13 years. During this time, I have participated in bank examinations by assisting in examinations or by being in charge of examinations. I am working out of the Field Office in Washington, DC ("Field Office"). Since Examiner View ("EV") has been operational, it is unusual for me not to input any workpapers or conclusion memos from examinations, including targeted reviews, into EV. It is not unusual, however, to retain some hard copies of workpapers related to an examination where the documents are too voluminous to input them all into EV. Other than the targeted review discussed below, I do not recall being on any other examination where we did not enter the conclusions or any workpapers into EV.

2. The information set forth below came to me in the regular course of my employment.

3. Beginning on or about June 2002, I participated in a targeted review of the account relationship and transactions of Augusto Pinochet at Riggs Bank N.A., McLean, Virginia ("Bank"). I assisted Joseph Boss, who was the functional examiner-in-charge of that targeted review. No other examiners worked with us on this targeted review. At that time, Ashley Lee was the Examiner-in-Charge of the Bank. Mr. Boss and I periodically talked to Mr. Lee during the review to update him on findings and issues related to the targeted review.

4. I drafted, and Mr. Boss reviewed, a conclusion memo during the course of the targeted review. I completed the final version of the conclusion memo on or about July 16, 2002,

Permanent Subcommittee on Investigations
EXHIBIT #48b

and provided it to Mr. Boss, along with a summary background narration. I also put hard copies of both documents with the Pinochet workpapers. I believe that we completed our information gathering and analysis and, therefore, the targeted review by July 16, 2002. I am not aware of any other OCC examiner who did any additional fact gathering or analysis or who changed the conclusion memo after July 16, 2002.

5. On or about the beginning of July 2002, Messrs. Boss and Lee and I discussed the filing of the workpaper documents related to this targeted review. This informal discussion was conducted while we were standing near the cubicles that Mr. Boss and I worked at and outside of the office of Mr. Lee. During the discussion, Mr. Lee instructed Mr. Boss and me to retain the workpapers in hard copy form, but not to enter the conclusion memo or other workpapers in EV. I do not recall whether Mr. Lee stated a reason for that instruction during that discussion. (However, I do recall that, during the course of the targeted review, Mr. Lee stated that he was concerned that mentioning Mr. Pinochet's name and the issues we found in EV could raise confidentiality concerns, given the publicity involving Mr. Pinochet and the availability of EV to most of the OCC, the FDIC and the Fed.) One of us suggested that, at a minimum, EV should contain a notation that this targeted review was conducted, a notation that the workpapers would be located in the Field Office, and some general conclusions that need not mention Mr. Pinochet's name. I do not recall who raised the idea of adding the notations into EV, but I do recall that Mr. Lee agreed with the idea. I did not recall who was supposed to make the EV entries based on this discussion.

6. In the same time frame as the meeting referenced above in paragraph 5, above, I was asked to contact the Field Office to arrange for securing the workpapers in the file room after the conclusion of the targeted review and did so. Following the review, the workpapers were

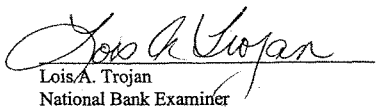
stored at the Field Office until they were produced in response to various Congressional requests.

7. I do not recall participating in an exit interview with Bank officials that addressed the findings and conclusions of the targeted review. I do not know whether any such exit interview occurred. I do not know whether an interim target memorandum or other written communication related to this targeted review was provided to the Bank, but I have never seen such a document.

8. In response to a July 9, 2004, conversation between the OCC and staff of the Senate Permanent Subcommittee on Investigations indicating that the OCC would conduct an additional review of EV for information on this targeted review, I looked into EV on July 12, 2004. On that date, I discovered that I had made an entry into EV in July 2002, which named Mr. Pinochet and which indicated that the targeted review was conducted and that the workpapers were stored in the Field Office. In addition, I also discovered on July 12, 2004, the fact that I emailed Messrs. Boss and Lee on July 23, 2002, about the location of the entry in EV. I do not recall why, contrary to my recollection of the discussion with Messrs. Lee and Boss discussed in paragraph 5, above, the entry mentioned Mr. Pinochet's name, but did not contain the general conclusions. I have not seen any workpapers or conclusion memos for the targeted review in EV.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on July 14, 2004.



Lois A. Trojan
National Bank Examiner

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SUNDAY, FEBRUARY 22, 2004

PARADE

Who Would *You* Say Is



The World's Worst Dictator?



By David Wallechinsky

Our Choice Inside >>

Plus... The Latest Heart Research, By Dr. Isadore Rosenfeld • A Midwinter Feast, By Sheila Lukins

Permanent Subcommittee on Investigations
EXHIBIT #49

Several have fallen, others have "earned" a higher rankin

The World's 10

By David Wallechinsky

LAST YEAR, PARADE CONTRIBUTING EDITOR David Wallechinsky selected "The 10 Worst Living Dictators." We asked him to make a new assessment for 2004. To compile this year's list, Wallechinsky consulted (as in 2003) independent human-rights organizations willing to expose both left- and right-wing regimes, including Freedom House, Amnesty International, Human Rights Watch and Reporters Without Borders.

Most dictators marshal various arguments to justify their repressive actions to their people and the world, Wallechinsky notes. The most common are: 1) "The human-rights situation in my country is better than it used to be." 2) "Western versions of democracy and human rights are not compatible with my nation's traditions." 3) "Strict measures are necessary because an outside force is threatening our society." We offer this list to provide some perspective on world events and to stimulate reflection on our freedoms at home.



Off The List Clockwise from top right: Since our last "10 Worst" list, Saddam Hussein (No. 3 last year) has been overthrown and captured, and Liberia's Charles Taylor (No. 4) agreed to give up power and is living in exile in Nigeria. He is wanted by Interpol for war crimes related to his alleged participation in the civil war in neighboring Sierra Leone. Also off this year's list are Libya's Muammar Qaddafi (No. 8) and Alexander Lukashenko of Belarus (No. 10)—not because they improved but because other dictators have gotten worse.



1 Kim Jong Il, North Korea.

Age 63. In power since 1994.
LAST YEAR'S RANK: 1.

All the discussion about **Kim**'s development of nuclear weapons has deflected attention from the fact that his government represses its own people more completely than any other in the world. Each year, the human-rights group Freedom House ranks every country according to its level of political rights and civil liberties. North Korea is the only nation to earn the worst possible score for 31 straight years. It also ranks in last place in the international index of press freedom compiled by Reporters Without Borders. An estimated 150,000 Koreans perform forced labor in prison camps created to punish alleged political dissidents, their family members and North Koreans who fled to China but were forced back by the Chinese government.

Worst on civil liberties and political rights—again.

2 Than Shwe, Burma.

Age 71. In power since 1992.
LAST YEAR'S RANK: 5.



General **Than Shwe** has survived a power struggle to emerge as the sole leader of Burma's military dictatorship. Because Than Shwe represents the hard-line faction, his rise has turned an already dreadful human-rights situation even worse. Burma has more child soldiers than any other nation, and the Burmese regime continues to kidnap ordinary citizens and force them to serve as porters for the military in various conflicts against non-Burmese ethnic groups.

In 1990, the party of Nobel Peace Prize-winner Aung San Suu Kyi won 80% of the vote in an open election. The military regime canceled the results. The popular Suu Kyi spent much of the ensuing years, off and on, under house arrest. On May 30, 2003, hired thugs attacked Suu Kyi's motorcade, killing several of her supporters and arresting others. Suu Kyi has been returned to house arrest. Unlike most dictators, General Than Shwe prefers to work behind the scenes. Even the Burmese people know little about him. He has promised new elections—in four or five years.

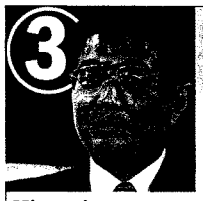
Burma has more child soldiers than any other nation.

PHOTOS BY KAMPHUAPHAN HOKWILAI/AFP/NEWSCOM (TAYLOR), AFP/NEWSCOM (HUSSEIN), GALLARDAP WIDE WORLD (QADDAFI), AFP/GETTY IMAGES (KIM), SAMAD/AFP/NEWSCOM (THAN SHWE), CHAMAIN/PICTORIAL PRESS IMAGES (HU), AFP/NEWSCOM (MUGABE), ARAKONKAEW/AFP/NEWSCOM (THAKSIN), AFP/NEWSCOM (MUSHARRAF), ARAKONKAEW/AFP/NEWSCOM (KHATAMI), AFP/NEWSCOM (SADDAM), AFP/NEWSCOM (TAYLOR), AFP/NEWSCOM (HUSSEIN), GALLARDAP WIDE WORLD (QADDAFI), AFP/GETTY IMAGES (KIM), SAMAD/AFP/NEWSCOM (THAN SHWE), CHAMAIN/PICTORIAL PRESS IMAGES (HU), AFP/NEWSCOM (MUGABE), ARAKONKAEW/AFP/NEWSCOM (THAKSIN), AFP/NEWSCOM (MUSHARRAF), ARAKONKAEW/AFP/NEWSCOM (KHATAMI), AFP/NEWSCOM (SADDAM)

COVER PHOTOGRAPHS BY (TOP ROW, L-R): HARTWELL/CORBIS (ABDULLAH), BURDIT/REUTERS/NEWSCOM (MUGABE), ZIEMINSKI/AFP/NEWSCOM (MSWATI), AFP/CORBIS (KIM), ZHUMATOV/REUTERS/NEWSCOM (NIYAZOV); (BOTTOM ROW):REUTERS/CORBIS (CASTRO, AL-BASHIR), DANIEL/GAMMA (HU), MAHER/CORBIS SYGMA (OBIANG), INOUYE/AP WIDE WORLD (THAN SHWE)

on our **2004** list of ignominy, and there are four newcomers.

Worst Dictators



3 Hu Jintao, China.

Age 61. In power since 2002. LAST YEAR'S RANK: DISHONORABLE MENTION.

His regime controls all media, uses online spies, executes 4000 a year.

Hu spent 38 years moving up the Communist Party hierarchy, proving himself efficient and willing to do whatever was necessary to advance himself. Now, as president and general secretary of the party, Hu is the leader of an unusually repressive regime. Apologists point to China's economic liberalization and say its human-rights situation "is better than it used to be." However, the party still controls all media and uses 30,000 "Internet security agents" to monitor online use. More than 300,000 Chinese are serving "re-education" sentences in labor camps. China carries out in excess of 4000 executions a year, more than all other nations combined.

4 Robert Mugabe, Zimbabwe.

Age 80. In power since 1980. LAST YEAR'S RANK: DISHONORABLE MENTION.

After leading an anti-colonial war of liberation, **Mugabe** was elected independent Zimbabwe's first prime minister, with widespread domestic and international support. In recent years, he has become increasingly dictatorial. According to Human Rights Forum, Mugabe's government has killed or tortured and displaced more than 70,000. While allowing elections, he has restricted opponents' ability to campaign and shut down media that don't support him. When opposition leader Morgan Tsvangirai won 42% of the vote anyway, Mugabe had him arrested and charged with treason. As his support has slipped, Mugabe has played the race card, confiscating farms owned by whites and giving them to his supporters.



5 Crown Prince Abdullah, Saudi Arabia. Age 80. In power since 1995.

LAST YEAR'S RANK: 2.



Abdullah has been the acting leader of Saudi Arabia since his half-brother, King Fahd, suffered a stroke in 1995. Saudi Arabia holds no elections whatsoever. The royal family has promised municipal elections next year but has not announced if women will be allowed to vote. It is forbidden for unrelated Saudis of the opposite sex to appear in public together. Generally, a woman cannot testify in divorce proceedings; a man testifies for her. In court cases, the testimony of one man is equal to that of two women. According to the U.S. State Department, Saudi Arabia continues to engage in arbitrary arrests and torture. During a human-rights conference in October, Saudi authorities arrested nonviolent protesters calling for freedom of expression; some were sentenced to be flogged.

6 Teodoro Obiang Nguema, Equatorial Guinea. Age 61.

In power since 1979. LAST YEAR'S RANK: 6.

This tiny West African nation was a forgotten dictatorship until major reserves of oil were discovered in 1995. Since then, U.S. oil companies have poured billions of dollars into the country. Although the per capita income is $4500 a year, 60% of the people live on less than $1 a day. The bulk of the oil income goes directly into the U.S. bank account of President **Obiang**, who has declared: "There is no poverty in Guinea." Rather, "The people are used to living in a different way." In July, state radio announced that Obiang "is in permanent contact with the Almighty" and "can decide to kill without anyone calling him to account and without going to Hell." There is little public transportation, no daily newspapers, and only 1% of government spending goes to health care.



As he grows oil-rich, his people live on $1 a day.

continued



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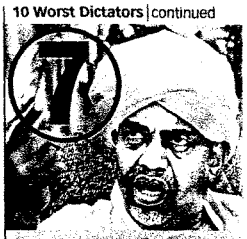


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Omar Al-Bashir, Sudan.

Age 59. In power since 1989.

LAST YEAR'S RANK: DISHONORABLE MENTION.

Sudan, the largest country in Africa, has been involved in a complex 20-year civil war that has claimed the lives of 2 million people and uprooted 4 million. **Al-Bashir** seized power in a military coup and immediately suspended the constitution, abolished the legislature and banned political parties and unions. He is negotiating a peace agreement with the main rebel group. Meanwhile, his

His army has bombed civilians and massacred non-Muslims.

army has routinely bombed civilians and tortured and massacred non-Muslims, particularly in the oil-producing areas of the south. Sudanese troops also have kidnapped southerners and enslaved them. Al-Bashir has been accused of "engineering famine" in regions that oppose him.

Al-Bashir has a long history of providing sanctuary for terrorists only to turn against them. He turned over to France the notorious Carlos the Jackal in exchange for financial and military aid. In 1996, he tried, unsuccessfully, to offer Osama bin Laden to the U.S. government.

For David Wallechinsky's list of dictators who earned "Dishonorable Mentions," visit *www.parade.com* on the Web.

PHOTOS BY AZNAF WIDE WORLD (AL-BASHIR); REUTERS/CORBIS (NIYAZOV); ROQUE/AFP/NEWSCOM (CASTRO); ZIEMINSKI/AFP/NEWSCOM (MSWATI)

8 Saparmurat Niyazov, Turkmenistan.

Age 64. In power since 1990.
LAST YEAR'S RANK: 7.



Since taking charge of this former Soviet republic, **Niyazov** has developed an extreme personality cult. His picture appears on all Turkmen money, and there are statues of him everywhere. His book *Ruhnama* (Book of the Soul) is required reading in all schools, and all government employees must memorize passages to keep their jobs. He rules without opposition. ("There are no opposition parties," he has said, "so how can we grant them freedom?") In the past year, Niyazov has cracked down on religious and ethnic minorities, including Russians. He has imprisoned political dissidents and subjected them to Stalin-style show trials and public confessions. The Turkmen constitution requires retirement at 70, but in August Niyazov created a 2500-member People's Council that elected him Lifetime Chairman—unanimously.

Dissidents undergo show trials, public confessions.



9 Fidel Castro, Cuba.

Age 77. In power since 1959.
LAST YEAR'S RANK: 9.

The world's longest-reigning dictator, **Castro** took advantage of the world's preoccupation with the war in Iraq last spring to carry out his biggest roundup of nonviolent dissidents in more than a decade. He arrested 75 human-rights activists, journalists and academics, sentencing them to prison for an average of 19 years. Cuba remains a one-party state. The courts are controlled by the "executive branch"—that is, Castro, who traditionally has blamed his country's problems, both economic and social, on the U.S.

10 King Mswati III, Swaziland.

Age 35. In power since 1986.
LAST YEAR'S RANK: NOT LISTED.

Swaziland is the last remaining absolute monarchy in Africa. **Mswati** became king when he turned 18, four years after his father's death. Though educated in England, Mswati has shown a liking for certain Swazi traditions. In Sept. 2002, he watched thousands of girls and young women dance bare-breasted in the annual Reed Dance, then chose one to be his 10th wife. (His father had 100 wives.) The girl's mother filed a lawsuit charging the king with abducting her daughter. Mswati announced that Swazi courts were forbidden to issue rulings that limited the king's power. To appease world opinion, he approved a new constitution to replace the one his father suspended 30 years earlier. However, the new constitution bans political parties, allows the death penalty for any criminal offense and provides for debtors' prisons.



PARADE Contributing Editor David Wallechinsky, the international journalist, has reported for the magazine from China and Burma, interviewing Nobel laureate Aung San Suu Kyi. His next book (out this fall) is "Tyrants: The World's 20 Worst Living Dictators."

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UNITED STATES OF AMERICA
DEPARTMENT OF THE TREASURY
OFFICE OF THE COMPTROLLER OF THE CURRENCY

In the Matter of:	)
Riggs Bank National Association	)
McLean, Virginia	)

STIPULATION AND CONSENT TO THE ISSUANCE OF A CONSENT ORDER

The Comptroller of the Currency of the United States of America ("Comptroller") has initiated proceedings against Riggs Bank National Association, McLean, Virginia ("Bank") pursuant to 12 U.S.C. § 1818(b).

The Bank, in the interest of compliance and cooperation, consents to the issuance of a Consent Order, dated July 16, 2003 ("Order");

In consideration of the above premises, the Comptroller, through his authorized representative, and the Bank, through its duly elected and acting Board of Directors, hereby stipulate and agree to the following:

Article I

Jurisdiction

(1) The Bank is a national banking association chartered and examined by the Comptroller pursuant to the National Bank Act of 1864, as amended, 12 U.S.C. § 1 *et seq.*

(2) The Comptroller is "the appropriate Federal banking agency" regarding the Bank pursuant to 12 U.S.C. §§ 1813(q) and 1818(b).

(3) The Bank is an "insured depository institution" within the meaning of 12 U.S.C. § 1818(b)(1).

Permanent Subcommittee on Investigations
EXHIBIT #50a

Article II

Order

(1) The Bank, without admitting or denying any wrongdoing, hereby consents and agrees to the issuance of the Order by the Comptroller.

(2) The Bank further agrees that said Order shall be deemed an "order issued with the consent of the depository institution" as defined in 12 U.S.C. § 1818(h)(2), and consents and agrees that said Order shall become effective upon its issuance and shall be fully enforceable by the Comptroller under the provisions of 12 U.S.C. § 1818(i). Notwithstanding the absence of mutuality of obligation, or of consideration, or of a contract, the Comptroller may enforce any of the commitments or obligations herein undertaken by the Bank under its supervisory powers, including 12 U.S.C. § 1818(i), and not as a matter of contract law. The Bank expressly acknowledges that neither the Bank nor the Comptroller has any intention to enter into a contract.

(3) The Bank also expressly acknowledges that no officer or employee of the Office of the Comptroller of the Currency has statutory or other authority to bind the United States, the U.S. Treasury Department, the Comptroller, or any other federal bank regulatory agency or entity, or any officer or employee of any of those entities to a contract affecting the Comptroller's exercise of its supervisory responsibilities.

Article III

Waivers

(1) The Bank, by signing this Stipulation and Consent, hereby waives:

(a) the issuance of a Notice of Charges pursuant to 12 U.S.C. § 1818(b);

(b) any and all procedural rights available in connection with the issuance of the Order;

(c) all rights to seek any type of administrative or judicial review of the Order; and

(d) any and all rights to challenge or contest the validity of the Order.

Article IV

Other Action

(1) The Bank agrees that the provisions of this Stipulation and Consent shall not inhibit, estop, bar, or otherwise prevent the Comptroller from taking any other action affecting the Bank if, at any time, he deems it appropriate to do so to fulfill the responsibilities placed upon him by the several laws of the United States of America.

IN TESTIMONY WHEREOF, the undersigned, authorized by the Comptroller as his representative, has hereunto set his hand on behalf of the Comptroller.

David D. Gibbons for *7/16/03*

Timothy W. Long
Senior Deputy Comptroller
Mid-size/Community Bank Supervision

Date

IN TESTIMONY WHEREOF, the undersigned, as the duly elected and acting Board of Directors of the Bank, have hereunto set their hands on behalf of the Bank.

Signed	*7/16/03*
Barbara B. Allbritton	Date
Signed	*7/16/03*
Robert L. Allbritton	Date
Signed	*7/16/03*
Nathan D. Baxter	Date
Signed	*7/16/03*
Jacqueline C. Duchange	Date
Signed	*7/16/03*
Thomas F. Fitzgerald	Date
Signed	*7/16/03*
Heather S. Foley	Date
Signed	*7/16/03*
Lawrence I. Hebert	Date
Signed	*7/16/03*
Robert C. Roane	Date
Signed	*7/16/03*
Frederick J. Ryan, Jr.	Date
Signed	*7/16/03*
John A. Sargent	Date
Signed	*7/16/03*
Stephen J. Trachtenberg	Date

#2003-79

UNITED STATES OF AMERICA
DEPARTMENT OF THE TREASURY
OFFICE OF THE COMPTROLLER OF THE CURRENCY

In the Matter of:	)
Riggs Bank National Association	)
McLean, Virginia	)

CONSENT ORDER

The Comptroller of the Currency of the United States of America ("Comptroller"), through his National Bank Examiner, has examined Riggs Bank National Association, McLean, Virginia ("Bank"), and his findings are contained in the Report of Examination for the examination that commenced on January 6, 2003 ("ROE").

The Bank, by and through its duly elected and acting Board of Directors ("Board"), has executed a "Stipulation and Consent to the Issuance of a Consent Order," dated July 16, 2003, that is accepted by the Comptroller. By this Stipulation and Consent, which is incorporated by reference, the Bank has consented to the issuance of this Consent Order ("Order") by the Comptroller.

Pursuant to the authority vested in him by the Federal Deposit Insurance Act, as amended, 12 U.S.C. § 1818, the Comptroller hereby orders that:

Article I

COMPLIANCE COMMITTEE

(1) The Board shall maintain its BSA Compliance Committee ("Committee"), which shall be comprised of at least three (3) directors. A majority of the Committee shall not be employees of the Bank or family members of any such person. Upon the change in any member of the Committee, the name of the new member shall be submitted in writing to the Assistant

Deputy Comptroller. The Committee shall be responsible for monitoring and coordinating the Bank's adherence to the provisions of this Order.

(a) The Committee shall meet at least monthly.

(b) Within forty-five (45) days of the date of this Order and monthly thereafter, the Committee shall submit a written progress report to the Board setting forth in detail:

(i) a description of the actions needed to achieve full compliance with each Article of this Order;

(ii) actions taken to comply with each Article of this Order; and

(iii) the results of those actions.

(2) The Board shall forward a copy of the Committee's report, with any additional comments by the Board, to the Assistant Deputy Comptroller within ten (10) days of receiving such report.

Article II

STUDY OF BANK SECRECY ACT COMPLIANCE

(1) Within thirty (30) days, the Board shall employ an independent, external, management consultant to conduct a study of the Bank's compliance with the Bank Secrecy Act ("BSA"), as amended (31 U.S.C. §§ 5311 - 5330), the regulations promulgated thereunder at 31 C.F.R. Part 103, as amended, and 12 C.F.R. Part 21, Subparts B and C, including amendments from the USA PATRIOT ACT, and the rules and regulations of the Office of Foreign Assets Control ("OFAC") (collectively referred to as the "Bank Secrecy Act" or "BSA"). The Board

may choose to continue its retention of the independent, external, management consultant that the Bank is currently using for BSA matters.

(2) If the Bank chooses to appoint or employ a different consultant, or enter into a separate contract with any consultant, to achieve compliance with this Article, the Board shall submit the name and qualifications of the proposed consultant and the proposed terms of employment to the Assistant Deputy Comptroller for a prior determination of no supervisory objection.

(3) The Bank shall ensure that the consultant specified in paragraph (1) of this Article shall complete a study, which the Bank has represented has been completed, of the responsibilities, competence, and capabilities of the Bank's BSA Officer and the BSA Officer's supporting staff who monitor, ensure, and oversee the Bank's compliance with the Bank Secrecy Act.

(4) Within sixty (60) days of the date of this Order, the Bank or the consultant specified in paragraph (1) of this Article shall formally assess the levels of risk for compliance with the Bank Secrecy Act throughout the Bank, including risks for all accounts, customers, products, services, and geographic areas.

(5) The findings and recommendations of the consultant specified in paragraph (1) of this Article shall be set forth in a written report to the Board. At a minimum, the report shall address the following issues:

(a) the level and scope of responsibilities of the BSA Officer;

(b) the level and scope of responsibilities of the BSA Officer's supporting staff;

(c) the level and scope of authority of the BSA Officer to monitor and ensure the Bank's compliance with the Bank Secrecy Act;

(d) the competence of the BSA Officer's and the BSA Officer's supporting staff in monitoring and ensuring the Bank's compliance with the Bank Secrecy Act, including:

(i) establishing risk-based internal controls

(ii) ensuring that Bank management, particularly in the Embassy, Retail, and Wealth Management (Private Banking) areas of the Bank, implement systems and controls to identify potentially suspicious transactions;

(e) the capability of the BSA Officer's and the BSA Officer's supporting staff to monitor and ensure the Bank's compliance with the Bank Secrecy Act, including:

(i) education and training focused on bank operations;

(ii) knowledge of the process and systems for monitoring suspicious activities;

(iii) knowledge of the security and investigations staff of BSA issues and the compliance process and systems

(iv) expertise in the laws and regulations of the United States for the Bank Secrecy Act, anti-money laundering, and OFAC;

(v) experience in fraud control and compliance monitoring;

(vi) willingness to correct identified deficiencies;

(vii) adequacy of the tools, particularly technology, necessary to monitor and ensure BSA compliance throughout the Bank;

(viii) proactive approach to implementing systems and controls for fraud control and compliance monitoring;

(f) the BSA Officer's reporting structure and independence from the Bank's management;

(g) the Bank's methods of collecting, maintaining, and recalling information related to transactions that pose greater than normal risks for compliance with the Bank Secrecy Act; and

(h) an evaluation of the types of the transactions, including accounts, customers, products, services, and geographic areas, that pose greater than normal risks for compliance with the Bank Secrecy Act.

Article III

BANK SECRECY ACT COMPLIANCE FUNCTION

(1) Within ninety (90) days of the date of this Order, the Board shall determine whether any changes are needed regarding the Bank's BSA Officer, including the responsibilities, authority, structure, independence, competencies, or capabilities of the BSA Officer. In particular, the Board should ensure that the BSA Officer has sufficient authority and competency to perform his assigned responsibilities.

(2) Within ninety (90) days of the date of this Order, the Board shall determine whether any changes are needed regarding the Bank's BSA Officer's supporting staff, including

the responsibilities, authority, structure, independence, competencies, or capabilities of the BSA Officer's supporting staff.

(3) Within one hundred (100) days of the date of this Order, the Board shall submit its determination(s) in response to the report required pursuant to Article II to the Assistant Deputy Comptroller for a determination of no supervisory objection prior to implementing any needed changes as set forth in paragraphs (1) or (2) of this Article.

(4) The requirement to submit information and the provision for a prior determination of no supervisory objection in this Article are based on the authority of 12 U.S.C. § 1818(b) and do not require the Comptroller or the Assistant Deputy Comptroller to complete his review and act on any such information or authority within ninety (90) days.

Article IV

BANK SECRECY ACT INTERNAL CONTROLS

(1) Within ninety (90) days of the date of this Order, in response to the risks assessed as set forth in Article I, the Board shall develop, implement, and thereafter ensure Bank adherence to a written program of policies and procedures to provide for BSA and OFAC compliance and for the appropriate identification and monitoring of transactions that pose greater than normal risks for compliance with the Bank Secrecy Act. This program should include the following:

(a) formal evaluation of the knowledge of the Bank's operational and supervisory personnel of the Bank's policies and procedures for identifying transactions that pose greater than normal risks for compliance with the Bank Secrecy Act;

(b) enhanced policies and procedures for identifying and monitoring transactions that pose greater than normal risks for compliance with the Bank Secrecy Act;

(c) enhanced policies and procedures for recording, maintaining, and recalling information about transactions that pose greater than normal risks for compliance with the Bank Secrecy Act;

(d) well-defined policies and procedures for investigating and resolving the Bank's response to transactions that have been identified as posing greater than normal risks for compliance with the Bank Secrecy Act; and

(e) a method for introducing new products and services that ensures that the policies and procedures governing new products and services are consistent with the Bank's program for compliance with the Bank Secrecy Act.

(2) Within ninety (90) days of the date of this Order, the Board shall develop, implement, and thereafter ensure Bank adherence to a written program of policies and procedures to provide for the Bank's monitoring of suspicious cash, monetary instrument, and wire transfers for all types of accounts, customers, products, services, and geographic areas. At a minimum, this written program shall establish:

(a) reviews of cash purchases of monetary instruments;

(b) periodic analysis of aggregate cash, monetary instrument, and wire activity;

(c) periodic analysis of Currency Transaction Report filings;

(d) automatic reviews of accounts or customers for which the Bank has received criminal subpoenas that may involve the Bank Secrecy Act;

(e) reviews of higher risk accounts;

(f) reviews of higher risk geographies;

(g) reviews of higher risk transactions; and

(h) submission of Suspicious Activity Reports based on these reviews and analyses.

(3) Within ninety (90) days of the date of this Order, the Board shall develop, implement, and thereafter ensure Bank adherence to a written program of policies and procedures to provide for the application of appropriate thresholds for monitoring all types of accounts, customers, products, services, and geographic areas that pose greater than normal risks for compliance with the Bank Secrecy Act. At a minimum, this written program shall establish:

(a) meaningful thresholds for filtering accounts and customers for further monitoring, review, and analyses;

(b) an analysis of the filtering thresholds established by the Bank; and

(c) periodic testing and monitoring of thresholds for their appropriateness to the Bank's customer base, products, services, and geographic area.

(4) Within ninety (90) days, the Board shall develop, implement, and thereafter ensure Bank adherence to expanded account-opening procedures for all accounts that pose greater than normal risks for compliance with the Bank Secrecy Act by requiring:

(a) identification of all account owners and beneficial owners that can be reasonably identified;

(b) identification of the officers, directors, major shareholders or partners, as applicable;

(c) documentation of the following information for all deposit account customers:

(i) any relevant financial information concerning the customer;

(ii) the type of business conducted by the customer;

(iii) the customer's source of income or wealth; and

(iv) any other due diligence required by this Order, the BSA Officer or the Bank.

(5) The Bank shall obtain the information required in the preceding paragraph (4) of this Article before renewing or modifying an existing customer's account within the scope of the preceding paragraph (4).

(6) The Bank shall consider not opening any new account and shall consider closing any existing account if the Bank does not receive the information required by paragraphs (4) and (5) by the date the information is due.

(7) Within ninety (90) days, the Board shall develop, implement, and thereafter ensure Bank maintenance of an integrated, accurate system for all Bank areas to produce periodic reports designed to identify unusual or suspicious activity, including patterns of activity, to monitor and evaluate unusual or suspicious activity, and to maintain accurate information needed to produce these reports.

(a) The Bank's integrated system should be able to link related accounts, countries of origin, location of the customers' businesses and residences to evaluate patterns of activity;

(b) The periodic reports should cover one day, a number of days, and monthly reports and should segregate transactions that pose a greater than normal risk for compliance with the Bank Secrecy Act;

(c) The periodic reports should include reports on all higher risk accounts that are newly-established, renewed or modified, including the following information:

(i) the name of the customer;

(ii) the officers, directors and major shareholder of any corporate customer and the partners of any partnership customer;

(iii) any other accounts maintained by the customer and, as applicable, its officers, directors, major shareholders or partners;

(iv) a detailed analysis of the due diligence performed on the customer and, as applicable, its officers, directors, major shareholders or partners;

(v) any related accounts of the customer at the Bank;

(vi) any action taken on the account; and

(vii) the purpose, balance and any unusual activity for each account; and

(d) The periodic reports should include reports on any type of subpoena received by the Bank and on any law enforcement inquiry directed to the Bank and any action taken on the affected account; and

(e) The periodic reports should include reports deemed necessary or appropriate by the BSA Officer or the Bank.

(8) All account officers shall periodically review, not less than each calendar year, all account documentation for all higher risk accounts administered by or originated through the account officer and all other related accounts of those customers at the Bank to determine whether the account activity is consistent with the customer's business and the stated purpose of the account. This paragraph shall apply only to accounts, as determined by the Bank, that pose greater than normal risks for compliance with the Bank Secrecy Act;

(9) The Bank shall consider not opening any account for a customer and shall consider closing any existing account of a customer if the information available to the Bank indicates that the customer's relationship with the Bank would be detrimental to the reputation of the Bank.

(10) The Board shall ensure that the Bank has processes, personnel, and control systems to implement and adhere to the program developed pursuant to this Article.

(11) Within one hundred (100) days of the date of this Order, the Board shall submit its determination(s) in response to the consultant's report, including a copy of the programs revised pursuant to this Article, to the Assistant Deputy Comptroller for a prior determination of no supervisory objection.

(12) The requirement to submit information and the provision for a prior determination of no supervisory objection in this Article are based on the authority of 12 U.S.C. § 1818(b) and do not require the Comptroller or the Assistant Deputy Comptroller to complete his review and act on any such information or authority within ninety (90) days.

Article V

BANK SECRECY ACT - AUDIT FUNCTION

(1) Within ninety (90) days, the Board shall review and evaluate the level of service and ability of the audit function for BSA matters currently being provided by any auditor, including:

(a) the Board's expectations of how its auditors can and should assist in ensuring the Bank's compliance with OFAC and the Bank Secrecy Act;

(b) an assessment of prior audits and management's response to those audits; and

(c) an evaluation of the audit tools, including technology, available.

(2) Within one hundred (100) days, the Board shall expand the Bank's existing BSA audit procedures to include:

(a) development of a schedule, from which deviations of more than 45 days will occur only with the Board approval, for the Bank's internal audits;

(b) development of a program to test periodically the adequacy of internal controls designed to ensure compliance with the provisions of OFAC and the Bank Secrecy Act in all areas of the Bank;

(c) prompt management response and follow-up to all exceptions or other recommendations of any Bank auditor for BSA matters or of the Office of the Comptroller of the Currency; and

(d) a risk-based approach to OFAC and Bank Secrecy Act compliance that includes transactional testing and verification of data for higher-risk accounts or geographic areas of specific concern.

(3) Within one hundred and fifty (150) days, the Board should ensure that the auditor for BSA matters has performed the following activities:

(a) develop findings, observations and recommendations on the Bank's internal controls addressing compliance with OFAC and the Bank Secrecy Act, including related regulatory reporting on those subjects.

(b) review prior account activity at the Bank, including deposit accounts, loan transactions, wire activity, certified check activity, Currency Transaction Report activity (including structuring) and traveler's check activity, for accounts that pose greater than normal risks for compliance with the Bank Secrecy Act, e.g., Private Banking and Embassy accounts, in order to ascertain any unusual or suspicious transactions that may have occurred at the Bank during this period.

(4) Upon completion of this review, the Board's findings shall be reported to the Assistant Deputy Comptroller. The Bank shall immediately file Suspicious Activity Reports, in accordance with 12 C.F.R. § 21.11, for any previously unreported suspicious activity identified during this review.

(5) These findings, observations and recommendations, along with the Bank's response to any such concerns, shall be reviewed by the Board on an annual basis for the duration of this Order.

Article VI

BSA TRAINING

(1) Within sixty (60) days, the Board shall develop, implement, and thereafter ensure Bank adherence to a comprehensive training program for all appropriate operational and supervisory personnel to ensure their awareness of their responsibility for compliance with the requirements of the OFAC and the Bank Secrecy Act, including the reporting requirements associated with Suspicious Activity Reports pursuant to 12 C.F.R. Part 21, Subpart B, regardless of the size of the relationship or type of customer involved.

(2) This comprehensive training program should include strategies for mandatory attendance, the frequency of training, procedures and timing for updating training programs and materials, and the method for delivering training.

Article VII

DEFINITIONS

(1) The term "related accounts," as referenced in Article IV, shall be broadly construed and shall include the following accounts:

(a) all accounts for which there are common signatories, officers, directors, addresses, taxpayer identification numbers, or phone numbers that can be reasonably identified;

(b) all accounts of a customer's immediate relatives by blood, marriage or adoption (e.g., spouses, children, parents, siblings, uncles, and aunts) that can be reasonably identified;

(c) all accounts of any corporation, joint enterprise, partnership or any undertaking whatsoever that can be reasonably identified as controlled by or operated substantially in the interest of any Bank customer; "control" includes direct or indirect ownership of ten percent (10%) or more of the stock, capital, or equity of any such undertaking; and "substantial interest" shall mean derivation in any manner of income of ten thousand dollars ($10,000) or more per annum from the operation of any such undertaking; and

(d) all accounts where the Bank's customer can be reasonably identified as exercising control or authority over the account holder; and

(e) any account(s) so designated by the Assistant Deputy Comptroller.

(2) The term "major shareholder" shall mean any individual or entity that directly or indirectly owns, controls or has the power to vote ten percent (10%) or more of the stock, capital, or equity of any undertaking's voting stock.

Article VIII

ADMINISTRATIVE APPEALS AND EXTENSIONS OF TIME

(1) If the Board determines that an exception to any provision of this Order is in the best interests of the Bank, or requires an extension of any timeframe within this Order, the Board shall submit a written request to the Assistant Deputy Comptroller asking for relief.

(2) Any written requests submitted pursuant to this Article shall include a statement setting forth in detail the special circumstances that prevent the Bank from complying with any provision, that require the Assistant Deputy Comptroller to exempt the Bank from any provision,

or that require an extension of any timeframe within this Order. All such requests shall be accompanied by relevant supporting documentation.

(3) The Assistant Deputy Comptroller's decision in granting the request is final and not subject to further review.

Article IX

CLOSING

(1) Although the Board is by this Order required to submit certain proposed actions and programs for the review or prior determination of no supervisory objection of the Assistant Deputy Comptroller, the Board has the ultimate responsibility for proper and sound management of the Bank.

(2) It is expressly and clearly understood that if, at any time, the Comptroller deems it appropriate in fulfilling the responsibilities placed upon him by the several laws of the United States of America to undertake any action affecting the Bank, nothing in this Order shall in any way inhibit, estop, bar or otherwise prevent the Comptroller from so doing.

(3) Any time limitations imposed by this Order shall begin to run from the effective date of this Order. Such time limitations may be extended in writing by the Assistant Deputy Comptroller for good cause upon written application by the Board.

(4) The provisions of this Order are effective upon issuance of this Order by the Comptroller, through his authorized representative whose hand appears below, and shall remain effective and enforceable, except to the extent that, and until such time as, any provisions of this Order shall have been amended, suspended, waived, or terminated in writing by the Comptroller.

(5) In each instance in this Order in which the Board is required to ensure adherence to, and undertake to perform certain obligations of the Bank, it is intended to mean that the Board shall:

(a) authorize and adopt such actions on behalf of the Bank as may be necessary for the Bank to perform its obligations and undertakings under the terms of this Order;

(b) require the timely reporting by Bank management of such actions directed by the Board to be taken under the terms of this Order;

(c) follow-up on any non-compliance with such actions in a timely and appropriate manner; and

(d) require corrective action be taken in a timely manner of any non-compliance with such actions.

(6) This Order is intended to be, and shall be construed to be, a final order issued pursuant to 12 U.S.C. § 1818(b), and expressly does not form, and may not be construed to form, a contract binding on the Comptroller or the United States.

(7) The terms of this Order, including this paragraph, are not subject to amendment or modification by any extraneous expression, prior agreements or prior arrangements between the parties, whether oral or written.

IT IS SO ORDERED, this 16th day of July, 2003.

David D. Gibbons for *7/16/03*

Timothy W. Long
Senior Deputy Comptroller
Mid-size/Community Bank Supervision

Date

UNITED STATES OF AMERICA
DEPARTMENT OF THE TREASURY
OFFICE OF THE COMPTROLLER OF THE CURRENCY

In the Matter of:	)
Riggs Bank N.A.	)
McLean, Virginia	)

STIPULATION AND CONSENT TO THE ISSUANCE OF A CONSENT ORDER

The Comptroller of the Currency of the United States of America ("Comptroller") has initiated proceedings against Riggs Bank N.A., McLean, Virginia ("Bank") pursuant to 12 U.S.C. § 1818(b).

The Bank, in the interest of compliance and cooperation, consents to the issuance of a Consent Order, dated May 13, 2004 ("Order");

In consideration of the above premises, the Comptroller, through his authorized representative, and the Bank, through its duly elected and acting Board of Directors, hereby stipulate and agree to the following:

ARTICLE I

Jurisdiction

(1) The Bank is a national banking association chartered and examined by the Comptroller pursuant to the National Bank Act of 1864, as amended, 12 U.S.C. § 1 *et seq*.

(2) The Comptroller is "the appropriate Federal banking agency" regarding the Bank pursuant to 12 U.S.C. §§ 1813(q) and 1818(b).

(3) The Bank is an "insured depository institution" within the meaning of 12 U.S.C. § 1818(b)(1).

ARTICLE II

Agreement

Permanent Subcommittee on Investigations
EXHIBIT #50b

(1) The Bank, without admitting or denying any wrongdoing, hereby consents and agrees to the issuance of the Order by the Comptroller.

(2) The Bank further agrees that said Order shall be deemed an "order issued with the consent of the depository institution" as defined in 12 U.S.C. § 1818(h)(2), and consents and agrees that said Order shall become effective upon its issuance and shall be fully enforceable by the Comptroller under the provisions of 12 U.S.C. § 1818(i). Notwithstanding the absence of mutuality of obligation, or of consideration, or of a contract, the Comptroller may enforce any of the commitments or obligations herein undertaken by the Bank under its supervisory powers, including 12 U.S.C. § 1818(i), and not as a matter of contract law. The Bank expressly acknowledges that neither the Bank nor the Comptroller has any intention to enter into a contract.

(3) The Bank also expressly acknowledges that no officer or employee of the Office of the Comptroller of the Currency has statutory or other authority to bind the United States, the U.S. Treasury Department, the Comptroller, or any other federal bank regulatory agency or entity, or any officer or employee of any of those entities to a contract affecting the Comptroller's exercise of its supervisory responsibilities.

ARTICLE III

Waivers

(1) The Bank, by signing this Stipulation and Consent, hereby waives:

(a) the issuance of a Notice of Charges pursuant to 12 U.S.C. § 1818(b);

(b) any and all procedural rights available in connection with the issuance of the Order;

(c) all rights to seek any type of administrative or judicial review of the Order; and

(d) any and all rights to challenge or contest the validity of the Order.

ARTICLE IV

Other Action

(1) The Bank agrees that the provisions of this Stipulation and Consent shall not inhibit, estop, bar, or otherwise prevent the Comptroller from taking any other action affecting the Bank if, at any time, he deems it appropriate to do so to fulfill the responsibilities placed upon him by the several laws of the United States of America.

IN TESTIMONY WHEREOF, the undersigned, authorized by the Comptroller as his representative, has hereunto set her hand on behalf of the Comptroller.

/s/ Tim Long — *5-13-04*

Timothy W. Long — Date
Senior Deputy Comptroller

IN TESTIMONY WHEREOF, the undersigned, as the duly elected and acting Board of Directors of the Bank, have hereunto set their hands on behalf of the Bank.

Signed	5-13-04
Barbara B. Allbritton	Date
Signed	5-13-04
Robert L. Allbritton	Date
Signed	5/13/04
Nathan D. Baxter	Date
Signed	5/13/04
Jacqueline C. Duchange	Date
Signed	5/13/04
Thomas F. Fitzgerald	Date 6:10 pm
Signed	5/13/04
Heather S. Foley	Date
Signed	5/13/04
Lawrence I. Hebert	Date
Signed	5/13/04
Robert C. Roane	Date
Signed	5/13/04
Frederick J. Ryan, Jr.	Date
Signed	5/13/04
John A. Sargent	Date
Signed	5/13/04
Stephen J. Trachtenberg	Date

#2004-43

UNITED STATES OF AMERICA
DEPARTMENT OF THE TREASURY
OFFICE OF THE COMPTROLLER OF THE CURRENCY

In the Matter of:	)	
	)	
Riggs Bank N.A.,	)	AA-EC-04-54
McLean, Virginia	)	

CONSENT ORDER

The Comptroller of the Currency of the United States of America ("Comptroller"), through his National Bank Examiner, has examined Riggs Bank N.A., McLean, Virginia ("Bank"), and identified deficiencies in the Bank's internal controls, particularly in the area of Bank Secrecy Act and Anti-Money Laundering compliance.

The Bank, by and through its duly elected and acting Board of Directors ("Board"), has executed a "Stipulation and Consent to the Issuance of a Consent Order," dated May 13, 2004, that is accepted by the Comptroller. By this Stipulation and Consent, which is incorporated by reference, the Bank has consented to the issuance of this Consent Order ("Order") by the Comptroller. This Order supplements, but does not replace, a Consent Order that the Bank entered into on July 16, 2003.

Pursuant to the authority vested in him by the Federal Deposit Insurance Act, as amended, 12 U.S.C. § 1818, the Comptroller hereby orders that:

ARTICLE I

BOARD TO ENSURE COMPETENT MANAGEMENT

(1) Within sixty (60) days, the Bank's Board shall cause the Bank to review and produce a written report regarding the staffing skills and levels required to fulfill the Bank's obligations pursuant to this Order, to fulfill its obligations pursuant the July 16, 2003 Order, and

to meet the Bank's strategic goals. The Board will determine whether management or staff changes should be made, including the need for additions to or deletions from current management or staffing, and whether the skills of management and staff need improvement.

(2) Within ninety (90) days, the Board shall implement the recommendations and results of its review pursuant to paragraph (1) of this Article.

(3) Upon completion, a copy of the written report shall be submitted to the Assistant Deputy Comptroller for Midsize Banks ("Assistant Deputy Comptroller"), Office of the Comptroller of the Currency, 440 S. La Salle St., Suite 2700, Chicago, IL 60605.

ARTICLE II

BOOKS AND RECORDS

(1) Within forty-five (45) days, the Board shall submit to the Assistant Deputy Comptroller an action plan detailing the process by which the Board will ensure that an evaluation of whether the Bank's books and records, including electronic information systems, are maintained in a complete and accurate condition in all material respects, setting forth a timetable for implementing the plan to correct and verify any materially incomplete or inaccurate information.

(a) The plan shall include a methodology for verifying that information required by the Bank Secrecy Act and its implementing regulations is appropriately documented, filed, and maintained. This may include, but is not limited to, reviewing the accuracy of any Suspicious Activity Report or Currency Transaction Report previously filed between January 1, 2001, and April 30, 2004.

(b) The plan shall provide for the necessary actions to correct and verify any incomplete or inaccurate books and records. This may include, but is not limited to, correcting any filing made to any agency or branch of the U.S. Government; any Suspicious Activity Report or Currency Transaction Report; and any information provided in response to any subpoena or to any request for information from any agency or branch of the U.S. Government between January 1, 2001, and April 30, 2004.

(c) The plan need not require the remediation of accounts closed on or before the effective date of this Order or the remediation of accounts that are in the process of being closed due to the Bank's current plan to exit certain account relationships in specific divisions and subsidiaries.

(d) The plan shall include a review, in a time period not to exceed one year from the effective date of this Order, of all Bank accounts in the Embassy and International Private Banking areas that are identified as high risk, and other high risk accounts identified by the Bank as appropriate for review, to ensure that Suspicious Activity Reports have been filed as appropriate between January 1, 2001, and April 30, 2004. This review shall include accounts at Bank subsidiaries (excluding Riggs International Banking Corporation, which is regulated by the Board of Governors of the Federal Reserve System), accounts covered by paragraph (c) of this Article, and an analysis of Currency Transaction Reports filed for each account.

(2) A copy of the plan shall be forwarded to the Assistant Deputy Comptroller for a written determination of no supervisory objection.

(a) In the event the Assistant Deputy Comptroller recommends changes to the action plan, the Board shall immediately incorporate those changes into the plan.

(3) The Board shall ensure that, once verified as in a complete and accurate condition in all material respects, the Bank's books, records and electronic information systems are maintained in a materially complete and accurate condition.

ARTICLE III

INTERNAL CONTROLS

(1) Within sixty (60) days, the Board shall adopt, implement, and thereafter ensure adherence by the Bank, including all of its divisions, its subsidiaries (excluding Riggs International Banking Corporation, which is regulated by the Board of Governors of the Federal Reserve System), and its account relationships, to written, comprehensive policies for internal controls applicable to the Bank's account relationships and related staffing, including the Embassy and International Private Banking Groups' account relationships and related staffing. At a minimum, the policies shall address:

(a) the mandatory performance of periodic background checks, no less than every three (3) years, of all relationship managers;

(b) the collection of a complete list of all Personal Investment Companies with accounts at the Bank, a complete list of all individuals associated with those Personal Investment Companies, and a complete list of all accounts managed at the Bank for those Personal Investment Companies;

(c) a prohibition against any employee having signature authority, ownership, or custodial powers for any customer's account, except designated trust accounts;

(d) a requirement for relationship managers to determine and document the following information:

(i) a list of all accounts associated with a relationship, a country or politically exposed persons ("PEPs"), either manually or through the Bank's electronic information systems;

(ii) a summary of these account relationships, including identification of the purpose for each account in the relationship and the customary transactions and services used in each account, including the use of any suspense or concentration account;

(iii) a comprehensive, balanced assessment of the country and its PEPs; and

(iv) the risk rating for the accounts.

(e) a requirement for relationship managers to conduct periodic sampling of transactions within the accounts they manage to ensure an adequate understanding of the purposes of these accounts, appropriate monitoring of these accounts, and conformance of the actual transactions with the customary transactions and services for these accounts;

(f) the definition of "conflicts of interest" and the appearance of conflicts of interest, as well as the imposition of conflict of interest restrictions on Bank employees, officers, and directors;

(g) the accountability of Bank employees for compliance with applicable laws and regulations and adherence to the Bank's internal policies and procedures;

(h) the supervision of relationship managers sufficient to ensure adherence to applicable laws and regulations and the Bank's policies and procedures, including the requirements set forth in this Article;

(i) the following types of accounts or relationships shall be subject to the Bank's policies and procedures for accounts or transactions with greater than normal risk to those accounts:

(i) accounts in the name of any governmental corporation or governmental agency with only one authorized signatory;

(ii) the ten largest deposit account relationships at the Bank;

(iii) the ten largest loan relationships at the Bank;

(j) the establishment of procedures to review transactions from accounts in the name of any governmental corporation, country, or governmental agency of a country to any individual, particularly to provide for the review of unusual transactions, transactions with individuals related to the account holder, and transactions above Bank-established thresholds;

(k) the establishment of procedures to review transactions from accounts in the name of any governmental corporation, country, or governmental agency of a country in order to identify transactions indicative of corruption or embezzlement in those accounts;

(l) the establishment of thresholds for reporting information about accounts and relationships designated as having greater than normal risk, including those set forth in this Article to be treated as having greater than normal risk, to the Bank's management and board of directors;

(m) the performance of transactional testing in all accounts and relationships designated as having greater than normal risk, including those set forth in this Article to be treated as having greater than normal risk;

(n) the evaluation of the costs and profitability of all accounts and relationships designated as having greater than normal risk, including those set forth in this Article to be treated as having greater than normal risk;

(o) the requirements for arms' length dealing in any transactions by Bank employees, officers, and directors involving the Bank's customers;

(p) the requirements and parameters for the disclosure of the following information from the Bank's employees, officers, and directors:

(i) actual and potential conflicts of interest;

(ii) "related interests" as that term is defined by 12 C.F.R. Part 215, including any Personal Investment Company owned in whole or in part;

(iii) any material interest in the business of a borrower, an applicant, or other customer of the Bank; and

(iv) the receipt of anything of value by Bank employees, officers, and directors, directly or indirectly, from borrowers, loan applicants, other customers, or suppliers of the Bank.

(q) For purposes of this article, "governmental corporation" shall refer to any corporation related to a governmental entity or a politically exposed person of a governmental entity.

(2) Prior to implementation, a copy of these changes to the Bank's internal control policy shall be forwarded to the Assistant Deputy Comptroller for awritten determination of no supervisory objection.

(3) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of, and adherence to, the policy developed pursuant to this Article.

ARTICLE IV

DIVIDEND POLICY

(1) Within fifteen (15) days, the Board shall develop, implement, and thereafter ensure Bank adherence to a dividend policy, which shall permit the declaration of a dividend only:

(a) when the Bank is in compliance with 12 U.S.C. §§ 56 and 60; and

(b) with thirty days' prior written notice to the Assistant Deputy Comptroller.

ARTICLE V

INTERNAL AUDIT

(1) Within sixty (60) days, the Board, or a designated committee of the Board, shall adopt, implement, and thereafter ensure Bank adherence to an independent, internal audit program sufficient, including its scope, testing, and documentation, to:

(a) detect irregularities in the Bank's operations;

(b) determine the Bank's level of compliance with all applicable laws, rules and regulations;

(c) evaluate the Bank's adherence to established policies and procedures;

(d) perform an appropriate level of testing to support the audit findings;

(e) ensure adequate audit coverage in all areas; and

(f) establish an annual audit plan using a risk based approach sufficient to achieve these objectives.

(2) As part of this audit program, the Board , or a designated committee of the Board, shall evaluate the audit reports of any party providing services to the Bank, and shall assess the impact on the Bank of any audit deficiencies cited in such reports.

(3) The Board, or a designated committee of the Board, shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of, and adherence to, the program developed pursuant to this Article.

(4) The Board, or a designated committee of the Board, shall ensure appropriate oversight of the audit function, with particular emphasis on an adequately staffed department or outside firm with respect to both the experience level and number of the individuals employed.

(5) The Board, or a designated committee of the Board, shall ensure that the audit program is independent. The persons responsible for implementing the internal audit program described above shall report directly to the Board, or a designated committee of the Board, which

shall have the sole power to direct their activities. All reports prepared by the audit staff shall be filed directly with the Board and not through any intervening party.

(6) All audit reports shall be in writing and supported by adequate workpapers, which must be provided to the Bank. The Board, or a designated committee of the Board, shall ensure that immediate actions are undertaken to remedy deficiencies cited in audit reports, and that auditors maintain a written record describing those actions.

(7) The audit staff shall have access to any records necessary for the proper conduct of its activities. National bank examiners shall have access to all reports and work papers of the audit staff and any other parties working on its behalf.

(8) Upon adoption, a copy of the internal audit program shall be promptly submitted to the Assistant Deputy Comptroller.

ARTICLE VI

CLOSING

(1) Although the Board is by this Order required to submit certain proposed actions and programs for the review or prior written determination of no supervisory objection of the Assistant Deputy Comptroller, the Board has the ultimate responsibility for proper and sound management of the Bank.

(2) It is expressly and clearly understood that if, at any time, the Comptroller deems it appropriate in fulfilling the responsibilities placed upon him by the several laws of the United States of America to undertake any action affecting the Bank, nothing in this Order shall in any way inhibit, estop, bar or otherwise prevent the Comptroller from so doing.

(3) Any time limitations imposed by this Order shall begin to run from the effective date of this Order. Such time limitations may be extended in writing by the Assistant Deputy Comptroller for good cause upon written application by the Board.

(4) The provisions of this Order are effective upon issuance of this Order by the Comptroller, through his authorized representative whose hand appears below, and shall remain effective and enforceable, except to the extent that, and until such time as, any provisions of this Order shall have been amended, suspended, waived, or terminated in writing by the Comptroller.

(5) In each instance in this Order in which the Board is required to ensure adherence to, and undertake to perform certain obligations of the Bank, it is intended to mean that the Board shall:

(a) authorize and adopt such actions on behalf of the Bank as may be necessary for the Bank to perform its obligations and undertakings under the terms of this Order;

(b) require the timely reporting by Bank management of such actions directed by the Board to be taken under the terms of this Order;

(c) follow-up on any non-compliance with such actions in a timely and appropriate manner; and

(d) require corrective action be taken in a timely manner of any non-compliance with such actions.

(6) In the event of an inconsistency between this Order and the Consent Order dated July 16, 2003, the terms of this Order shall control.

(7) This Order is intended to be, and shall be construed to be, a final order issued pursuant to 12 U.S.C. § 1818(b), and expressly does not form, and may not be construed to form, a contract binding on the Comptroller or the United States.

(8) The terms of this Order, including this paragraph, are not subject to amendment or modification by any extraneous expression, prior agreements or prior arrangements between the parties, whether oral or written.

IT IS SO ORDERED, this 13th day of May, 2004.

/s/ Tim Long — 5-13-04

Timothy W. Long
Senior Deputy Comptroller — Date

#2004-44

UNITED STATES OF AMERICA
DEPARTMENT OF THE TREASURY
OFFICE OF THE COMPTROLLER OF THE CURRENCY

In the Matter of:	)	
	)	
Riggs Bank N.A.,	)	AA-EC-04-55
McLean, Virginia	)	

CONSENT ORDER OF CIVIL MONEY PENALTY

WHEREAS, the Comptroller of the Currency of the United States of America ("Comptroller") intends to initiate a civil money penalty proceeding against Riggs Bank N.A., McLean, Virginia ("Bank") pursuant to 12 U.S.C. § 1818(i) (as amended) for violations of the law and regulations regarding compliance with the Bank Secrecy Act ("BSA") and 12 C.F.R. §§ 21.11 and 21.21, and for violations of the Consent Order issued against the Bank dated July 16, 2003.

WHEREAS, in the interest of cooperation and to avoid the costs associated with future administrative and judicial proceedings with respect to the above matter, the Bank, without admitting or denying any wrongdoing or the findings of fact set forth in Article II below, desires to enter into this Consent Order of Civil Money Penalty ("Order") issued pursuant to 12 U.S.C. § 1818(i).

NOW, THEREFORE, in consideration of the above premises, it is stipulated by and between the Comptroller, through his duly authorized representative, and the Bank that:

Permanent Subcommittee on Investigations
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Article I

JURISDICTION

(1) The Bank is a national banking association, chartered and examined by the Comptroller, pursuant to the National Bank Act of 1864, as amended, 12 U.S.C. § 1 et seq. Accordingly, the Bank is an "insured depository institution" as that term is defined in 12 U.S.C. § 1813(c)(2).

(2) Pursuant to 12 U.S.C. § 1813(q), the Comptroller is the "appropriate Federal banking agency" to initiate and maintain this civil money penalty proceeding against the Bank pursuant to 12 U.S.C. § 1818(i).

(3) The Bank is a subsidiary of Riggs National Corporation, a publicly-traded bank holding company.

Article II

FINDINGS AND CONCLUSIONS

A. Background

(1) Pursuant to 12 C.F.R. § 21.21(c), all national banks are required to establish and maintain BSA compliance programs reasonably designed to ensure and monitor their compliance with 31 U.S.C. §§ 5301-5355 and 31 C.F.R. Part 103. At a minimum, a bank's BSA compliance program must provide for a system of internal controls to ensure ongoing compliance; provide for independent testing for compliance to be conducted by bank personnel or by an outside party; designate an individual or individuals responsible for coordinating and monitoring day-to-day compliance; and provide training for appropriate personnel.

(2) Pursuant to 12 C.F.R. § 21.11, a national bank must file SARs when the bank detects a known or suspected violation of Federal law or a suspicious transaction related to money laundering activity or a violation of the BSA.

(3) The Comptroller and the Bank entered into a Consent Order dated July 16, 2003, designed to address BSA deficiencies identified at the Bank.

(4) The Comptroller and the Bank entered into a supplemental Consent Order dated May 13, 2004.

A. BSA Compliance Program Deficiencies

(5) The Bank violated 12 C.F.R. § 21.21 by failing to comply with the BSA compliance program requirements and by failing to correct deficiencies in the four required elements for a BSA compliance program.

(a) Internal Controls: The Bank's internal controls were, and continue to be, seriously deficient. The Bank's system of internal controls did not effectively identify or address the BSA-related risks that existed in various divisions of the Bank or that related to customers, products, services, or accounts that should have been viewed as high risk. Moreover, the Bank's Anti-Money Laundering and Enhanced Due Diligence program and Customer Identification Program pertaining to areas deemed to be high-risk were not adequately implemented.

(i) The Bank did not collect or maintain sufficient information about its foreign private banking customers. As a result, the Bank failed to identify approximately one-third of the accounts related to the country of Saudi Arabia and an unacceptably high number of accounts related to the country of Equatorial Guinea.

(ii) The Bank omitted disclosure of several Bank accounts in response to requests from the OCC and other governmental agencies.

(b) Independent Testing: The Bank's system for independently testing its BSA compliance was inadequate. Bank audits did not review all of the necessary areas, did not uncover or disclose the severity or the extent of weaknesses in the Bank's BSA compliance, and contained flawed testing and sampling.

(c) Designation of Individual(s) to Coordinate and Monitor Compliance: The Bank's management was ineffective in overseeing the Bank's day-to-day compliance with the BSA laws and its regulations, as evidenced by the numerous and substantial deficiencies in the program.

(d) Training: The Bank's numerous BSA-related deficiencies demonstrate that the Bank's training program was ineffective, did

not comply with the Consent Order, and was insufficient to ensure identification of and monitoring for suspicious activities.

B. SAR Program Deficiencies

(6) The Bank did not detect or investigate suspicious activities and did not file SARs as required. In particular, the Bank failed to:

(a) refer specific inquiries from law enforcement to the area that investigated suspicious activities to determine whether SAR filings were appropriate;

(b) file accurate Currency Transaction Reports and SARs, in part, based upon inaccurate or incomplete information maintained about Bank customers;

(c) file timely SARs for any of the transactions listed in paragraph (7) of this Article; and

(d) investigate suspicious activities occurring in accounts related to the countries of Saudi Arabia and Equatorial Guinea.

(7) The Bank did not adequately monitor for suspicious cash, wire, or monetary instrument transactions. In particular, the Bank failed to identify or to monitor potentially suspicious activity pertaining to:

(a) tens of millions of dollars in cash withdrawals from accounts related to the Saudi Arabian embassy;

(b) dozens of sequentially-numbered international drafts that totaled millions of dollars, that were drawn from accounts related to officials of Saudi Arabia, and that were returned to the Bank;

(c) dozens of sequentially-numbered cashier's checks that were drawn from accounts related to officials of Saudi Arabia made payable to the account holder;

(d) millions of dollars deposited into a private investment company owned by an official of the country of Equatorial Guinea;

(e) hundreds of thousands of dollars transferred from an account of the country of Equatorial Guinea to the personal account of a government official of the country; and

(f) over a million dollars transferred from an account of the country of Equatorial Guinea to a private investment company owned by the Bank's relationship manager.

C. Risk Management Deficiencies

(8) The Bank did not identify deficiencies in its risk management procedures. These deficiencies included systemic deficiencies in Bank policies, internal controls, and staff oversight. In particular, the Bank failed to:

(a) increase its risk management procedures or scrutinize accounts related to the country of Equatorial Guinea, until October 2003, despite information that should have raised concerns for the Bank;

(b) properly supervise the Bank's relationship manager for the Equatorial Guinea account relationships; and

(c) discover that a relationship manager had signature authority over two Equatorial Guinea accounts.

D. Conclusion

(9) The Comptroller has concluded that the Bank engaged in systemic violations of law, regulations, and a final order and failed to correct those violations. The Bank failed to comply fully with the requirements of the Consent Order against the Bank dated July 16, 2003. The Bank's BSA compliance program was deficient in all four elements: internal controls, independent testing, designation of individual(s) to coordinate and monitor compliance, and training appropriate personnel. In addition, the Bank failed to file accurate and timely Suspicious Activity Reports ("SARs").

Article III

ORDER OF CIVIL MONEY PENALTY

(1) The Bank is hereby ordered to pay a civil money penalty in the amount of twenty-five million dollars ($25,000,000).

(2) This penalty assessment shall be concurrent with the twenty-five million dollars ($25,000,000) penalty assessed against the Bank by the Financial Crimes Enforcement Network.

(3) The payments to the Comptroller and the Financial Crimes Enforcement Network referred to above shall be satisfied by one payment of twenty-five million dollars ($25,000,000) to the United States Department of the Treasury.

(4) The Bank shall make payment in full upon issuance of this Order by check or wire transfer. If a check is the selected method of payment, it must be made payable to the United States Department of the Treasury and shall be delivered to: Comptroller of the Currency, P.O. Box 73150, Chicago, Illinois 60673-7150. The docket number of this case should be entered on the check. If a wire transfer is the selected method of payment, it must be made to Treasury NYC Bank account #2071-0001. A copy of the check or wire transfer shall be delivered to the Director, Enforcement and Compliance Division, Office of the Comptroller of the Currency, 250 E St., S.W., Washington, D.C. 20219.

(5) This Order shall be enforceable to the same extent and in the same manner as an effective and outstanding order that has been issued and has become final pursuant to 12 U.S.C. §§ 1818(h) and (i) (as amended).

Article IV

WAIVERS

(1) By executing this Order, the Bank waives:

(a) the right to the issuance of a Notice of Civil Money Penalty Assessment under 12 U.S.C. § 1818(i);

(b) all rights to a hearing and a final agency decision pursuant to 12 U.S.C. § 1818(i) and 12 C.F.R. Part 19;

(c) all rights to seek judicial review of this Order;

(d) all rights in any way to contest the validity of this Order; and

(e) any and all claims for fees, costs or expenses against the Comptroller, or any of his agents or employees, related in any way to this enforcement matter or this Order, whether arising under common law or under the terms of any statute, including, but not limited to, the Equal Access to Justice Act, 5 U.S.C. § 504 and 28 U.S.C. § 2412.

(2) The Bank's Board of Directors acknowledges that it has read and understands the premises and obligations of this Order and declares that no separate promise or inducement of any kind has been made by the Comptroller, his agents or employees to cause or induce the Bank to agree to consent to the issuance of this Order and/or to execute this Order.

(3) It is hereby agreed that the provisions of this Order constitute a settlement of the civil money penalty proceeding contemplated against the Bank by the Comptroller. The Comptroller agrees not to institute further civil money penalty proceedings against the Bank for the acts, omissions or violations alleged in Article II above, unless such acts, omissions or violations reoccur.

(4) It is further agreed that the provisions of this Order shall not be construed as an adjudication on the merits and, except as set forth above in paragraph (3), shall not inhibit, estop, bar, or otherwise prevent the Comptroller from taking any action affecting

the Bank if, at any time, he deems it appropriate to do so to fulfill the responsibilities placed upon him by the several laws of the United States of America.

(5) The Bank understands that nothing herein shall preclude any proceedings brought by the Comptroller to enforce the terms of this Order, and that nothing herein constitutes, nor shall the Bank contend that it constitutes, a waiver of any right, power, or authority of any other representatives of the United States or agencies thereof, including the Department of Justice, to bring other actions deemed appropriate.

IN TESTIMONY WHEREOF, the undersigned, authorized by the Comptroller as his representative, has hereunto set his hand on behalf of the Comptroller.

/s/ Tim Long	*5-13-04*
Timothy W. Long Senior Deputy Comptroller	Date

IN TESTIMONY WHEREOF, the undersigned, as the duly authorized and acting President and Chief Executive Officer of the Bank, has hereunto set his hands on behalf of the Bank.

Riggs Bank N.A.

Signed	5/13/04
By: Lawrence I. Hebert Its: President and Chief Executive Officer	Date

UNITED STATES OF AMERICA
DEPARTMENT OF THE TREASURY
FINANCIAL CRIMES ENFORCEMENT NETWORK

IN THE MATTER OF **No. 2004-01**
RIGGS BANK, N.A.

ASSESSMENT OF CIVIL MONEY PENALTY

I. INTRODUCTION

The Secretary of the United States Department of the Treasury has delegated to the Director of the Financial Crimes Enforcement Network ("FinCEN") the authority to determine whether a financial institution has violated the Bank Secrecy Act, 31 USC §§5311 et seq. and 31 CFR Part 103 thereunder ("BSA"), and what, if any, sanction is appropriate.

In order to resolve this matter, and only for that purpose, Riggs Bank N.A. ("Riggs") has entered into a CONSENT TO THE ASSESSMENT OF CIVIL MONEY PENALTY ("CONSENT") dated May 13, 2004, without admitting or denying FinCEN's determinations described in Sections III and IV below, except as to jurisdiction in Section II below, which is admitted.

The CONSENT is incorporated into this ASSESSMENT OF CIVIL MONEY PENALTY ("ASSESSMENT") by this reference.

II. JURISDICTION

Riggs is the principal subsidiary of Riggs National Corporation, a publicly traded bank holding company based in Washington, D.C. As of December 31, 2003, Riggs had assets of approximately $6 billion, deposits of $4.29 billion, and stockholders' equity of $427.2 million. Riggs is a "financial institution" and a "bank" within the meaning of 31 USC §5312(a)(2) and 31 CFR §103.11. The Office of the Comptroller of the Currency (the "OCC") is Riggs' primary federal supervisory agency and examines Riggs for BSA compliance.

III. FINDINGS

A. Summary of Violations

FinCEN has determined that Riggs willfully violated the suspicious activity and currency transaction reporting requirements of the BSA and its implementing regulations, and that Riggs has willfully violated the anti-money laundering program ("AML program") requirement of the BSA and its implementing regulations. The violations

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EXHIBIT #50d

Riggs engaged in were systemic -- Riggs was deficient in designing a program tailored to the risks of its business that would ensure appropriate reporting, implementing the procedures it did have, and responding to classic "red flags" of suspicious conduct. Riggs failed to correct the violations and implement an adequate BSA program in a timely manner. Consequently, on July 16, 2003, the OCC entered into a comprehensive Consent Order with Riggs to correct the deficiencies and referred the BSA violations to FinCEN for a determination of whether a civil penalty was warranted. Since then, however, additional violations occurred and the OCC is concurrently issuing a supplemental Consent Order requiring additional corrective actions.

B. Violations of the Anti-Money Laundering Program Requirements

FinCEN has determined that Riggs has been in violation of the AML program requirements of the BSA. As of April 24, 2002, the BSA has required banks to establish an AML program to guard against money laundering. A bank regulated by a Federal functional regulator is deemed to have satisfied the requirements of 31 USC §5318(h)(1) if it implements and maintains an AML program that complies with the regulation of its Federal functional regulator governing such programs. 31 CFR §103.120. Since January 27, 1987, the OCC has required each bank under its supervision to establish and maintain a BSA compliance program that, at a minimum: (a) provides for a system of internal controls to ensure ongoing compliance; (b) provides for independent testing for compliance conducted by bank personnel or an outside party; (c) designates an individual or individuals responsible for coordinating and monitoring day-to-day compliance; and (d) provides training for appropriate personnel. 12 CFR §21.21(c).

Riggs' program contained serious deficiencies and was not in compliance with the BSA regulations. In January 2003, Riggs' program was deficient in all four elements required by the AML program regulation. Some of the internal control and audit deficiencies continued after the OCC's Consent Order was issued. These deficiencies are described in detail below.

1. Internal Controls

Riggs' system of internal controls was inadequate to ensure ongoing compliance with the BSA across all business lines. Riggs' internal controls were not designed to take into account the exposure posed by the customers, products, services, and accounts from high-risk international geographic locations that are commonly viewed as high-risk for money laundering. Indeed, Riggs' internal controls proved insufficient to detect and monitor risk, or to alert the bank to the need to take preventive or corrective action when the risk materialized.

Riggs did not implement an effective system to identify and assess the BSA/AML risk present throughout the institution. The risk matrices used in some of Riggs' divisions all contained similar criteria, rather than being tailored to the particular lines of business on a risk-graded basis, which weakened their effectiveness. As a result, management was unable to define and analyze concentrations of risk in the accounts, customers, locations, and products of Riggs.

Riggs' customer due diligence program was weak and was not implemented in an effective or consistent manner. Certain areas of Riggs failed to acquire or to use the bank's account opening and customer activity information collection procedures. Further, customer due diligence information required by Riggs' policies and procedures was frequently missing. As a result, Riggs failed to identify a large number of accounts associated with the governments of two foreign countries. Moreover, Riggs' enhanced due diligence policies and procedures governing high-risk areas were weak or, in some cases, nonexistent. High-risk areas include high-risk transactions such as transactions payable upon proper identification ("PUPID"), high-risk customers such as check cashers and money remitters, and accounts involving high-risk international geographic locations including international private banking, embassy banking, politically exposed persons, and non-resident aliens. On two occasions, although Riggs' management said that the institution had discontinued PUPID transactions, Riggs allowed the transactions to continue.

Riggs also failed to implement adequate internal controls to ensure the identification of suspicious transactions and the timely filing of complete suspicious activity reports ("SARs") on reportable transactions. Riggs did not effectively use procedures and automated technology already in place to identify and review suspicious cash, monetary instruments, or wire activity. Riggs did not have procedures or internal controls to ensure that subpoenas and other government requests regarding accountholders were referred to the division responsible for investigating potential suspicious activity.

Finally, internal controls were lacking in Riggs' management of its largest banking relationship, which involved the accounts of a foreign government, its politically exposed persons, and the companies owned by such persons (described section III.C.3. below). There was insufficient staff and procedures to monitor the accounts and a lack of oversight over the account relationship manager and his staff. These problems continued even after numerous warning signs indicated that Riggs needed to take corrective action.

2. Independent Testing

Riggs did not implement an adequate system for independent testing of BSA compliance. The independent testing for compliance with the BSA was neither timely nor effective for the level of risk within Riggs. The internal audit could not verify that management's corrective action for identified deficiencies were effective or timely. In addition, the scope of the audit failed to include an evaluation of the areas of money laundering vulnerabilities, BSA compliance, or the suspicious activity reporting process.

3. Designation of Individual(s) to Coordinate and Monitor Compliance

Riggs also lacked effective monitoring for compliance by the BSA officer. Day-to-day oversight and monitoring of high-risk transactions, high-risk customers, and high-risk geographies were minimal. Strategies and alternative measures to ensure ongoing BSA/AML monitoring for suspicious transactions were not adequately developed and applied. In addition, the person(s) responsible for BSA compliance at Riggs failed to adequately monitor, identify, investigate, analyze, and report suspicious activity.

4. Training Appropriate Personnel

Training on monitoring and detecting suspicious activity was particularly weak at Riggs. For example, bank officer visits to customer business locations did not include assessments of BSA/AML risk factors. In addition, branch personnel most familiar with accounts held by money services businesses ("MSBs") were unaware of the factors that typically are associated with suspicious activity and the new BSA registration requirements for MSBs.

In summary, Riggs failed to develop and maintain an effective BSA compliance program in violation of 12 CFR § 21.21(c) and, thus, failed to establish and implement an adequate AML program in violation of § 5318(h)(1) of the BSA and its implementing regulation, 31 CFR § 103.120. Riggs' faulty AML program resulted in its violation of the suspicious activity and currency transactions reporting requirements of the BSA, as discussed below.

C. Violations of the SAR Requirements

FinCEN has determined that from 2000 through 2003, Riggs violated the SAR requirements of the BSA set forth in 31 USC §5318(g) and 31 CFR §103.18 by failing to file or by delinquently filing approximately 33 SARs. These 33 SARs represent at least $98 million in suspicious transactions.[1]

1. SAR Requirements

A bank must report any transaction involving or aggregating to at least $5,000 that it "knows, suspects, or has reason to suspect" (i) involves funds derived from illegal activities or is conducted to disguise funds derived from illegal activities, (ii) is designed to evade the reporting or recordkeeping requirements of the BSA (e.g., structuring transactions to avoid currency transaction reporting) or (iii) "has no business or apparent lawful purpose or is not the sort in which the particular customer would normally be expected to engage, and the bank knows of no reasonable explanation for the transaction

[1] These SARs report transactions and categories of transactions described below. Generally, Riggs' SAR program suffered from a lack of timeliness. FinCEN's review of SARs filed by Riggs from February 2000 through April 2004 disclosed an additional 61 SARs that were filed more than 60 days after the suspicious activity occurred.

after examining the available facts, including the background and possible purpose of the transaction." 31 USC §5318(g) and 31 CFR §103.18.

The SAR regulation requires a bank to file SARs "to the extent and in the manner required by this section" by "completing" a SAR Form. 31 CFR §103.18(a). A bank must file a SAR no later than 30 calendar days after the date of initial detection of facts that may constitute a basis for filing a SAR. 31 CFR §103.18(b)(3) and Instructions to SAR Form, TD F 90-22.47. If no suspect is identified on the date of the detection of the incident requiring the filing, a bank may delay filing a SAR for an additional 30 calendar days to identify a suspect. In no case is reporting to be delayed more than 60 calendar days after the date of initial detection of a reportable transaction. When filing a SAR, a bank must provide a detailed description of why the transaction was unusual, irregular, or suspicious in the narrative section of the form. Part V, SAR Form, TD F 90-22.47. The form requires "a chronological and complete account" of the transaction. The form emphasizes that the narrative description "is critical" and that the care with which it is written "may determine whether or not the described conduct and its possible criminal nature are clearly understood" by law enforcement.

To comply with the SAR rule, a bank must be able to determine whether transactions are in fact reportable. Therefore, a bank is required to have in place systems to identify the kinds of transactions and accounts that may be a high risk for money laundering or that exhibit indicia of suspicious activity, considering the type of products and services it offers and the nature of its customers. Otherwise, a bank cannot assure that it is in fact reporting suspicious transactions as required by the BSA.[2] In this case, the record shows that Riggs had information about its customers and their transactions that caused it to "know, suspect, or have reason to suspect" that many transactions were reportable suspicious transactions. However, Riggs failed to report these transactions, delinquently reported them, and/or filed incomplete reports because Riggs' procedures to identify, analyze, and report suspicious activity were either non-existent or not implemented. As a result, Riggs violated the SAR requirements of 31 USC §5318(g) and 31 CFR §103.18.

2. Basic Deficiencies in SAR Procedures and Filings

As noted above, subpoenas and other matters were not appropriately referred for investigation. As a result, Riggs failed to identify for review accounts in which suspicious activity might be occurring. The SARs that were eventually filed by Riggs reported activity that occurred two to three years before the date of filing.

Structuring, which is the breaking up of transactions for the purpose of evading the BSA reporting and recordkeeping requirements, is often indicative of underlying illegal activity. It is also unlawful under the BSA. See 31 USC §5324. Structuring is one of the most basic situations that an effective SAR program should be designed to detect and report.[3] Riggs failed to discover that several customers had been structuring

[2] See Matter of Korea Exchange Bank, No. 2003-04 (June 24, 2003).
[3] See Matter of Western Union, No. 2003-2 (March 6, 2003).

transactions. These instances included the regular structuring of cash deposits into the bank, as well as the structuring of money order purchases. Riggs belatedly filed SARs on these transactions. However, most of these SARs were deficient because the narrative descriptions of the transactions were sparse and conclusory. Rather than providing specific information on the type, timing, and amount of activity observed in each account, Riggs simply stated that there was an appearance of structuring. Riggs also failed to report the total dollar amount allegedly structured in each account. Such deficiencies make it difficult for law enforcement to evaluate whether the activity described in the SAR is worth pursuing.[4]

3. Embassy Banking/International Private Banking Relationships

Extensive and frequent suspicious cash, monetary instrument, and wire activity at Riggs occurred within the accounts held by the government of a foreign country, politically exposed persons of that country, and the companies owned by such persons, where very little monitoring of activity was performed by the bank. Within this relationship, there were a number of transactions that exhibited classic indicators of suspicious activity, or at a minimum lacked any reasonable business or economic purpose, but were never identified and reported. These transactions included:

- aggregate cash withdrawals from the accounts of the government, politically exposed persons, and government employees that totaled tens of million of dollars over a 2-year period, the majority of which were conducted through PUPID transactions;
- dozens of sequentially numbered international drafts drawn from a politically exposed person's account on 3 dates over a 2-month period, totaling millions of dollars, and made payable to the account holder, which were returned to Riggs for crediting back to the account; and
- dozens of sequentially numbered cashier's checks purchased from the same above-listed account on 3 different dates over a period of six months, totaling tens of millions of dollars, and made payable to the account holder, half of which were returned to Riggs for deposit back into the account.

Riggs also failed to identify, monitor, and report suspicious activity related to the accounts of another foreign government, its politically exposed persons, and the companies owned by such persons. This was among Riggs' largest depository relationships; however, the relationship manager for these accounts had little or no supervision. Riggs failed to monitor the activity in these accounts, despite various indicators in early 2003 that should have alerted it to the high-risk nature of the relationship, including publication of a newspaper article alleging official corruption and Riggs' receipt of a subpoena requiring documents regarding the relationship.[5] Meanwhile, Riggs failed to implement controls or monitor the ongoing activity.

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[4] See Matter of Great Eastern Bank of Florida, No. 2002-02 (Sept. 4, 2002).

[5] Guidance on applying scrutiny to situations of this type has been available for some time. See Guidance on Enhanced Scrutiny for Transactions that May Involve the Proceeds of Foreign Corruption (January

As a result of these deficiencies, Riggs could not properly identify, evaluate, and report suspicious activity occurring in the relationship, including activity by its employee, the relationship manager. Riggs failed to discover that the relationship manager had signatory authority over two accounts within the relationship, received funds from a government account within the relationship, and failed to file SARs on a timely basis. Examples of the relationship manager's suspicious transactions with respect to this relationship include:

- alteration of a check from the account of a politically exposed person who is the relative of a government official; and
- over $1 million in wire transfers from accounts owned by the government into the account of a private investment corporation owned by the relationship manager at another U.S. bank.

Riggs also failed to identify, evaluate, and report on suspicious activity occurring in the accounts owned by the government involving transactions by and for the benefit of politically exposed persons, including:

- cash deposits into the account of a private investment corporation owned by a politically exposed person who is a government official, totaling millions of dollars, over a 2-year period; and
- wire transfers, totaling hundreds of thousands of dollars, from a government account to the personal account of another government official who had signature authority over the government account.

D. Violations of the CTR Requirements

FinCEN has determined that Riggs violated the BSA currency transaction reporting requirements set forth at 31 CFR §103.27(d) by failing to provide accurate information or omitting information on numerous currency transaction reports ("CTRs"). Under the BSA, banks are required to file CTRs for transactions in currency greater than $10,000 in a single day. 31 USC §5313 and 31 CFR §103.22. Banks are required to file CTRs in the form prescribed by the Secretary of the Treasury and provide all the information called for by the form. 31 CFR §103.27(d).

The CTRs filed by Riggs on two markets did not contain the accurate legal names of those businesses. Over a one-year period, Riggs filed 90 CTRs representing $6 million for one market and 52 CTRs representing $1.3 million for the other market. The businesses had been long-standing customers of Riggs before Riggs began filing CTRs with their accurate legal names.

Riggs' failure to collect, document, and verify customer and account information resulted in its failure to provide accurate information on 6 CTRs filed on a company

2001), which was jointly issued by the Departments of the Treasury and State, the OCC, the Federal Reserve, the Federal Deposit Insurance Corporation and the Office of Thrift Supervision.

owned by a politically exposed person who is a foreign government official. In the CTRs, Riggs reported the company's line of business as the export of timber, although the entity was actually a private investment company holding the personal investments of a politically exposed person who is a foreign government official. Together, the 6 CTRs revealed $11.5 million in cash deposited over 2 years.

E. Willful Nature of BSA Violations

FinCEN has determined that Riggs' violations of the BSA and its implementing regulations were willful. The conduct of a bank may be characterized as willful if it demonstrates a reckless disregard for its obligations under law or regulation. As an OCC-supervised bank, Riggs was aware of the AML program, SAR, and CTR requirements of the BSA and its implementing regulations. Riggs' failure to establish and implement a BSA/AML program adequate to meet its suspicious activity and currency transaction reporting requirements constitute systemic violations demonstrating a reckless disregard of its obligations under the BSA.

Riggs' willfulness is further demonstrated by its failure to correct identified deficiencies. The OCC deemed Riggs' BSA compliance systemically deficient in 2003 and thus entered into a Consent Order with Riggs on July 16, 2003. However, Riggs is not in full compliance with the OCC's July 2003 Consent Order. Riggs' failure to establish and implement an adequate BSA compliance program, followed by its failure to correct deficiencies identified by its primary Federal regulator, is a pattern of conduct indicative of willfulness.

IV. CIVIL MONEY PENALTY

FinCEN has determined that by failing (1) to establish and implement an adequate AML program, (2) to file timely, accurate, and complete SARs, and (3) to file accurate and complete CTRs as described in Section III, above, Riggs willfully violated the AML program, SAR, and CTR provisions of the BSA and a civil money penalty is due pursuant to 31 USC §5321 and 31 CFR §103.57(f). In light of the seriousness of the violations, their continuing and ongoing nature, the potential harm they pose to the public, and taking into account the financial resources of Riggs, FinCEN has determined that the appropriate penalty amount in this matter is $25 million.

V. CONSENT TO ASSESSMENT

In order to resolve this matter, and only for that purpose, Riggs, without admitting or denying either the facts or determinations described in Sections III and IV above, except as to jurisdiction in Section II, which is admitted, consents to the assessment of a civil money penalty against it in the sum of $25 million. This penalty assessment shall be concurrent with the $25 million penalty assessed against Riggs by the OCC. The penalty assessment of FinCEN and the OCC referenced above shall be satisfied by one payment of $25 million to the Department of the Treasury.

Riggs agrees to pay the amount of $25 million upon the assessment of the civil money penalty. Such payment shall be:

a. made by certified check, bank cashier's check, or bank money order or by wire;

b. made payable to the United States Department of the Treasury;

c. any check or money order or copy of the wire transfer must be hand-delivered or sent by overnight mail to Nicholas A. Procaccini, Assistant Director and Chief Financial Officer, FinCEN, 2070 Chain Bridge Road, Suite 200, Vienna, Virginia 22182; and

d. submitted under a cover letter, which references the caption and file number in this matter.

Riggs recognizes and states that it entered into the CONSENT freely and voluntarily and that no offers, promises, or inducements of any nature whatsoever were made by FinCEN or any employee, agent, or representative of FinCEN to induce Riggs to enter into the CONSENT, except for those specified in the CONSENT.

Riggs understands and agrees that the CONSENT embodies the entire agreement between Riggs and FinCEN relating to this enforcement matter only, as described in Section III above. Riggs further understands and agrees that there are no express or implied promises, representations, or agreements between Riggs and FinCEN other than those expressly set forth or referred to in the CONSENT and that nothing in the CONSENT or this ASSESSMENT is binding on any other agency of government, whether federal, state, or local.

VI. RELEASE

Riggs understands that its execution of the CONSENT and compliance with the terms of this ASSESSMENT and the CONSENT constitute a complete settlement of civil liability for reporting and recordkeeping violations of the BSA, and the regulations promulgated thereunder, which were identified by the OCC prior to the date hereof.

By: //s//
William J. Fox, Director
FINANCIAL CRIMES ENFORCEMENT NETWORK
U.S. Department of the Treasury

Date: May 13, 2004

UNITED STATES OF AMERICA
BEFORE THE
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, D.C.

In the Matter of	)	
	)	
RIGGS NATIONAL CORPORATION	)	Docket Nos. 04-011-B-HC
Washington, D.C.	)	04-011-B-EC
	)	
and	)	
	)	
RIGGS INTERNATIONAL BANKING CORPORATION	)	
Miami, Florida	)	
	)	

WHEREAS, Riggs National Corporation, Washington, D.C., a registered bank holding company, is taking steps to address deficiencies identified by the Federal Reserve Bank of Richmond (the "Richmond Reserve Bank") and the Federal Reserve Bank of Atlanta (the "Atlanta Reserve Bank") at Riggs National Corporation and Riggs International Banking Corporation, Miami, Florida, an Edge corporation organized under Section 25A of the Federal Reserve Act (12 U.S.C. 611 et seq.) ("RIBC"), a wholly-owned subsidiary of Riggs Bank, N.A., Washington, D.C.;

WHEREAS, RIBC has been advised by the Atlanta Reserve Bank of deficiencies in its compliance with applicable federal laws, rules, and regulations relating to anti-money laundering policies and procedures, including the Currency and Foreign Transactions Reporting Act, 31 U.S.C. 5311 et seq. (the Bank Secrecy Act (the "BSA")); the rules and regulations issued thereunder by the U.S. Department of the Treasury (31 C.F.R. Part 103); and the suspicious activity reporting requirements of Regulation K of the Board of Governors of the Federal Reserve System (the "Board of Governors") (12 C.F.R. 211.5(k));

Permanent Subcommittee on Investigations
EXHIBIT #50e

WHEREAS, in furtherance of the common goals of Riggs National Corporation, RIBC, and the Board of Governors to ensure that the consolidated organization is operated in a safe and sound manner and that all deficiencies in RIBC's anti-money laundering policies and procedures are satisfactorily addressed, Riggs National Corporation and RIBC are consenting to the issuance of this Cease and Desist Order (the "Order") by the Board of Governors;

WHEREAS, Riggs Bank, N.A. has announced its intention to close RIBC, and RIBC will take all appropriate steps necessary to ensure compliance with the provisions of this Order as they apply to the operations of RIBC throughout the process of terminating its business;

WHEREAS, on May 13, 2004 the boards of directors of Riggs National Corporation and RIBC, at duly constituted meetings, adopted resolutions:

(1) authorizing and directing Robert L. Allbritton and Henry P. Morneault, to enter into this Order on behalf of Riggs National Corporation and RIBC, respectively, and consenting to compliance by Riggs National Corporation and RIBC and their institution-affiliated parties, as defined in sections 3(u) and 8(b)(3) of the Federal Deposit Insurance Act, as amended (12 U.S.C. 1813(u) and 1818(b)(3)) (the "FDI Act"), with each and every provision of this Order; and

(2) waiving any and all rights that Riggs National Corporation and RIBC may have pursuant to section 8 of the FDI Act and 12 C.F.R. part 263 or otherwise:

(a) to the issuance of a notice of charges;

(b) to a hearing for the purpose of taking evidence with respect to any matter implied by or set forth in this Order;

(c) to judicial review of this Order; and

(d) to challenge or contest, in any manner, the basis, issuance, validity, terms, effectiveness or enforceability of this Order or any provision hereof.

NOW, THEREFORE, before the filing of any notices and prior to the taking of any testimony or adjudication of, or finding on any issue of fact or law herein, and without this Order constituting an admission of any allegation made or implied by the Board of Governors in connection with this proceeding, and solely for the purpose of settlement of this proceeding:

IT IS HEREBY ORDERED, pursuant to section 8(i) of the FDI Act, that Riggs National Corporation and RIBC shall cease and desist and take affirmative action as follows:

Management Review

1. (a) Within 20 days of this Order, the board of directors of Riggs National Corporation shall retain an independent consultant acceptable to the Richmond Reserve Bank to conduct a review of the functions and performance of the board of directors and senior management and to prepare a written report of findings and recommendations. The primary purpose of the management review shall be to aid in the development of an effective board of directors and management structure that is suitable to the needs of the consolidated organization and that is adequately staffed by qualified and trained personnel. The management review shall, at a minimum, address, consider, and include:

(i) an assessment of the current structure and composition of the board of directors and any committees thereof, and a determination of the structure and composition needed to adequately supervise the operations of the consolidated organization, especially the compliance functions at Riggs National Corporation and its subsidiaries;

(ii) the identification of the type and number of officer positions needed to manage and properly supervise the affairs of the consolidated organization; and

(iii) an evaluation of each executive and senior compliance officer to determine whether the individual possesses the ability, experience, and other qualifications required to competently perform present and anticipated duties, to adhere to the policies and procedures of the consolidated organization and maintain it in a safe and sound condition, and to comply with the requirements of this Order.

(b) A copy of the written report required by paragraph 1(a) shall be provided to the Richmond Reserve Bank at the same time it is provided to Riggs National Corporation.

Board Oversight

2. Within 60 days of this Order, Riggs National Corporation's board of directors shall submit to the Richmond Reserve Bank a written plan to strengthen board oversight of the management and operations of the consolidated organization. The plan shall, at a minimum, address, consider, and include:

(a) The actions that the board of directors will take to maintain effective supervision of the consolidated organization's senior management and major operations and activities;

(b) the responsibility of the board of directors to monitor management's adherence to approved policies and procedures and to applicable laws and regulations;

(c) a description of the detailed information to be included in the periodic reports that will be reviewed by the board of directors in its oversight of the operations and management of the consolidated organization; and

(d) criticisms relating to the board of directors's oversight of management noted in the most recent report of inspection and the report of the most recent corporate governance targeted review of Riggs National Corporation (collectively, the "Reports").

Risk Management

3. Within 60 days of this Order, Riggs National Corporation shall submit to the Richmond Reserve Bank an acceptable plan designed to improve the consolidated organization's risk management practices. The plan shall, at a minimum, address, consider, and include:

(a) Procedures to ensure the prompt identification and effective measurement, monitoring and control of key risks throughout the consolidated organization;

(b) enterprise-wide risk management practices, including overall policies, procedures, risk limits, and management reporting;

(c) the board of directors's and senior management's responsibilities for identifying, measuring, monitoring, and controlling risk;

(d) procedures for evaluation, approval, and oversight of policies, procedures, risk limits, new business initiatives, and strategic changes; and

(e) the risk management criticisms noted in the Reports.

Internal Audit

4. Within 60 days of this Order, Riggs National Corporation shall submit to the Richmond Reserve Bank an acceptable written internal audit program for the consolidated organization. The program shall, at a minimum, address, consider, and include:

(a) Generally accepted auditing standards, including, but not limited to, the scope and frequency of audits and periodic reporting to the board of directors;

(b) direct lines of reporting between the auditors and the board of directors;

(c) periodic review of the consolidated organization's internal controls;

(d) the requirements outlined in the Amended Interagency Guidance on the Internal Audit Function and its Outsourcing, issued March 17, 2003;

(e) the resources and expertise to be dedicated to ensuring the complete and timely implementation of the internal audit program; and

(f) corrective steps to address criticisms of the audit function noted in the Reports, as well as criticisms of RIBC's audit function noted in the most recent report of the examination of RIBC (the "Report of Examination").

Dividends, Interest Payments, and Stock Redemption

5. (a) Riggs National Corporation shall not declare or pay any dividends without the prior written approval of the Richmond Reserve Bank and the Director of the Division of Banking Supervision and Regulation of the Board of Governors (the "Director").

(b) Riggs National Corporation shall not make any distributions of interest, principal, or other sums with respect to the debentures issued in connection with its trust preferred securities without the prior written approval of the Richmond Reserve Bank and the Director.

(c) Riggs National Corporation shall not purchase, redeem, or otherwise acquire, directly or indirectly, any of its stock without the prior written approval of the Richmond Reserve Bank and the Director.

(d) All requests for prior written approval shall be received by the Richmond Reserve Bank at least 30 days prior to the proposed dividend declaration date, payment date, or repurchase date, and shall contain, but not be limited to, current and projected information on consolidated capital, asset quality, earnings, liquidity, and cash flow.

Anti-Money Laundering Compliance

6. Within 60 days of this Order, RIBC shall submit to the Atlanta Reserve Bank an acceptable written program designed to ensure compliance with all applicable provisions of the BSA and the rules and regulations issued thereunder. The program shall include provisions for updates on an ongoing basis as necessary to incorporate amendments to the BSA and the rules and regulations thereunder. The program shall take into account any plan for the termination of RIBC's operations and accounts.

(a) The program shall, at a minimum, upgrade and improve RIBC's system of internal controls to ensure compliance with the BSA and the rules and regulations thereunder, including, but not limited to, policies and procedures designed to:

(i) ensure compliance with all applicable reporting and recordkeeping requirements;

(ii) identify, assess, and manage risks associated with the types of accounts, transactions, and services provided by RIBC;

(iii) ensure identification and verification of the identity of account holders and transactors in accordance with applicable regulations; and

(iv) effectively monitor transactions, including incoming and outgoing funds transfers, ACH transactions, checks, cash and monetary instruments, and internal funds transfers involving corporate and partnership entities, for suspicious or unusual activities.

(b) The program shall provide for regular, comprehensive, independent testing of compliance with the BSA and the rules and regulations thereunder, and shall ensure, at a minimum, that compliance review:

(i) is performed frequently and is fully documented;

(ii) is conducted with the appropriate segregation of duties; and

(iii) covers all substantive requirements and compliance processes, including, but not limited to, reporting lines for following up on compliance findings and procedures to ensure that compliance issues are fully addressed at the appropriate management level and satisfactorily resolved.

(c) The program shall provide for adequate training of all appropriate personnel, conducted by competent staff and covering all relevant BSA and related requirements (including accurate recordkeeping and form completion and the detection and reporting of suspicious activity), and ensure that the training is reviewed on a regular basis so that all personnel have the most current information available.

(d) The program shall provide that RIBC's program is at all times managed by a qualified officer with responsibility for all BSA compliance and related matters, that adequate resources are available to implement and maintain an effective compliance program, and that the Atlanta Reserve Bank will receive notification of any change in the BSA compliance officer position.

Suspicious Activity Reporting and Customer Due Diligence

7. Within 60 days of this Order, RIBC shall submit to the Atlanta Reserve Bank an acceptable written customer due diligence program designed to reasonably ensure the identification and timely, accurate, and complete reporting of all known or suspected violations of law against or involving RIBC to law enforcement and supervisory authorities as required by the suspicious activity reporting provisions of Regulation K of the Board of Governors (12 C.F.R. 211.5(k)). The program shall take into account any plan for the termination of RIBC's operations and accounts. At a minimum, the program shall include:

(a) An effective system to ensure that all known or suspected violations of law are properly identified and reported;

(b) a risk focused assessment of RIBC's customer base to:

(i) identify the categories of customers whose transactions and banking activities are routine and usual; and

(ii) determine the appropriate level of enhanced due diligence necessary for those categories of customers that RIBC has reason to believe pose a heightened risk of illicit activities at or through RIBC; and

(c) for those customers whose transactions require enhanced due diligence, additional procedures to:

(i) determine and obtain the appropriate documentation necessary to confirm the identity and business activities of the customer;

(ii) understand the normal and expected transactions of the customer; and

(iii) report suspicious activities in compliance with the reporting requirements set forth in Regulation K of the Board of Governors (12 C.F.R. 211.5(k)).

Transaction Review

8. (a) Within 20 days of this Order, RIBC shall engage the services of a qualified independent firm (the "Consultant") acceptable to the Atlanta Reserve Bank to conduct a review of account and transaction activity to determine whether suspicious activity involving accounts or transactions at, by, or through RIBC was properly identified and reported in accordance with applicable suspicious activity reporting regulations (the "Review").

(b) Within 10 days of the engagement of the Consultant, but prior to the commencement of the Review, RIBC shall submit to the Atlanta Reserve Bank for approval an engagement letter that sets forth:

(i) The scope of the Review, including the types of accounts and transactions to be reviewed;

(ii) the methodology for conducting the Review, including any sampling procedures to be followed;

(iii) the time period to be covered by the Review, to include, at a minimum, January 2002 through April 2004;

(iv) the expertise and resources to be dedicated to the Review; and

(v) the anticipated date of completion of the Review.

(c) Upon completion of the Review, RIBC shall provide to the Atlanta Reserve Bank a copy of the Consultant's report detailing the findings of the Review.

(d) Upon completion of the Review, RIBC shall ensure that all transactions previously required to be reported have been reported in accordance with applicable regulations and guidelines.

9. Within 60 days of this Order, RIBC shall submit to the Atlanta Reserve Bank an acceptable written plan designed to ensure compliance with the regulations of the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") (31 C.F.R. 500 et seq.), as well as any guidelines issued or administered by OFAC. The plan shall include, at a minimum, procedures to ensure that customer transactions are processed in accordance with OFAC requirements and in accordance with a regularly updated list of entities and individuals whose transactions or assets are required to be blocked, frozen, or monitored.

Approval and Progress Reports

10. The program and plan required by paragraphs 3 and 4 of this Order shall be submitted to the Richmond Reserve Bank for review and approval. The programs, plan, and engagement letter required by paragraphs 6, 7, 8, and 9 of this Order shall be submitted to the Atlanta Reserve Bank for review and approval. Acceptable programs and plans and an acceptable engagement letter shall be submitted to the applicable Reserve Bank within the time periods set forth in this Order. Riggs National Corporation and RIBC, as applicable, shall adopt the approved programs, plans, and engagement letter within 10 days of approval by the applicable Reserve Bank and then shall fully comply with them. During the term of this Order, the approved programs, plans, and engagement letter shall not be amended or rescinded without the prior written approval of the applicable Reserve Bank.

11. Within 30 days after the end of each quarter following the date of this Order, Riggs National Corporation and RIBC shall submit to the Richmond and Atlanta Reserve Banks written progress reports detailing the form and manner of all actions taken to secure compliance with the provisions of this Order that are applicable to them, and the results thereof. The Richmond and Atlanta Reserve Banks may, in writing, discontinue the requirement for progress reports or modify the reporting schedule.

Notices

12. All communications regarding this Order shall be sent to:

(a) James Barnes
Vice President
Federal Reserve Bank of Richmond
Post Office Box 27622
Richmond, VA 23261

(b) Robert Schenck
Vice President
Federal Reserve Bank of Atlanta
9100 NW 36 Street
Miami, FL 33178

(c) Timothy C. Coughlin, President
Riggs National Corporation
800 17th Street, NW
Washington, DC 20006-3944

(d) Henry D. Morneault, Chairman
Riggs International Banking Corporation
800 17th Street, NW
Washington, DC 20006-3944

Miscellaneous

13. The provisions of this Order shall be binding on Riggs National Corporation, RIBC, and each of their institution-affiliated parties in their capacities as such, and their successors and assigns.

14. Each provision of this Order shall remain effective and enforceable until stayed, modified, terminated or suspended in writing by the Board.

15. Notwithstanding any provision of this Order, the Richmond and Atlanta Reserve Banks may, in their sole discretion, grant written extensions of time to Riggs National Corporation or RIBC to comply with any provision of this Order.

16. The provisions of this Order shall not bar, estop or otherwise prevent the Board of Governors, the Richmond Reserve Bank, the Atlanta Reserve Bank, or any federal or state agency from taking any further or other action affecting Riggs National Corporation or any of its

subsidiaries, including RIBC, or any of their current or former institution-affiliated parties or their successors or assigns.

By order of the Board of Governors of the Federal Reserve System this 14th day of May, 2004.

RIGGS NATIONAL CORPORATION

By: _____
Robert L. Allbritton
Chairman and Chief Executive Officer

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

By: _____
Robert deV. Frierson
Deputy Secretary of the Board

RIGGS INTERNATIONAL BANKING CORPORATION

By: _____
Henry D. Morneault
Chairman

EQUATORIAL GUINEA

International Board of Directors Presentation

July 11,2001

G 2588

Permanent Subcommittee on Investigations
EXHIBIT #51a

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I. Country Profile

A. History

The island of Fernando Po was sighted in 1471 by Fernao do Po, a Portuguese navigator. Portugal ceded the island to Spain in 1778. From 1827 to 1844, with the permission of the Spanish government, Great Britain maintained a naval station at Fernando Po and also administered the island. During the colonization of Africa era, Spain occupied the island of Fernando Po. The island of Fernando Po (now Bioko) developed a flourishing economy based on cocoa production in the 1950s, rising GNP per capita to US$466 by 1965. Bioko and the mainland province of Rio Muni were joined to form Equatorial Guinea in 1963, and granted partial self-government. Full independence was achieved in October 1968 and Francisco Macias Nguema became the country's first president.

B. Land and Resources

Cameroon bounds the mainland Equatorial Guinea on the north, on the east by Gabon and on the west by the Gulf of Guinea. The terrain is gently rolling and heavily forested. The Mbini River drains 60% of the area. The main island of Equatorial Guinea is Bioko (779 sq. mi.) which is located off the western coast of Africa in the Bight of Biafra (Bonny). The island is mountainous, thickly wooded with a steep rocky coast. Equatorial Guinea's climate is tropical, with average temperatures of about 77 degrees.

(See Exhibit A. - Map of Equatorial Guinea)

C. Population

In 1995 estimated population of Equatorial Guinea was 400,000 with many thousands more believed to be living abroad due to political conditions in the country. The Fang, indigenous to the mainland but now also living on Bioko Island, constitute more than 80% of the population. The Bubis, indigenous to Bioko Island make up 15% of the population. Several smaller ethnic groups live along the mainland coast. Spanish is the official language, however Fang, a Bantu language is most widely spoken. 90% of the people are of Roman Catholic Church, although traditional beliefs are also widely practiced. Malabo is the capital, largest city and principal port of Equatorial Guinea, while Bata is the largest town on the mainland.

D. Politics

President Macias banned opposition parties in 1970, and appointed himself president for life in 1972. The economy deteriorated sharply. In October 1979, he was overthrown and succeeded by his nephew, Teodoro Obiang Nguema Mbasogo. A new constitution was approved in 1982, and in 1996, President Obiang was re-elected for 7-year term with over 97% of the vote.

E. Economy

The economy of Equatorial Guinea has improved since President Obiang assumed power. President Obiang re-opened dialogue with the international community and since 1995 joined the Franc Zone, adopted the CFA franc as its currency and became a member of the Bank of Central African States (BEAC) and also joined the Central African States Customs Union.

Before the development of the petroleum reserves off the north coast of Biako, Equatorial Guinea's economy was based largely on agricultural production especially cocoa and coffee. Timber became an important source of foreign exchange in the mid-1980s. Deteriorating terms of trade in the early 1990s took a toll on the economy's main exports, which recovered after the CFA devaluation in 1994.

The most significant changes in the country's economy have taken place since 1996. Oil reserves came into production late 1996 enabling oil to outstrip timber and agriculture as a percentage of GDP and as a share of total exports. In 1998 over 60% of GDP and 90% of total exports originated in the oil sector. Expansion in the oil sector is expected to continue growth. This has contributed to the highest annual GDP growth in the world during the last 3 years.

(See Exhibit B. – Table showing Economic Indicators 1995 – 1999).

II. Banking Relationship

A. Depository

- The government of Equatorial Guinea has been a client of Riggs since 1995 and maintains one DDA account, four MMA accounts, and two Euro investments with total year-to-date collected balances of $176.2 million.

- The reason for such substantial holdings is that Riggs manages the oil revenue flows from ExxonMobil Corporation in Houston to the Government of Equatorial Guinea. Deposits from ExxonMobil are received weekly and have doubled since last year. On average weekly ExxonMobil deposits average $4.4 million up from an average of $1.5 million in 1998-1999.

- As a result of being the depository institution for Equatorial Guinea's oil revenue, Riggs is involved in their developmental matters. The relationship manager won the confidence and a decision was made by the government that Riggs should serve as the only bank for the Government. At a recent luncheon hosted by Riggs, President of the Republic of Equatorial Guinea confirmed his government's confidence in Riggs Bank that they will continue seek financial services from this institution.

- The following are the various accounts managed by Riggs and their ledger balances as of July 05, 2001:

Accounts:	Balance:
DDA	$ 1,689,641
DDA	$ 120,412
Money Market	$ 87,387
Eurodollars	$176,749,121
RIMCO	$ 41,167,600
Loan	$ 20,000,000

These accounts do not include the Embassy which maintains DDA balances averaging $50,000.

B. Contacts

- Riggs, as the sole banker of the Government of Equatorial Guinea, maintains close contacts with the government officials especially the Minister of Finance, the Director for International Debt, the Directors in the Office of the President, the Treasurer of the State and the oil companies doing business in Equatorial Guinea.

- The country relationship manager also visits the President of Equatorial Guinea annually to present a report on the banking relationship with the Government.

C. Education

- Riggs continues to provide the government with services that will continue to assist the government in its efforts for economic growth. Recently, Riggs has taken over the scholarship payments for students from Equatorial Guinea. This is an initiative by the Ministry of Mining who in the past had a consulting company in the United Kingdom managing this program.

- So far there are 21 students under the program in the United States, Canada and Venezuela; however, the government anticipates the number to increase significantly. This is an opportunity for additional DDA deposits for Riggs. In addition, this program will cultivate positive relations for Riggs with the future generations of Equatorial Guinea.

III. Profitability

A. Depository

- Riggs enjoys profitability from various vehicles through its relationship with Equatorial Guinea. Ever since the government of Equatorial Guinea started receiving oil revenues, Riggs has been the depository bank for these funds. From the first oil revenue receipt from Mobil in the amount of $10,000,000, Riggs has received in total $565,622,539 in oil revenues. Balances have moved from an average of $2,746,269.12 in 1996 –97 to $210,000,000.

B. FOREX Trades

- As a result of French francs-denominated bill payments on behalf of the government of Equatorial Guinea, Riggs has realized significant growth in foreign exchange profitability. Foreign exchange earnings have grown from $25,212 in 1996, $68,400 in 1997, $129,806 in 1998, $294,112 in 1999, $570,594 in 2000 and $571,269.60 year-to-date which already exceeds last year's performance. The Riggs Foreign Exchange Department will continue to see growth in foreign exchange from foreign exchange trades made on behalf of the government of Equatorial Guinea.

C. Investment Spreads

- The Government of Equatorial Guinea has a $40,000,000 revolving line of credit that is cash secured by funds held in a Eurodollar investment in the amount of $40,000,000. The outstanding balance on the credit is $20,000,000 and is priced at 60bp above the rate paid on the Eurodollar investment collateral.

- Riggs manages an open Eurodollar investment for the Government of Equatorial Guinea in the amount of $176,749,121 with a spread of 25bp.

- RIMCO also invested the amount of $40,000,000 (market value as of 6/30/01 is $41,167,600) with fees of 27.1bp (22.1bp for management and 5bp for custody). The funds are invested in a fixed income portfolio comprised of U.S. Government and Agencies securities.

D. Fees

- Other profits are realized in terms of fees on different transactions. Recently, the Government of Equatorial Guinea has been receiving Letters of Credits for oil sales related to the Ceiba oil field. Riggs will be earning a flat fee of $500.00 on each L/C which represents document review, advising etc.

(See Exhibit C. Table Showing Estimated Profitability (1999-2000).

E. Future Potential Business

- The government of Equatorial Guinea signed a contract with the Sovereign Trust Department of Riggs for Debt Management Services. The contract will require Riggs to provide debt payment services on behalf of the government. The expected revenues from that contract when implemented approximate $240,000 per year for five years. The contract has finally been implemented beginning this month.

- Riggs is pursuing a capital markets debt issuance transaction that could yield another $1 million in fees for the bank. Working with S.P.P. Capital and Taylor-DeJongh, Riggs has the potential to raise $250 million in the capital markets for infrastructure development. While this project has stalled somewhat, recent Government assessment indicates a need of approximately $500 million for infrastructure, which could bump Riggs share to approximately $3 million.

- Riggs is arranging OPIC financing to create a private telephone company in Equatorial Guinea. Financing this project could yield fees in excess of $100,000.

- Finally, Riggs is preparing a proposal for the President of Equatorial Guinea for a Project to create a "Fund for the Future". This is similar to the Kuwaiti Fund where a percentage of the oil revenues are placed in a fund and reserved for the future. In the case of Equatorial Guinea, such a fund, where Riggs would be the trustee and manager, would earmark future government expenditures in education, infrastructure and other government investments. The Account Officer formally presented the project to the President of Equatorial Guinea during his last visit to the country in May of this year and the President agreed to pursue the issue. We expect the President to issue a mandate to Riggs to research and formulate the formal proposal for the Government in the near future.

  (See Exhibit D. Information on Fund for the Future).

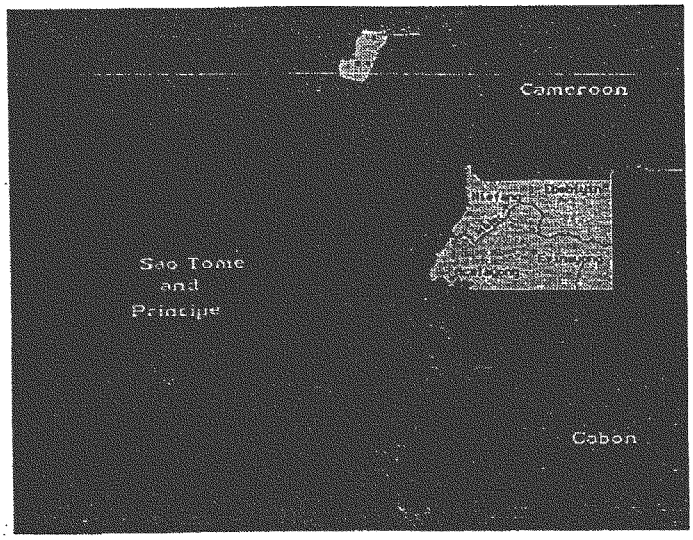
IV. Exhibits

A. Map of Equatorial Guinea

B. Table showing Economic indicators (*1995-1999*)

C. Tables showing Estimated Profitability (*1999 through 2000*)

D. Information on Fund for the Future



G 2597

http://www.mbendi.co.za/cyeqmps2.gif

07/06/2001

Exhibit B

Equatorial Guinea: Economic structure

COUNTRY BACKGROUND
FROM THE ECONOMIST INTELLIGENCE UNIT

Annual indicators

	1995	1996	1997	1998	1999
GDP at market prices (CFAfr bn)	79.4	132.6	322.7	295.8	496.9
Real GDP growth (%)	19.2	37.4	93.8	18.5	23.2
Consumer price inflation (av; %)	11.7	6.7	8.4	7.8	1.0
Population (m)	0.40	0.41	0.42	0.43	0.45
Exports fob (US$ m)	90	215	492	413	714
Imports fob (US$ m)	120	247	362	357	428
Current-account balance (US$ m)	-123.1	-239	-155	-327	-221
Reserves excl gold (US$ m)	0.04	0.52	4.93	0.80	3.35
Total external debt (US$ m)	229.6	222.2	208.6	216.5	207.9
External debt-service ratio, paid (%)	2.2	2.6	1.3	1.4	0.8
Cocoa export ('000 tonnes)	4.2	6.8	4.8	4.5	n/a
Timber exports (logs; '000 cu metres)	281	410	706	402	750
Crude oil production ('000 b/d)	6.2	16.9	56.6	82.9	120
Exchange rate CFAfr:US$ (av)	499.2	511.6	583.7	590.0	615.7

April 6th 2001 CFAfr727.75:US$1

Origins of gross domestic product 1998(a)	% of total
Agriculture	14.7
Forestry	6.6
Oil	61.3
Services	11.7
GDP at factor cost incl others	100.0

Components of gross domestic product 1998(a)	% of total
Private consumption	59.0
Public consumption	20.9
Savings	9.6
Gross domestic investment	91.5
Net exports of goods, services & income	-81.8
GDP at market prices	100.0

Principal exports fob 1999(b)	US$ m	Principal imports fob 1999(b)	US$ m
Petroleum	629	Petroleum sector	352
Timber	63	Manufactured goods & equipment	76
Cocoa	7		

Main destinations of exports 1999(c)	% of total	Main origins of imports 1999(c)	% of total
China	24	US	60
Japan	7	France	12
US	7	Spain	8
Korea	5	Italy	6

(a) Official and IMF data. (b) Banque de France data. (c) Data from trading partners.

RIGGS 2000 ESTIMATED PROFITABILITY

COUNTRY: Equatorial Guinea **RC MANAGER** [redacted]
CLIENT SINCE: 1996

PRODUCT / SERVICE	BALANCES	EARNINGS CREDIT	INTEREST EXPENSE	ACTUAL EXPENSE	OVERHEAD EXPENSE	NET INCOME
DDA'S (# 2 A/Cs)	$ 7,091,736.00	$ 404,016.20	$ -	$ 1,000.00	$ -	$ 403,016.20
MMA'S (# A/Cs)	$ -	$ -	$ -	$ -		$ -
CD'S (# A/Cs)	$ -	$ -	$ -	$ -		$ -
OD CHARGED	$ -	$ -	$ -	$ -		$ -
EUROS	$ 65,047,220.00	$ 3,459,717.78	$ 3,080,350.69	$ -		$ 379,367.09
LOANS	$ 20,000,000.00	$ 1,202,666.70	$ 1,062,000.00	$ -		$ 140,666.70
L/C TRUST	$ -	$ -	$ -	$ -		$ -
L/C FEES	$ -	$ -	$ -	$ -		$ -
PORTFOLIO INVESTMTS	$ 20,462,130.00			$ -		$ 13,849.00
FOREIGN EXCHANGE	$ -		$ -	$ -		$ 570,594.00
OTHER	$ -	$ -	$ -	$ -		$ -
TOTALS	$ 102,601,086.00	$ 5,066,400.68	$ 4,142,350.69	$ 1,000.00	$ -	[redacted]

COMMENTS:
For Example:

1)The profitability covers the following foreign missions: Government of Equatorial Guinea only.
2) Major Prospects: **(A) $ 26 million OPIC facility in process.**
(B) $250 million capital markets syndication with an estimated fee generation of $1,000,000.
(C) Debt Management contract with trust department forecasted to generate $240,000 a year for five years and an additional $90,000 this year.
3) Total Relationship $ 132,000,000.00

581

G 2599

RIGGS

PROFITABILITY ANALYSIS

COUNTRY: [redacted]
YEAR **1999**

PRODUCT	AVERAGE BALANCE	EARNINGS ALLOWANCE	INCOME/ EXPENSE	ACCRUED INCOME	ACCRUED EXPENSE	PROFIT (LOSS)
DDA'S	$ 4,654,601.00	$ 255,537.59	$ -	$ -		$ 255,537.59
MMA'S		$ -	$ -			$ -
CD'S	$ -	$ -	$ -			$ -
EUROS	$ 32,735,313.00	$ 1,996,854.09	$ 1,636,765.65			$ 360,088.44
LOANS	$ 20,000,000.00	$ 1,316,000.00	$ 1,066,000.00			$ 250,000.00
L/C TRUST	$ -	$ -	$ -			$ -
L/C FEES	$ -	$ -	$ -			$ -
AIS	$ -	$ -	$ -			$ -
TARGET BALANCE	$ -	$ -	$ -			$ -
TOTALS	$ 57,389,914.00	$ 3,568,391.69	$ 60,958,305.69	$ -	$ -	[redacted]

INPUTS

EARNINGS ALLOWANCE	610%
WSJ PRIME	800%
OVERNIGHT INT EXPENSE	500%
FED FUNDS	533%
LOANS EA=CD+2%	658%
CD RATE	458%
TRUST EA	
MMA INT EXPENSE	410%

G 2600

582

DRAFT Exhibit "D"

OBIANG NGUEMA HERITAGE FUND FOR THE FUTURE OF EQUATORIAL GUINEA.

Tradition suggests that new wealth requires prudent management and great vision in order to ensure that the potential benefits of the wealth are not lost through misuse or inattention. As Equatorial Guinea is in the beginning stages of an unprecedented increase in revenues based on fees and taxes on oil & gas production, the Government is well positioned to take early and decisive actions which will benefit its current and future citizens in the decades to come.

Economic theory suggests that increasing natural resource income can have both positive and negative impacts on your economy in the near term and in the long term. As Equatorial Guinea is already well positioned to achieve the positive impacts resource revenues, I conducted research on some of the negative impacts that can be mitigated by leadership initiatives with long term vision and goals.

The near term negative impacts result from the surging monetary/economic power of natural resource revenues. Norway and the Netherlands have experienced the negative impact on employment and industry as oil & gas revenues increased inflation, reduced competitiveness, diminished economic diversity and decreased employment. Economic and governance theories suggest that the "Dutch Disease" can be ameliorated in the near term when governments take early action.

Geological theory suggests that oil & gas reserves are finite and that resource revenues begin to decline in time. Declining oil revenues would adversely impact an economy that has relied on these revenues to finance infrastructure and economic development. In the next few years, as production and revenues increase, the people of Equatorial Guinea will become dependent on the benefits of the oil & gas revenues. Financial and economic theories suggest that decline of revenues caused by "the wells drying up" can be offset in the long run.

Working with your Government's geophysical and financial experts, Riggs experts would develop production and revenue models that forecast the Government's potential oil & gas revenues for a number of different scenarios over multi-year periods.

Our research confirms that other countries and states with similar natural resource wealth have established long term funds that address both near term and future challenges. A sample of the countries and states which have established reserve funds follows.

State of Alaska (United States of America)
Government of Alberta (Dominion of Canada)
Republic of Chad
State of Kuwait
Kingdom of Saudi Arabia
Republic of Nauru

Sultanate of Oman
Islamic Republic of Iran
Abu Dhabi (United Arab Emirates)
Great Socialist People's Libyan Arab Jamahiriya
Republic of Venezuela
Democratic and Popular Republic of Algeria
United Mexican States
Federal Republic of Nigeria

Based on preliminary research, Riggs recommends that the Government of Equatorial Guinea also establish a similar fund tentatively named the ***Fund for the Future***. The ***Fund for the Future*** (or "the Fund") will be endowed on an ongoing basis by investing a pre-set percentage of the Government's direct oil & gas revenues into the Fund.

The establishment of the Fund will have positive economic benefits in the near term and in the long term. By allocating a set percentage of resource revenues to the Fund, the Government can mitigate the economic impact of increased money supplies, inflation, undisciplined spending, "crowding out" of private market activity et cetera. By carefully allocating the investments of the Fund between domestic and foreign investments, the Government can further reduce the negative impacts of relatively large and sudden resource revenues.

Although the near term impacts of establishing an oil & gas revenue fund are attractive, most countries have established funds based on two long term concerns: (1) resource depletion and/or (2) the risk of over dependence on one revenue source. Natural resources are finite and the production of oil & gas resources depends on (1) relatively volatile international prices and (2) the availability of economically recoverable resources. Because commodity producers have little direct influence over market prices, oil & gas prices are notoriously volatile and are difficult to hedge in the long run. The ***Fund for the Future*** offers the potential for the Government of Equatorial Guinea to hedge the impact of short run revenue volatility while mitigating the impact of declining oil & gas production.

Preliminary research indicates that the percentage of oil & gas revenues allocated to reserve funds by governments varies greatly. Saudi Arabia and Libya did not establish fixed percentages and have instead allocated budgetary surpluses to their reserves. Kuwait is assumed to allocated 10% of its resource revenues to the Fund for Future Generations. Chad will allocate 10% of direct oil revenues to its "future generations" fund. Venezuela contributed 13% of its revenues and Oman allocated 15% of oil revenues.

By law, at least 25% of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the State of Alaska are allocated to the Alaska Permanent Fund. The Republic of Nauru reportedly allocates 25% of resource gross revenues to a reserve fund that could, in decades to come, finance perpetual annuities for Nauruian citizens after the phosphate mine is depleted.

The percentage of revenue allocated to finance the Fund has important consequences regarding the size and income of the Fund. For example, using a hypothetical allocation of 10% of oil & gas revenues to the Fund and using conservative estimates of investment returns (8%) and inflation (3.5%), preliminary calculations suggest that it would take about 20 years of continued allocations and investment returns to build a Fund balance capable of replacing the real (after inflation) annual revenues of Year One on an ongoing basis. Increasing the percent allocated to the portfolio can dramatically reduce the required time to replace revenue income. (The time required, using the same assumptions, would decline to 14 years if 20% of revenues were allocated to the Fund.)

The legal mechanisms for financing the ***Fund for the Future*** will require legal and financial expertise. The polices that determine the percentage of oil & gas revenues allocated to the Fund require complex analysis of long term goals, future revenues, reserve "life", expenditures and potential investment returns. Riggs and Riggs affiliated experts can assist your Government with these important prerequisites.

Despite having estimated reserves greater than 100 years of production at current rates, the Government of Kuwait established a future generations fund. In addition to replacing revenues after the resources are depleted, the assets of future generations funds can be used to promote investments that reduce economic risk by expanding sources of GDP income and local employment. It is worth noting that Kuwait's Fund for the Future Generations was a crucial asset for the Government after the cessation of the Persian Gulf War.

Long term policies regarding the potential uses of the income generated by the reserve fund and of the assets held in the reserve fund are based on each country's unique economic, social and political goals. Unsuccessful reserve funds appear to have lacked defined and disciplined policies regarding the use of their income and assets. The resources and expertise required to develop reserve funds and to ensure that their activities are consistent with the long term interest of the citizens of Equatorial Guinea are substantial.

To ensure the long term success of the Equatorial Guinea ***Fund for the Future***, Riggs would conduct research and reviews necessary to provide recommendations that are custom-tailored to the requirements of Equatorial Guinea. Riggs would also propose to establish a long term service relationship that provides continual support to the Fund and the Government regarding normal operations and regarding non-routine opportunities and challenges that will arise in the future.

It is natural for politicians and citizens to seek to exploit the available assets regardless of the long term goals. Reserve fund assets also attract the attention of commercial interests seeking financing for legitimate projects and of less legitimate parties seeking to recklessly take advantage of the fund's assets and/or reputation. As bank robbers are reputed to rob banks because "that's were the money is", Equatorial Guinea can expect to attract outside attention from parties that do not support the long term interests of the citizens and Government of Equatorial Guinea.

Riggs has internationally renowned expertise in assisting individuals, families, corporations, trusts, pension plans and government to establish the financial structures, resources and procedures required to "safe keep" funds and provide complete accountability regarding investments and expenditures. Working with international experts, we would provide recommendations that assist the Government to establish the institution that will prudently "hold" the Fund's assets for future generations.

Although some governments maintain reserve fund assets in commercial or state banks, our preliminary economic and investment research confirm that the Fund should maintain its assets in a professionally managed portfolio of diversified investments. For example, the Kuwait Fund for Future Generations is known to have an extraordinarily diverse range of investments including money market instruments, fixed income securities, publicly traded equity securities, private equity investments and real estate. These investments are further diversified by region and by currencies. The extraordinary diversification resulting from disciplined and effective investment management reduces potential investment risk and increases the reliability of income and value.

All financial transactions and investments involve some level of risk. The highest standards of fiduciary responsibilities borne by the officials of the Fund and the Government require particular attention to risk exposure, risk policies and risk management. Inappropriate investments and inappropriate risk are the greatest potential dangers for the Fund. The Government, the Fund and their experts must work together to establish appropriate long term investment and risk guidelines.

Our Riggs Investment Management Corp, J. Bush & Co., Riggs Capital Partners and Riggs & Co. experts have the extensive training, expertise and experience required to assist the Fund to establish, implement, manage and review investment programs positioned to provide attractive investment and social returns while complying with the Fund's risk guidelines.

The conditions required for a reserve fund to release income to its government vary broadly. Some funds are required to finance programs on an ongoing basis while other funds are required to retain income until pre-set asset targets are met. The challenge of determining and enforcing policies regarding access to a fund's assets and income might be the most complex challenge facing any government. The ***Fund for the Future's*** requirements for long term planning and flexibility will naturally conflict with the need to establish and define the Fund's powers, policies and legal activities in advance of the first investment. Our experts and external experts identified by Riggs have the unique skills and experience required to review potential approaches, to recommend the best approaches and to assist the Government and the Fund in implementing the chosen approaches.

The ***Fund for the Future*** will have important impacts on finances and social development. In the beginning, the Fund's role will be to collect revenues and build/invest its asset base. As the Fund achieves its investment balance goals, the Fund's roles and responsibility will change. The

Fund's evolving role will require evolving policy, program and macro-economic responses by both the Government and the Fund. As demonstrated by the experience of the Alaska Permanent Fund, clear and pre-defined laws, polices and guidelines are crucial to the perceived success of the Fund. (The government must establish laws, policies, controls and mechanisms to enforce the desired spending while actively considering the near and long term interests of its citizens.)

Riggs proposes to work with a select team of seasoned economic, financial and legal policy experts to develop an **Initial *Fund for the Future* Proposal** for the Government. The Initial Proposal will provide the background information and strategic recommendations required by the Government for initiating a formal decision to establish the ***Fund for the Future*** and to engage Riggs' long term services. We currently envision that Riggs and our affiliated experts will present the Government with a **Formal *Fund for the Future* Proposal** after the Government has reviewed and approved the reports and recommendations of the Initial Proposal.

Mr. President, it is our profound hope that we have provided you with background information that will assist you with your decision regarding the establishment (and the strategies for establishing) the **Fund for the Future**. We believe that the ***Fund for the Future*** will be an important legacy of your leadership of the people of Equatorial Guinea. Your policies and insight have steered Equatorial Guinea clear of the dangers and failures that have damaged other countries. We are confident that the **Fund for the Future** will assist you to enhance the reputation of Equatorial Guinea for prudent and enlightened leadership and administration in the face of significant future challenges.

EQUATORIAL GUINEA
BRIEFING

PRIVATE & CONFIDENTIAL

Permanent Subcommittee on Investigations
EXHIBIT #51b

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RNB 005738

RIGGS

Memorandum

From: Simon P. Kareri

Date: February 5, 2003

Re: **Equatorial Guinea**

Pursuant to your request, the balance for the Republic of Equatorial Guinea at the close of business January 31, 2003 were:

Account Type	Account Name	Balance
Deposits		
Checking	Tesoreria General	$ 36,010,902.22
MMA (Main)	Tesoreria General	$310,993,406.19
MMA (Maritime)	Tesoreria General	$ 88,752.11
MMA (EGA)	EGA	$ 796,061.79
Checking	MME – Estudiantes	$ 185,598.37
Checking	Embassy	$ 414.93
Certificate of Deposit	Tesoreria General	$ 41,175,830.61
Checking	GE Petrol	$ 0.01
MMA	GE Petrol	$ 0.01
MMA	O.N.M. Scholarship	$ 438.58
Certificate of Deposit	O.N.M. Scholarship	$ 1,000,000.00
Totals		**$390,251,404.82**
Loans		
Loan	EGA	$ 13,245,106.06
Line of Credit	Tesoreria General	$ 20,000,000.00

These balances do not include RIMCO investments in the amount of **$153,986,875.05**

Total Relationship $544,238,279.87

Thank you.

2

RNB 005740

International Decision Strategies, Inc.

FAX: 202-785-6687

January 29, 2003

TO: Mr. Simon Kareri
Vice President for Africa and the Caribbean
Riggs Bank
FR: R. Bruce McColm
IDS

RE: Equatorial Guinea

Simon, I will be faxing you today and tomorrow the various materials on Equatorial Guinea. I have several documents, which I need to copy and will have to messenger over.

First issue, A Google Search of the Internet revealed several websites that contain up-to-date information concerning the production and finances of oil in Equatorial Guinea. One of these is the Government website,www.equatorialoil.com. This process took my colleague here at IDS all of five minutes to locate. An experienced journalist should have done this even before writing the piece.

I want to remind you that the Government of Equatorial Guinea, along with the oil companies, held a conference entitled "GEPetrol & Oil and Gas in Equatorial Guinea" on November 12-13, 2002 at the Millenium Hotel in London. Ernst & Young prepared the tax and legal materials for this meeting and Exploration Consultants, Ltd. of Oxfordshire, United Kingdom, in cooperation with the Ministry of Mines and Energy, prepared all the oil data for the conference. While the conference was private, the financial press and significant numbers of the London financial community were there.

My point here is that I was there and I know for a fact Global Witness knew this event was going on because they met with Minister of Justice Ruben Maye Nsue Mangue at the Royal Institute of International Affairs and raised issues about transparency in oil reporting at that time. They knew that this conference was occurring and that all the data they needed was a five minute walk from our meeting.

Secondly, you will recall that the Center for Public Integrity, a liberal watchdog group, published an article about security issues in Equatorial Guinea, purporting to quote various oil company officials, etc. The author of this article was unnamed but later my colleague Joe Balcer here at IDS talked to them about whether they still worked with Ken Silverstein. The woman at the Center told Joe," We don't use Ken's stuff anymore because he has a reputation of making things up."

Joseph S. Balcer Margaret A. Bartel R. Bruce McColm
911 Duke Street, Alexandria, VA 22314-3619 USA
(703) 739-4274 FAX (703) 739 4232
decisions@idsvs.com

Lastly, I am faxing to you some intriguing pieces. Before his new position at the Los Angeles Times, Ken Silverstein was a regular contributor to the Nation, a radical magazine, and was a founder of Counterpunch, a magazine and website devoted to muckracking journalism from a left perspective.

In his bid to become mainstream, Ken started writing for Harper's, which is published by a contrarian editor Lew Lapham. One article concerned an expose of gun-running. This necessitated a correction being published by Harper's, which is a rare occurrence. Next, I enclose the Automobile Association of America (AAA)'s response to another of Ken's pieces. I thought they devastated the piece. I also enclose a short interview with Ken by the Moonie magazine Insight, where he suggests his leftist agenda.

Ken Silverstein began his writing on Equatorial Guinea with a grant from the Nation Institute, which funds muckraking journalism. He visited Equatorial Guinea for five-seven days over 18 months ago and then wrote a long Nation piece about Equatorial Guinea. It is unclear whether he has ever interviewed an official of the Government of Equatorial Guinea. While in country, he met with the opposition and some oil company representatives. He was introduced to the country through a representative of Hess Oil company, who thought he was going to write an "objective piece". Since the Nation article, none of those who have talked to him for his first piece would talk to him again. He keeps in regular touch with the opposition in exile and the CPDS , the radical opposition party in Equatorial Guinea.

Ken Silverstein is basically an anti-oil activist. He also has written on oil matters in Chad and Cameroon. The second LA Times piece was his first as a staff writer for them.

Here is where I have serious problems with the LA Times piece. The rules for mainstream journalism are somewhat different than for radical activist writing. The editor of the LA Times, in my opinion, should have killed the second piece because of the numerous errors of facts in the article as well as the poor sourcing of the piece.

One of the clearest evidence that Ken has an agenda comes in the second line of the article, where he maintains that oil revenue figures in E.G. are a state secret. He knows that the country held a National Conference on the Economy in 1997, which brought together all sectors of that society in a very public consultation concerning the meaning of the new oil revenues for the development of the country. As a result of this national consultation, which was broadcast on television and radio for a week, the government drew up its economic priorities. During this conference, the Ministry of Mines and Energy presented a slide show to the representatives of various social sectors, which included oil production figures as well as revenue projections.

Since that time, the Government of Equatorial Guinea has published on a regular basis data concerning oil production and revenues. An example of this is the May 2002 publication by the Ministry of Planning and Economic Development, which goes on at great length about oil production and revenues as well as other state expenditures. This is a public document and is available to visitors and citizens alike. Included in this

document also is mention of the Government's private foreign bank accounts and holdings in these and other regional financial institutions. This is not the only such publication of this material.

I would also point out that the Government of Equatorial Guinea also publishes the oil revenue figures in its annual state budget, which is presented before the National Parliament and debated openly on the national media. For a reporter, who has been writing about the country for the past 18 months, surely this data was available and obvious to him.

You should be aware that Ken Silverstein has been trying to track the connection of Riggs officials to Equatorial Guinea long before his new employment at the LA Times. He has this theory that the mystery of this relationship lies in some "conspiracy" with the Bush family and the Administration. As seen from his previous LA Times' piece, he wants to draw the connection between the oil and banking institutions to President Bush. I guess it makes better theater.

There will be more from me later....

Heavy metal QB
looksmart

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Muckraker Silverstein says money corrupts.(special interests in government) (includes biographical information)(Interview)

Author/s: Stephen Goode
Issue: July 27, 1998

An ardent critic of the campaign-finance system, journalist Ken Silverstein documents in his new book how American democracy is short-circuited by deep-pocketed special interests.

In CounterPunch, the semimonthly newsletter he edits with Alexander Cockburn, and in his new book, Washington on $10 Million a Day: How Lobbyists Plunder the Nation, journalist Ken Silverstein pictures the capital city (and often the nation outside the Washington Beltway) with warts exposed. "Jesse Jackson: Q. How Bad Can He Be? (A. Incredibly Bad)," is the headline for one recent CounterPunch article, and Bill Clinton is a regular target of the newsletter. "I do not like Bill Clinton," Silverstein tells Insight.

But Silverstein takes on Republicans with equal vigor. A major theme of his writing is the corruption of Washington and its eager politicians by the enormous and endlessly increasing sums of money that flow into the nation's capital. Silverstein is a man of the left to whom leftist politics seem less important than the outrage he feels at what he sees as the corruption of American democracy by money, and the failure of Congress to do anything about it because Congress itself is a beneficiary of the big money.

Insight: How would you describe your politics?

Ken Silverstein: I think of myself as broadly on the left, but there are those on the left who think I'm a horrible traitor because of [my] views on certain issues. There are some issues about which I feel more comfortable with the Republican point of view than the Democratic.

Not a whole lot of them. On Waco or Ruby Ridge, I'd certainly not be with the Janet Reno crowd, I'd probably be in bed with [Republican Rep.] Ron Paul of Texas.

The crazy thing is these days, if a talk show wants a liberal, they get somebody who defends Bill Clinton, while a conservative is the critic of Clinton. Well, I'm highly critical of Clinton, so that makes me conservative in some circles.

I've always gone after liberals, maybe more often liberals [than anyone else] because I believe it's boring to preach to the converted. Why write a story for our readers about "big, bad Newt Gingrich"? I'd much rather go after "big, bad Dick Gephardt."

We at CounterPunch did a story really attacking Morris Dees, who is something of a liberal icon, the head of the Southern Poverty Law Center. We bashed the hell out of him because he's a fraud. So they denounced us as right-wingers. I do not think you could get a critical story on Morris Dees in any of the liberal publications.

Insight: CounterPunch does a lot of stories on the corruption and inefficiency you find in Washington. Just how bad is the nation's capital, in your view?

KS: The fundamental problem of the political system is the money. It costs $500,000 or $600,000 on the average to run for a seat in the House and $5 million to $6 million on the average to run for a seat in the Senate.

There's only one way to get that money. You don't go door to door, knock-knock, "May I have a $25 check?" You need the deep pockets. You need the faithful who can give $1,000 or $2,000 checks and, if you're looking for soft money, of course, significantly more than that.

continued ...

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Correction.(Brief Article)(Correction Notice)

Issue: July, 2000

In Ken Silverstein's article on the arms dealer Ernst Glatt ["Licensed to Kill," May] it was incorrectly reported that Hank Warton's crew for the 1977 arms flights between Hungary and Somalia included Bill Lear Jr. The crew member in question was Bill's brother, John. Warton and another source for the story confused the two men, both of whom knew key players involved in the operation. Harper's Magazine regrets the error.

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AAA okay.(Letter to the Editor)

Author/s: Susan G. Pikrallidas
Issue: August, 2002

Although Ken Silverstein's Annotation "Smitten with a Club" [May] was well written and entertaining, it should not be confused with serious journalism. As a long-time reader, I recognize that Harper's Annotations are more likely to encourage a wry smile than an intellectual discussion. That said, the Annotation could have provided your readers with a more balanced and realistic view of AAA's advocacy work. Let me offer some of the facts that were left out.

Silverstein claims that, unbeknownst to members, AAA is a lobbying powerhouse in Washington devoting substantial resources to work that negatively affects the environment. Contrary to the impression left by the Annotation, the vast majority of our advocacy efforts in support of the 1998 transportation funding bill focused on safety issues affecting the motoring public, not just on building highways.

The Annotation suggests that public policy must choose between building roads or public transportation. The reality is that we need both. And both options must provide travelers with safe, efficient means to meet their transportation needs. But the fact remains that travel by automobile meets the transportation needs of most Americans most of the time.

What landed AAA in the pages of Harper's Magazine may be AAA's willingness to work for balanced public policy that supports a safe and efficient transportation network but not the agendas of the groups at the extremes. Regrettably, these groups focus their sights on anyone who does not endorse their narrow views of transportation policy. Conversely, when mobility conflicts with what is right for the environment, AAA works for solutions that advance both.

RNB 005747

Unlike many advocacy groups, AAA does not depend on polarizing the transportation-policy debate to raise funds. Our members join and renew at an ever increasing rate because AAA provides the important services they need; AAA's public-policy work is part of the service we provide our members.

Suzan G. Pikrallidas
Vice President, Public Affairs
AAA
Heathrow, Fla.

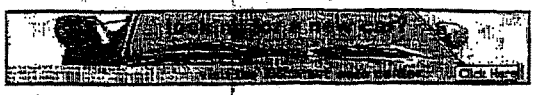
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Smitten with a club: your AAA dues fuel pollution and sprawl. (Annotation).(Brief Article)

Author/s: Ken Silverstein
Issue: May, 2002

RNB 005749

In these turbulent times, what institution could be more reassuring than the American Automobile Association? Its 43 million members--including, until recently, myself--know the venerable auto club, which celebrates its 100th anniversary this year, to be an unfailing source of rescue from travel predicaments. For members with flat tires, the club sends tow trucks; for those unsure of the way, the club provides maps. Had I found myself incarcerated by a small-town sheriff, the club would even have paid my bond. Among the nation's lawmakers, though, AAA is better known for its political clout, cultivated with millions of dollars of its members' annual dues. Drivers clutching this card as a talisman against automotive calamity should know that, in doing so, they lend support to an agenda--in favor of road building, against pollution control and even auto-safety measures--that helps deepen the automotive calamity afflicting the nation as a whole.

AAA began as a federation of nine regional auto clubs in 1902, when horses outnumbered cars as a means of transportation by 17 million to 23,000. The club, as a member of the nascent "good roads" campaign, won its first legislative victories in Oregon, which, in 1917, passed the nation's first vehicle tax--after C. C. Chapman, chief sponsor of the tax, ensured support by drawing a map that diverted a proposed highway to service the farmhouses of dozens of his senate colleagues--and, in 1919, the first gasoline tax, the revenues from both of which were set aside for improving roads. By 1929 all forty-eight states had enacted gas taxes, collectively raising $300 million for road building each year. In the 1950s, AAA joined Detroit automakers--along with the Asphalt Institute and the American Concrete Pavement Association--to help win approval for the Eisenhower interstate-highway system,

an astonishing 41,000 miles of fresh roadway serving more than 90 percent of congressional districts.

Today, AAA encompasses eighty-one regional clubs throughout the United States and Canada. Together these clubs collect billions of dollars in fees and annual dues, from which they generously fund national political action through a fifteen-person Washington office. AAA's governing board is not directly elected, and its political activities are carried out with little or no oversight from members. A frequent target of the group's Washington office has been federal environmental laws. In 1999, AAA opposed new rules that required cleaner-burning exhaust systems for cars, trucks, and SUVs, and two years prior assailed an EPA proposal requiring states to reduce levels of smog and soot. In 1990, AAA even fought the strengthening of the Clean Air Act--a measure supported by three fourths of Americans--on the grounds that it would limit the "personal mobility" of motorists.

AAA lobbies states and localities with even greater vigor. In the Washington, D.C., area, representatives of the Mid-Atlantic club make frequent appearances in state legislatures, city halls, and county councils. AAA supports the widening of Virginia's Interstate 66 and the construction of a new bridge over the Potomac, two measures opposed by environmental and community groups. The club spent years battling stricter vehicle-emissions standards in Maryland, whose air, because of emissions and pollution from states upwind, is among the nation's worst. In March, AAA Mid-Atlantic spokesman "Lon" Anderson (a former spokesman of the Beer Institute) testified in favor of a bill that allows private companies to build roads, and makes no provision for public review or oversight. "They always get up and say they are speaking on behalf of their millions of members," notes Dru Schmidt-Perkins, the director of a state "smart growth" advocacy group. "Most of the membership doesn't even know that they lobby."

continued ...

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Continued from page 1

For all AAA's bluster about safety, Clarence Ditlow, the head of D.C.'s Center for Auto Safety, says he "can't think of a single case" in which the club joined a fight for auto-safety legislation—including the decade-long push for mandatory air bags, which at one point the club actively opposed. Politically, the main "emergency assistance" AAA supplies is to its allies in big business, who piggyback on the club's wholesome, noncontroversial image. After one legislative victory, a representative of the American Road & Transportation Builders Association told the National Journal that AAA's support "demonstrated that the coalition included consumers as well as businesses and contractors." Along with most major oil companies and automakers, AAA belongs to the American Highway Users Alliance, a lobbying group that claims building more roads will actually improve air quality: "Cars stuck in traffic waste fuel," it notes, "and emit more pollution than cars that are moving freely."

This year, the federal government will spend four times as much on highway construction as it will on mass transit, perpetuating an approach to traffic congestion that one anti-sprawl activist aptly compares to "trying to cure obesity by loosening your belt." Few organizations have done more in the past century to advance this disastrous cycle than has AAA, though the group is understandably reluctant to advertise the fact. In the Mid-Atlantic club's 2001 annual report, a four-paragraph synopsis of the club's "Public Affairs" activity includes no mention of the group's lobbying on roads projects or emissions standards, and instead focuses exclusively on its safety initiatives. If AAA's members knew just how much politicking their dues paid for—and just what that politicking aimed to accomplish—then perhaps more of them would, like me, drive solo.

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RNB 005751

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RNB 005752

From: R. Bruce McColm
To: Simon Kareri
Date: Wed, Jan 29, 2003 12:19 PM
Subject: RE: Congressional staff about LA Times article

Simon:

I received a call from a senior staffer for the Subcommittee on Africa for the House Committee on International Affairs concerning the Los Angeles Times piece. He wanted to inform me first that a.) it had been read on the Hill, b.) no one believes it because of Ken Silverstein, c.) "everyone knows the allegations about Riggs are nonsense", d.) the Government of Equatorial Guinea must respond quickly with full force to such articles or they will be believed eventually. He also said that the Government of Equatorial Guinea should not count on the oil companies to defend them because" at the first sign of trouble they run for cover." He urges people to get E.G. to get representation in Washington as soon as possible and " not big firms because they will be lost."

I asked him about State Department views on the December elections. He said that State said that they saw no intimidation, fraud or irregularities and that President Obiang won big because of his sophisticated and well-organized campaign. They said that there were no election day issues for them. They were disappointed by the opposition's lack of organization and campaign. But they did raise the issue that the arrest earlier in the year of those plotting to overthrow the Government may have had an effect on the election. They welcomed the Government's recent initiatives on reforming the justice system, inviting Amnesty International to the country and its new relationship with the International Red Cross.

The senior staff person did warn me that the Wall Street Journal was thinking about doing a piece. Also, a New York Times reporter has been snooping around.

I thought this report was encouraging but the senior staff member did ask me when people who support E.G. will have the support they need from Malabo to become more open and vocal.

More later—
RBMc

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RNB 005754

From: R. Bruce McColm
To: Simon Kareri
Date: Wed, Jan 29, 2003 5:54 PM
Subject: RE: More E.G.

Simon-

I am faxing you some of the latest news from E.G. that is more balanced.

The incarceration rate per 100,000 people is 20. That's more than 5 times lower than Spain and slightly below the Scandinavian countries. For a developing country, this is remarkable. Total prison and jail population is 120.

For the past 4 years, there have been no extrajudicial killings attributed to the Government or its security forces and no disappearances. Two prisoners died this year in jail: one for refusing medical treatment and another from ill health. There had been no such deaths since 1998.

While last year's State Department Human Rights Report contained a tough introduction for the section on Equatorial Guinea, in the body of the chapter the State Department noted 64 major areas where human rights in the country had improved.

In May 2002, the United Nations Human Rights Commission voted 32 yes-1 no and 20 abstentions to end oversight by the Special Representative on Equatorial Guinea in recognition of the improvements in the area of human rights and democracy by the Government. Since then, the United Nations Human Rights Commission treats Equatorial Guinea under the subject of countries needing technical assistance in the area.

In November 2002, the Government of Equatorial Guinea extended invitations to Amnesty International, the International Bar Association and Transparency International to travel to the country to conduct their own evaluations.

In January 2003, the Government of Equatorial Guinea held a National Conference on Reforming the Judicial System, which included representatives of all political parties, non-governmental organizations, professional and religious associations as well as appropriate government ministries. The Conference concluded with a series of specific recommendations for improving the system, which the President publicly endorsed.

On January 24, 2003, the President of the Republic met with all 13 political parties and asked them to join him in forming a government of national unity. With the exception of the CPDS (to date), all political parties accepted the President's offer.

Over 70 international observers were in Equatorial Guinea to monitor the December 15, 2002 presidential elections. They represented a range of organizations, including the African Union, Francophonie, the Economic and Monetary Community of Central African States, the Institute for Democratic Studies and the diplomatic corps. They all concluded that the election process was well-administered, devoid of fraud and systemic irregularities and had no vote manipulation. The overwhelming victory of the President was attributed to the superior campaign waged by the President and the PDGE, the government party. None of the observers reported any incidents of intimidation or fraud.

LA TIMES writer Ken Silverstein mentioned that Angola ranks 161st out of 173 on the United Nations Human development index, which ranks nations according to their citizens' quality of life. However, he did not mentioned that Equatorial Guinea stood at 111st position, fifty places ahead of Angola and only behind South Africa in sub-Saharan Africa. This omission had to be deliberate because this fact alone would have destroyed his credibility about the lack of progress in the country. A close analysis of these rankings also reveals that Equatorial Guinea has the highest rating in quality of life of all sub-Saharan oil producers. This indicates that the country is obviously avoiding a lot of the mistakes

made by Nigeria and Angola.

Hope this provides some perspective on the issues raised by critics of Equatorial Guinea.

More tomorrow.
RBruce McColm

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RNB 005757

January 29, 2003

TO: Mr. Simon Kareri
Vice President
Riggs Bank
FR: R. Bruce McColm
IDS
RE: Elections in Equatorial Guinea

Simon:

Here is the content of the State Department's Press Guidance on the elections held in Equatorial Guinea on December 15, 2002:

"1. The procedures were without violence, the country was calm and there was no civil unrest.

2. There were reports by the opposition of public voting and intimidation.

3. The U.S. continues to plan to reopen its embassy sometime in the first half of 2003.

4. President's Obiang's campaign was very vigorous and professional.

5. The opposition were disorganized and without adequate funding.

6. There is no evidence of vote manipulation.

7. The USG is now focused on the future and encouraged by recent decisions by the Government to invite into the country the International Red Cross, Amnesty International and Transparency International."

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RNB 005759

SUMMARY OF THE FINDINGS
ON THE DECEMBER PRESIDENTIAL ELECTIONS
IN EQUATORIAL GUINEA

PREPARED BY THE INSTITUTE FOR DEMOCRATIC
STRATEGIES (IDS) OF ALEXANDRIA, VIRGINIA

DECEMBER 20, 2002

The Institute for Democratic Strategies (hereafter IDS) fielded an 11-person team to observe the presidential elections on December 15, 2002 in Equatorial Guinea. IDS personnel were also in-country during the month of November to observe the campaign activities of the competing political parties and to meet with officials of the National Election Commission for briefings on the technical preparations for the elections.

IDS has worked in Equatorial Guinea since 1996 and has fielded observer teams for the 1998 parliamentary and the 2000 municipal elections. The IDS observer team was chosen independent of the Government of Equatorial Guinea and had a combined experience of observing nearly 100 elections over the years. Some of these include Angola, Namibia, South Africa, Kenya, Nigeria, Uganda, El Salvador, Nicaragua, Mexico, Panama, Suriname, Hungary, Czechoslovakia, Poland and Russia. Several of the observer team currently work for organizations devoted to democratic development in African countries.

The Government of Equatorial Guinea provided the IDS observer team with full facilities to be able to evaluate the election process and to travel freely throughout the national territory. On election day, the observer team covered nearly every region of Equatorial Guinea, including the distant island of Annobon. Unforunately, IDS was unable to field its own team in the Cogo district because of a lack of personnel.

The IDS also shared observations with the national observer teams sent throughout the country. These teams were composed of representatives from local non-governmental organizations and enjoyed the same privileges as the international teams. Also observing the elections were delegations from the African Unity, Francophonia, CEMAC and the diplomatic community.

The IDS observer team shared the positive comments of other delegations concerning the elections, especially the administration of the electoral process. All observer delegations commented on the calm and tranquil atmosphere in which the elections were conducted. Of particular note was the truly incredible turnout of the voters and the orderly way the citizens went about voting.

No observer delegations reported any incidents or violent episodes during the election day or the days immediately preceding it. Observers present during the election campaign itself noted the peaceful atmosphere of this period and the tolerance and civility shown by the authorities and the people to the opposition parties and candidates. The IDS team noted that both the UP and the CPDS campaigned in Mongomo, the hometown and political stronghold of the President, without incident. All political parties had access to the media, including television and radio, and were free to campaign throughout the country without obstacles.

The IDS team randomly chose the voting tables at which they observed the process. By the end of the election day, the IDS team had observe the process at roughly 15% of the total mesas, which represented about 25-30% of the electorate. From IDS' past experience, this provides a more than adequate sample to judge an electoral process.

We noted with a great deal of satisfaction that election materials had been distributed throughout the country and that we had not encountered any mesas without adequate materials—ballots, indelible ink, etc. In this respect, Equatorial Guinea deserves credit for avoiding some of Africa's more traditional problems of inadequate distribution of ballots and electoral materials throughout the national territory.

We noted that the polls basically opened on time and that the voters knew where they would vote. There appeared to be very few problems with the voter identifications and the voter lists posted at the mesas.

We also observed the counting at random mesas throughout the country and checked the results against the final national count and found absolutely no disparity in these select votes. The IDS observer team took this as a sign of the basic integrity of the vote.

IDS also noted that, with few exceptions, there were no overly long lines of voters throughout the day and that voting actually finished in most parts of the country by mid-

afternoon. IDS also escorted one box of ballots from Basile Bubi to the district voting center to evaluate the procedures on transporting the ballots.

IDS made a point of engaging political party observers at all mesas and were pleased to see that the opposition parties had a larger presence at the mesas than in the past. Our whole team heard no complaints from party observers about the process on election day. The IDS team also made a point of talking to opposition observers about the pre-election environment in their towns or villages and again were told that they had no personal or party problems during the campaign. In Baney, a town in the Bioko Norte district, young opposition observers said that their only problem was being teased by their friends about their choice of candidate.

Members of the IDS team were approached at the end of the election day by young opposition party observers who complained they had been told by their party leaders to leave their posts at the mesas. They said they did not know the reason for this order by their party representatives. They expressed to members of the IDS team that they had wanted to participate until the conclusion of the vote and felt the election process had been going well. IDS also notes that this happened in prior elections that opposition party observers were told to abandon their posts near the end of the voting day.

IDS notes that we were told that here had been no written complaints by the political parties concerning the campaign or the procedures followed on election day. Such complaints could have been filed with the National Electoral Commission, the Ministry of Justice or the Constitutional Court. Political parties could have also brought their grievances to any of the several election observation teams that were in country at the time. None of the observer teams, including the national teams, reported receiving such reports.

The various phases of the electoral process had been agreed to by the competing political parties and that each phase had written approval by all the political parties. All the political parties the morning of the election had agreed to stay in the process until the final count. For the most part, the opposition stated "withdrawal" from the elections came hours after their representatives had signed off on the majority of the vote tallies at the mesas.

The IDS team also paid close attention to the behavior of the security and police personnel during election day. The team felt that the presence of the security personnel followed published guidelines by the Electoral Commission and did not represent any factor of intimidation during the process. We did not find the presence of security personnel intrusive in the process and only saw police personnel interact a few times to line up the voters. We saw no actions by the security forces during election day that could be interpreted or construed as intimidating or exerting pressure on individual voters or creating a tense climate.

The IDS team feels it is important to mention that observer delegations traveled to many of the places the international media noted in their published reports on the elections and did not find the problems that the press mentioned or that the opposition was quoted as saying occurred. Members of the IDS observer team double-checked this view by following up with other international delegations as well as the national observer teams.

Several issues were raised by the national and international media and the opposition prior to the election itself. First, the media raised the issue of the difference between the total number of inhabitants in Equatorial Guinea as reported in the national census and the 215,000 voters in the electoral census. The national census and the electoral census are two very distinct things and developed by a very different process. The electoral census must be approved by all political parties, as it has in the last three elections. The number of voters tracks very consistently with the numbers of the past two elections, showing a slight but reasonable increase in the number of eligible voters. Members of other delegations actually conducted their own rough estimate of the electoral census based on data from various international organizations and found less than 1,000 voter discrepancy. This little experiment basically confirms the accuracy of the census.

Secondly, the media, various diplomatic missions and the opposition raised, as they have in the last three elections, the issue of "public voting". In various African countries, IDS team members have observed a tradition whereby voters either showed their ballots or called out their preferences locally. Nowadays, we see this more within political parties during the selection of candidates for the general election. This is

"public voting" in the sense that election observers know it. This has no application to the situation in Equatorial Guinea during the last three elections at least. This practice simply doesn't occur.

A related issue concerns the secrecy of the vote. The media and even the opposition parties misconstrued the practice of picking up only one ballot and not all the ballots for the different candidates as required by law as "public voting". It was our experience on the occasions when this did occur, other voters and even electoral workers could not tell the choice of the voter, unless they made a real attempt. IDS observers did see this happen and asked opposition party observers their views about the practice. At the local level, they did not object but they also observed it seemed to occur only with the elderly. As one CPDS observer told us in Bancy, "It really only matters what's in your heart."

While IDS did observe this practice at various polling stations, it did not occur in any large numbers to be statistically meaningful, to constitute a flaw or serious irregularity that would have any tangible effect on the outcome or the choices of other voters. We saw no cases where the voter or a series of voters flaunted their choice as if to encourage others to cast their votes the same way. The practice, when it did occur, was generally practiced by the very elderly in rural areas. In urban areas such as Malabo or Bata, our team notice that his did not occur.

The IDS team found that ample steps had been taken to ensure the secrecy of the vote at every mesa we visited. Election officials had made several adhoc voting booths using screens, tables and adjacent rooms at the polling stations. Voters took it as a given that they would exercise a secret ballot.

The IDS observer team found the election officials, for the most part, well-trained and conscientious and impartial in carrying out their civic duty. Noting the total lack of international aid for the conduct of these elections, IDS applauds the excellent work and commitment shown by the National Electoral Commission and the professionalism it demonstrated in administering the presidential elections. IDS found the training materials prepared by the Electoral Commission to be of an excellent quality and content and believe the election officials to be better trained this election than in the previous two.

In general, IDS found that the election process was transparent and administered in a professional and proper manner that meets international standards. We would like to again emphasize the great importance electoral administration has in allowing every qualified citizen to cast their vote. Every eligible voter who wanted to could cast their vote, a situation that is not universal in Africa.

IDS trained about 24 representatives from national organizations, who also traveled throughout the country on election day. IDS had the pleasure of being accompanied by these national observers and congratulate them on their work, which provided us with a unique insight into the national electoral process.

IDS also wants to thank the Government of Equatorial Guinea for its invitations to international observers. We were able to travel anywhere in the country we wanted, including the lovely island of Annobon, and enjoyed the generous hospitality of the Equatoguincan people.

In conclusion, the people of Equatorial Guinea were able and did exercise their right to vote in a peaceful atmosphere without intimidation or fraud. IDS as a team and in consultation with other international observers did not find any patterns of abuse, irregularities or intimidation that would cause the process to be declared flawed. The people of Equatorial Guinea did have a clear choice in this presidential election and did make that choice.

IDS found that the vote largely reflects the popularity of the winning candidate, the socioeconomic situation in the country and the PDGE's ability to mount an extraordinarily sophisticated campaign at a national level. This campaign was modern in every sense and reflected a strong organizational base. We also applaud the efforts of the opposition parties to campaign throughout the country and hope that they will remain in the democratic process and rebuild themselves for the future.

IDS congratulates President Obiang Nguema Mbasogo on his convincing victory and wish him and the country well for the next seven years of his new term in office. IDS especially wants to congratulate the people of Equatorial Guinea for taking their civic duty so seriously and voting in numbers that far exceed turnouts around the world.

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RNB 005766

Sent By: IDS; 703 739 4232; Jan-29-03 4:04PM; Page 1

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FAX

To: SIMON KARERI Fax No. 202-835-5321
From: R. BRUCE MCCOLM Pages with Cover 12
Date: JAN 29, 2003

UNDP - Human Development Index

Remove 3 island states and you have in Sub-Saharan Africa.

1. South Africa.
2. E.G.

Check out mass of material on website for UNDP.
literacy rate 65% in 1990 - 84% 2002
etc.

[redacted]

2 Human development index trends
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BACK

Human development index (HDI) value, 1990
A composite index measuring average achievement in three basic dimensions of human development-a long and healthy life, knowledge and a decent standard of living. For details on how the index is calculated see technical note 1.

E.G. - 111 but 5th Sub-Saharan
HDI OR #2 Avg Country Human Dev
Rank Country Human development index (HDI) value, 1990

HDI Rank	Country	Human development index (HDI) value, 1990
1	Norway	0.901
2	Sweden	0.894
3	Canada	0.926
4	Belgium	0.896
5	Australia	0.888
6	United States	0.914
7	Iceland	0.913
8	Netherlands	0.902
9	Japan	0.909
10	Finland	0.896
11	Switzerland	0.905
12	France	0.897
13	United Kingdom	0.878
14	Denmark	0.891
15	Austria	0.890
16	Luxembourg	0.884
17	Germany	0.885
18	Ireland	0.870
19	New Zealand	0.875
20	Italy	0.879
21	Spain	0.876
22	Israel	0.855

[redacted]

RNB 005768

[redacted]

23	Hong Kong, China (SAR)	0.859
24	Greece	0.859
25	Singapore	0.818
26	Cyprus	0.845
27	Korea, Rep. of	0.815
28	Portugal	0.819
29	Slovenia	0.845
30	Malta	0.826
31	Barbados	..
32	Brunei Darussalam	..
33	Czech Republic	0.835
34	Argentina	0.808
35	Hungary	0.804
36	Slovakia	0.820
37	Poland	0.792
38	Chile	0.782
39	Bahrain	..
40	Uruguay	0.801
41	Bahamas	0.822
42	Estonia	..
43	Costa Rica	0.787
44	Saint Kitts and Nevis	..
45	Kuwait	..
46	United Arab Emirates	..
47	Seychelles	..
48	Croatia	0.797
49	Lithuania	0.816
50	Trinidad and Tobago	0.781
51	Qatar	..
52	Antigua and Barbuda	..
53	Latvia	0.804
54	Mexico	0.761
55	Cuba	..
56	Belarus	0.809

Sub-saharan 1st African country

RNB 005769

[redacted]

57	Panama	0.747
58	Belize	0.750
59	Malaysia	0.722
60	Russian Federation	0.824
61	Dominica	..
62	Bulgaria	0.786
63	Romania	0.777
64	Libyan Arab Jamahiriya	..
65	Macedonia, TFYR	..
66	Saint Lucia	..
67	Mauritius	0.723
68	Colombia	0.724
69	Venezuela	0.757
70	Thailand	0.713
71	Saudi Arabia	0.706
72	Fiji	0.723
73	Brazil	0.713
74	Suriname	..
75	Lebanon	0.680
76	Armenia	0.759
77	Philippines	0.716
78	Oman	..
79	Kazakhstan	..
80	Ukraine	0.795
81	Georgia	..
82	Peru	0.704
83	Grenada	..
84	Maldives	0.676
85	Turkey	0.686
86	Jamaica	0.720
87	Turkmenistan	..
88	Azerbaijan	..
89	Sri Lanka	0.697
90	Paraguay	0.717
91	Saint Vincent and the Grenadines	..
92	Albania	0.702
93	Ecuador	0.705

RNB 005770

[redacted]

94	Dominican Republic	0.677	
95	Uzbekistan	0.731	
96	China	0.625	
97	Tunisia	0.646	
98	Iran, Islamic Rep. of	0.645	
99	Jordan	0.677	
100	Cape Verde	0.626	3.
101	Samoa (Western)	0.666	
102	Kyrgyzstan	..	
103	Guyana	0.680	
104	El Salvador	0.644	
105	Moldova, Rep. of	0.759	
106	Algeria	0.639	
107	South Africa	0.714	4.
108	Syrian Arab Republic	0.634	
109	Viet Nam	0.605	
110	Indonesia	0.623	
111	Equatorial Guinea	0.553	5.
112	Tajikistan	0.740	
113	Mongolia	0.657	
114	Bolivia	0.597	
115	Egypt	0.574	
116	Honduras	0.615	
117	Gabon	..	6.
118	Nicaragua	0.592	
119	Sao Tome and Principe	..	7.
120	Guatemala	0.579	
121	Solomon Islands	..	
122	Namibia	..	8.
123	Morocco	0.540	
124	India	0.511	
125	Swaziland	0.615	9.
126	Botswana	0.653	10.
127	Myanmar	..	11.
128	Zimbabwe	0.597	12.
129	Ghana	0.506	13.

RNB 005771

[redacted]

	130	Cambodia	0.501
	131	Vanuatu	..
14	132	Lesotho	0.574
	133	Papua New Guinea	0.479
15.	134	Kenya	0.533
16.	135	Cameroon	0.513
17.	136	Congo	0.510
18.	137	Comoros	0.502
	138	Pakistan	0.442
19.	139	Sudan	0.419
	140	Bhutan	..
20.	141	Togo	0.465
	142	Nepal	0.416
	143	Lao People's Dem. Rep.	0.404
	144	Yemen	0.399
	145	Bangladesh	0.416
	146	Haiti	0.447
21.	147	Madagascar	0.434
22.	148	Nigeria	0.425
23.	149	Djibouti	..
24.	150	Uganda	0.388
25.	151	Tanzania, U. Rep. of	0.422
26.	152	Mauritania	0.390
27.	153	Zambia	0.468
28.	154	Senegal	0.380
29.	155	Congo, Dem. Rep. of the	..
30.	156	Côte d'Ivoire	0.415
31.	157	Eritrea	..
32.	158	Benin	0.358
33.	159	Guinea	..
34.	160	Gambia	..
35.	161	Angola	..
36.	162	Rwanda	0.346
37.	163	Malawi	0.362
38.	164	Mali	0.312

RNB 005772

[redacted]

2 Human development index trends
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BACK

Human development index (HDI) value, 2000
A composite index measuring average achievement in three basic dimensions of human development-a long and healthy life, knowledge and a decent standard of living. For details on how the index is calculated see technical note 1.

E.G. Scores improve

HDI Rank	Country	Human development index (HDI) value, 2000
1	Norway	0.942
2	Sweden	0.941
3	Canada	0.940
4	Belgium	0.939
5	Australia	0.939
6	United States	0.939
7	Iceland	0.936
8	Netherlands	0.935
9	Japan	0.933
10	Finland	0.930
11	Switzerland	0.928
12	France	0.928
13	United Kingdom	0.928
14	Denmark	0.926
15	Austria	0.926
16	Luxembourg	0.925
17	Germany	0.925
18	Ireland	0.925
19	New Zealand	0.917
20	Italy	0.913
21	Spain	0.913
22	Israel	0.896

[redacted]

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57	Panama	0.787
58	Belize	0.784
59	Malaysia	0.782
60	Russian Federation	0.781
61	Dominica	0.779
62	Bulgaria	0.779
63	Romania	0.776
64	Libyan Arab Jamahiriya	0.773
65	Macedonia, TFYR	0.772
66	Saint Lucia	0.772
67	Mauritius	0.772
68	Colombia	0.772
69	Venezuela	0.770
70	Thailand	0.762
71	Saudi Arabia	0.759
72	Fiji	0.758
73	Brazil	0.757
74	Suriname	0.756
75	Lebanon	0.755
76	Armenia	0.754
77	Philippines	0.754
78	Oman	0.751
79	Kazakhstan	0.750
80	Ukraine	0.748
81	Georgia	0.748
82	Peru	0.747
83	Grenada	0.747
84	Maldives	0.743
85	Turkey	0.742
86	Jamaica	0.742
87	Turkmenistan	0.741
88	Azerbaijan	0.741
89	Sri Lanka	0.741
90	Paraguay	0.740
91	Saint Vincent and the Grenadines	0.733
92	Albania	0.733
93	Ecuador	0.732

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[redacted]

	94	Dominican Republic	0.727
	95	Uzbekistan	0.727
	96	China	0.726
	97	Tunisia	0.722
	98	Iran, Islamic Rep. of	0.721
	99	Jordan	0.717
3	100	Cape Verde	0.715
	101	Samoa (Western)	0.715
	102	Kyrgyzstan	0.712
	103	Guyana	0.708
	104	El Salvador	0.706
	105	Moldova, Rep. of	0.701
	106	Algeria	0.697
4	107	South Africa	0.695
	108	Syrian Arab Republic	0.691
	109	Viet Nam	0.688
	110	Indonesia	0.684
5	111	Equatorial Guinea	0.679
	112	Tajikistan	0.667
	113	Mongolia	0.655
	114	Bolivia	0.653
	115	Egypt	0.642
	116	Honduras	0.638
	117	Gabon	0.637
	118	Nicaragua	0.635
	119	Sao Tome and Principe	0.632
	120	Guatemala	0.631
	121	Solomon Islands	0.622
	122	Namibia	0.610
	123	Morocco	0.602
	124	India	0.577
	125	Swaziland	0.577
	126	Botswana	0.572
	127	Myanmar	0.552
	128	Zimbabwe	0.551
	129	Ghana	0.548

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[redacted]

130	Cambodia	0.543
131	Vanuatu	0.542
132	Lesotho	0.535
133	Papua New Guinea	0.535
134	Kenya	0.513
135	Cameroon	0.512
136	Congo	0.512
137	Comoros	0.511
138	Pakistan	0.499
139	Sudan	0.499
140	Bhutan	0.494
141	Togo	0.493
142	Nepal	0.490
143	Lao People's Dem. Rep.	0.485
144	Yemen	0.479
145	Bangladesh	0.478
146	Haiti	0.471
147	Madagascar	0.469
148	Nigeria	0.462
149	Djibouti	0.445
150	Uganda	0.444
151	Tanzania, U. Rep. of	0.440
152	Mauritania	0.438
153	Zambia	0.433
154	Senegal	0.431
155	Congo, Dem. Rep. of the	0.431
156	Côte d'Ivoire	0.428
157	Eritrea	0.421
158	Benin	0.420
159	Guinea	0.414
160	Gambia	0.405
161	Angola	0.403
162	Rwanda	0.403
163	Malawi	0.400
164	Mali	0.386

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[redacted]

165	Central African Republic	0.375
166	Chad	0.365
167	Guinea-Bissau	0.349
168	Ethiopia	0.327
169	Burkina Faso	0.325
170	Mozambique	0.322
171	Burundi	0.313
172	Niger	0.277
173	Sierra Leone	0.275

Source : column 8 of table 1.

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RNB 005780

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To: SIMON KAREEI Fax No. 202-835-5321
From: BRUCE MCCOLM Pages with Cover 3
Date: JAN. 30, 2003

good article on oil production.

Broadening horizons

Oil production has grown exponentially in the last few years, transforming the country's economic fortunes, and exploration efforts in the Gulf of Guinea are continuing. Based on known resources, production should continue to rise for the next three years, says Cristóbal Mañana Ela, the energy minister. Tom Nicholls reports

POLITICAL AND legal stability, competitive fiscal terms and a lack of red tape make Equatorial Guinea an attractive place to invest in oil and gas, says the energy minister, Cristóbal Mañana Ela. The country's oil and gas prospectivity speaks for itself.

Five years ago, Equatorial Guinea produced about 6,000 barrels a day (b/d) of condensates. This year, it is producing liquids at 240,000-250,000 b/d and attends Opec meetings as an observer. Mañana says existing developments should guarantee production growth for the next three years.

There are considerable prospects for economic and industrial growth beyond this. A proposal is on the table for a natural gas liquefaction terminal. New companies are continuing to invest upstream. Exploration deals are being negotiated with the government, as well as farm-ins to existing projects.

Explosive growth

Equatorial Guinea's explosive growth in hydrocarbons reserves and production in the last few years has transformed the economy. Oil now accounts for about 80% of GDP, which is rising at an estimated rate of 6-7% this year, compared with 2001. Growth could accelerate in 2003 by a percentage point, says Mañana.

Some oil is used domestically, but almost all of it is exported. Revenues from oil have had a momentous impact on the country's wealth and should continue to do so. Says Mañana: "If, in the next 10 years, there is no war, no disorder or turbulence, Equatorial Guinea will be a new place. It will be a developed country."

Explosive growth in hydrocarbons reserves and production has transformed the country's economy

Proved recoverable reserves amount to 1.5bn barrels of oil and 7 trillion cubic feet (cf) of gas (5 trillion cf of which are in the Alba gasfield). Next year, production is forecast to rise to 365,000 b/d (including expected production from new Amerada Hess discoveries in the Okume complex in Block G). Existing discoveries and developments should result in a further rise to 375,000 b/d by 2005, but that figure could increase if exploration efforts are successful, as seems probable.

For example, Vanco, a US independent, claims Block K – also known as Corisco Deep – could contain reserves amounting to over 2bn barrels and has identified 35-40 different geological prospects on the block.

Mañana is cautious about making long-range forecasts for production, but says it is "very likely that we will have production growth for the next three years".

The astonishing success rate so far continues to attract companies. Investors include Marathon (acreage formerly held by CMS Energy), ExxonMobil, Amerada Hess (formerly Triton Energy), ChevronTexaco, Vanco, Atlas, Petronas, Ocean Energy, TotalFinaElf and Petrobras. Five other companies are interested in participating in the upstream sector, says Mañana.

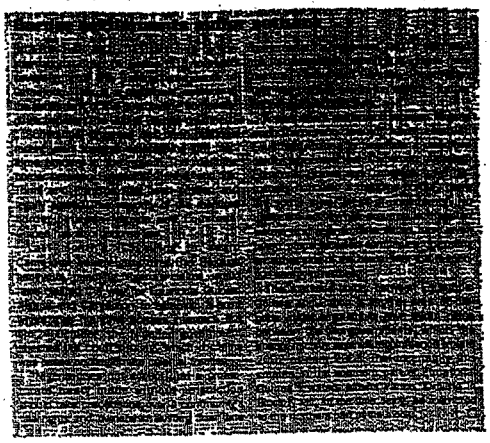
Showing interest

"Many companies not already investing in Equatorial Guinea are interested in coming. The investment environment is very suitable. There is no political turbulence – we have political stability and the investment law carries many guarantees. So far, tax on profits has been the lowest of the sub-region. We protect investments and avoid bureaucracy. Communication is simple with the government. We make the job of investors very straightforward."

Acreage is mostly available by direct negotiation with GEPetrol, the state's oil agency. Exploration rights in several blocks are already being negotiated, while a slice of blocks in the centre of the country's Gulf of Guinea waters remain unallocated (see Map 1). Some acreage is awarded through licensing rounds. GEPetrol has recently acquired 3-D seismic data in open blocks H-17 and I-17 and may seek partners for these blocks bilaterally or through a licensing round. A licensing round would probably occur in the first half of next year.

The majority of the most prospective offshore areas have been allocated, although there are still some attractive areas – notably blocks E-15, F-15 and G-15 – says a government source. Blocks further offshore, in ultra-deep water, are described as "high-risk, frontier acreage".

The country's most important fields are offshore Marathon-operated Alba, a gasfield with condensates, Zafiro, an oilfield operated by Mobil Equatorial Guinea, and Ceiba, operated by Amerada Hess (see box p10).



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Equatorial Guinea

Gas from Alba supplies a methanol plant and a power plant on Bioko island, but Marathon is considering several other ways of monetising the field's resources. The government source says these include additional methanol capacity, a liquefaction terminal or a gas-to-liquids plant.

Mañana confirms the government has a "long-term plan" for a liquefied natural gas (LNG) terminal that would convert gas mainly from Alba, although associated gas from Zafiro and Ceiba could also supply the plant. "The project is still at the planning stage at the ministry," he says. Operations could begin "in the next 10 years", although the plant's probable size remains undecided and will depend on the level of support it receives from upstream companies, he adds.

If built, it will find itself in a fiercely competitive Atlantic Basin marketplace, probably competing with Nigeria, Angola, Venezuela, Trinidad and Tobago, Norway and some Middle East suppliers (see p12).

Upstream success

Equatorial Guinea's first exploration licences were offered in 1965, but it was not until the late 1990s, with technology making deep-water acreage much more accessible, that exploration finally translated into major upstream success. "My country has taken advantage of new technology and we believe that, in deep-water exploration, we will play a considerable, if not very important, role," says Mañana.

The prospects for further discoveries are good, with several exploration programmes under way. Following a licensing round for deep-water areas, five exploration licences were signed in 2000, with Atlas Petroleum (Blocks H, I and J), Vanco (Block K) and Chevron (Block L) as operators. Extensive 3-D seismic surveys were acquired in these licences last year.

Vanco has high hopes for Corisco Deep. Adjacent to Amerada Hess' Block G, Vanco's acreage lies on the same trend as Ceiba. "The block we have has geology very similar to the Amerada block to the north, so we think our block has terrific potential," says Gene Van Dyke, the company's chairman. Drilling will probably start in the second half of next year, he adds.

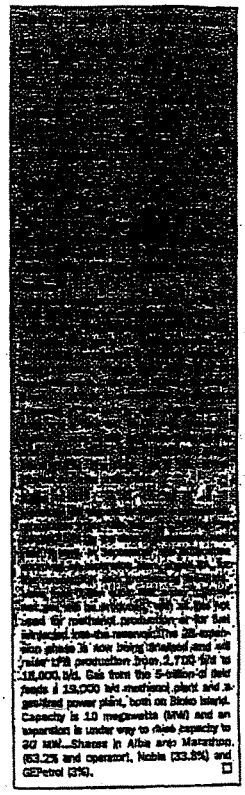
Vanco is operator with 100% (GEPetrol is entitled to take up to 10%) and, having completed 2-D and 3-D seismic, is in negotiations with other companies with a view to taking on two partners in order to spread the risk. "We are getting ready to bring in two partners. We are in the process of talking to several companies, but we have not formed our group yet." Van Dyke describes the interest shown by prospective partners as "very great". Vanco also has a 10% stake in the adjacent Block N, operated by Petronas.

Equatorial Guinea's offshore falls across two sedimentary basins: in the north, around Bioko island, offshore areas overlie parts of the Niger Delta-Rio del Rey basin system. The southern part of the offshore sector overlies the Rio Muni Basin, which is contiguous with Cameroon's Douala Basin to the north and the North Gabon Basin to the south. The sedimentary sections of both areas extend to the country's offshore territorial limit, the government says, suggesting there is oil and gas potential in all of its blocks.

Although drilling is needed, Mañana is optimistic about Equatorial Guinea's frontier areas. "Going on what the seismic data and geology are telling us, we believe the acreage to be highly prospective."

Much further offshore, on the southwest of the territorial waters of São Tomé and Príncipe, Equatorial Guinea holds acreage around the tiny volcanic island of Annobón. The energy ministry acquired about 1,000 km of 2-D seismic data this year, which will become available to companies in late 2002. No other exploration has occurred in this remote area so far, but the government is hopeful these waters, which are over 3,000 metres deep, contain exploitable hydrocarbons resources.

Exploration success has so far occurred offshore, mainly in deep water, but there is also exploration acreage available onshore. Says Mañana: "Oil has been found offshore, but we also have onshore acreage that remains to be explored and we can't rule out the presence of oil there." □



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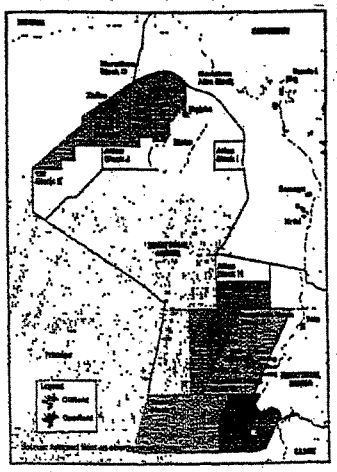
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Map 1: Equatorial Guinea's offshore blocks

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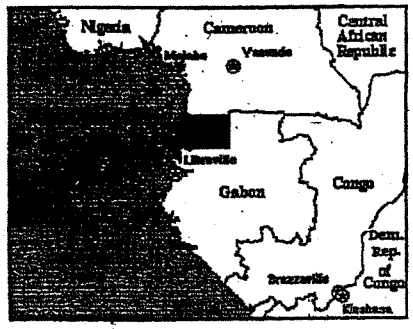
April 200

Background | Oil | Natural Gas | Electricity | Profile | Links

Equatorial Guinea

Recent offshore oil discoveries, and the prospects for additional finds, make Equatorial Guinea one of the leading areas for oil exploration in sub-Saharan Africa.

Note: Information contained in this report is the best available as of April 2002 and can change.



GENERAL BACKGROUND

The provinces of Fernando Po (the current island of Bioko) and Rio Muni (the mainland province and smaller islands) were joined in 1963 under Spanish rule to form Equatorial Guinea. Spain granted the newly formed state the right to partial self-government until independence was achieved in 1968. President Teodoro Obiang Nguema Mbasogo was re-elected in February 1996 for a seven-year term and in the March 1999 legislative election the ruling Partido Democratico de Guinea Ecuatorial (PDGE) won 75 of 80 seats contested. The next presidential election is scheduled for 2003 and the legislative election is slated for 2004.

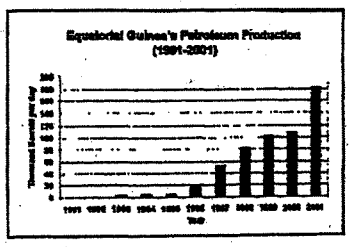
Equatorial Guinea's economy traditionally has relied heavily upon agriculture (primarily cocoa, coffee and timber). Recent economic developments in Equatorial Guinea have been dominated by rapid growth in the country's oil sector. Real gross domestic product (GDP) growth was estimated at 65.0% in 2001, up from the 16.9% growth in 2000, and narrowly missing the amazing 71.2% GDP growth witnessed in 1997. Economic growth is expected to remain strong with Real GDP growth of 33% in 2002 and 12% in 2003. U.S. investment (almost exclusively in the oil/energy sectors) has increased dramatically since 1996. Equatorial Guinea is now the fourth largest destination for American investments in sub-Saharan Africa, behind only South Africa, Nigeria, and Angola. Consumer price inflation has averaged 6% for the past few years.

Foreign aid historically has been an important part of the Equatorial Guinea's economy, but aid

programs have been suspended in recent years due to allegations of government mismanagement and corruption. The World Bank (WB) ceased lending activities with Equatorial Guinea in 1993. The International Monetary Fund (IMF), African Development Bank (AfDB) and the European Union (EU) have provided substantial external financing to Equatorial Guinea. The EU has suspended its involvement in Equatorial Guinea, but stated that a gradual resumption of aid will resume in step wit democratic reforms in Equatorial Guinea. Equatorial Guinea still enjoys normal relations with the AfDB, which has financed 24 loans and grants in the country. The IMF-negotiated enhanced structural adjustment facility (ESAF) with Equatorial Guinea expired in 1996. Article IV consultations, which were last held in August 1999, concluded in August 2001. The IMF, in a tersely worded statement, made several recommendations for Equatorial Guinea's economy. The recommendations include: improve fiscal discipline and transparency; refrain from extrabudgetary spending; fully disclose government bank accounts abroad; and conduct independent external annual audits of the oil sector. With oil revenue increasing rapidly, the government may continue to resist donor pressure for economic reforms.

OIL

Oil is Equatorial Guinea's most valuable asset, and the country recently has emerged as an important oil producer in the Gulf of Guinea, one of the world's most prospective hydrocarbon regions. Oil production from Equatorial Guinea averaged 181,000 barrels per day (bbl/d) in 2001. Equatorial Guinea's oil production has increased more than tenfold since 1996, when production averaged 17,000 bbl/d. Continuing exploration activities and field development could see production again increase dramatically over the next few years. Norway-based Norland Consultants estimates that an estimated $3.4 billion will be invested in offshore field development projects in Equatorial Guinea from 2000-2004. Production currently comes from three offshore fields, with two located offshore Bioko and the third offshore the mainland enclave of Rio Muni.



In July 2001, President Obiang announced plans to renegotiate hydrocarbon contracts to increase the country's participation in oil licences. The state-oil firm Petroguinea, which was created by presidential decree in 2000, is expected to be country's representative in the upstream hydrocarbon sector. In 1998, President Obiang's government had introduced more liberal regulatory and profit sharing arrangements for hydrocarbon exploration and production activities, including a revised and updated Production Sharing Contract (PSC). Government oil revenues increased from 13% of receipts earned from oil exports to 20% in 1998 following the implementation of the new PSCs with the oil companies. Although the increase in oil revenues was significant, the government's share is relatively small by international standards.

Regional relations have been strained over maritime border demarcation, which determines countries rights to offshore oil deposits. On March 6, 1999, President Obiang signed a decree unilaterally adopting an equidistant median line to define territorial boundaries as stipulated under the UN Convention on the Law of the Sea. Cameroon, Sao Tome & Principe, and Nigeria subsequently accepted the decision as an improvement over oft-disputed traditional boundaries. Relations remained strained, however, because of Nigeria's ongoing border dispute with Cameroon, currently at the International Court of Justice (ICJ) in the Hague, the outcome of which could directly affect Equatorial Guinea's offshore oil interests.

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Complicating matters further, the Nigerian government had questioned Equatorial Guinea's sole ownership of the Zafiro field (Block B). At issue is whether Zafiro is a separate field, or part of an oil structure that straddles the territorial waters of both countries. US-based ExxonMobil (then Mobil) started oil production from the field in September 1996 under a contract with Equatorial Guinea. TotalFinaElf (TFE) holds the lease on the Nigerian block, OPL 102, which lies just 3.5 kilometers (2 miles) north of the Zafiro field. TFE and Nigeria claimed that seismic data of the field confirmed that it extended into Nigerian territory. In 1998, TFE (then Elf) drilled two wells on OPL 102 and announced a discovery called Ekanga. Equatorial Guinea maintained that the Ekanga wells were drilled in its territorial waters in Block B.

In September 2000, it was announced that Equatorial Guinea and Nigeria had signed a pact delineating their maritime boundaries. The agreement was reached following bilateral meetings held in Nigeria's capital of Abuja. President Obiang and President Obasanjo of Nigeria signed the agreement during Obasanjo's visit to Equatorial Guinea in late September. On April 3, 20002, the two countries signed a treaty on joint exploration of crude oil, especially at the Zafiro-Ekanga oilfield located at the maritime boundary of both countries. The treaty includes a unitisation agreement for Zafiro-Ekanga, an inter-governmental protocol, and agreements on crude processing, crude lifting and crude oil marketing. President Obasanjo and President Obiang also called on the operators of the Zafiro-Ekanga oilfield, TFE and ExxonMobil, to ensure the smooth implementation of the agreement

Production

The Zafiro field (located on Block B) is Equatorial Guinea's largest producer. A consortium comprised of ExxonMobil and Ocean Energy (Ocean) discovered Zafiro in March 1995. The field is located northwest of Bioko, and approximately 23 miles (36 kilometers) south of Nigeria's Edop, Etim and Ofun fields, which ExxonMobil also operates. Initial production of 7,000 bbl/d began in August 1996 and has risen to its present level of more than 100,000 bbl/d. The majority of oil production on Block B is performed by a Floating Production Storage and Offloading (FPSO) vessel. Production from the Jade field began in June 2000. Jade's output, from a fixed platform, had initial production of 12,000 bbl/d. The $560-million Jade project pushed Block B production to more than 112,000 bbl/d. Jade's production is expected to increase to 60,000 bbl/d by mid-2002, following the completion of 17 additional wells. ExxonMobil is planning to expand the production potential on Block B, a $400 million commitment that is to be completed by 2004. Nearly 50% of Ocean's 2002 international budget (an estimated $250 million -$275 million) will be spent on developments in Equatorial Guinea.

In March 1998, ExxonMobil and Ocean announced a renegotiated PSC with Equatorial Guinea for Block B. Under the revised PSC, Equatorial Guinea receives a 5% interest in Block B, ExxonMobil's share falls from 75% to 71.25%, and Ocean's share falls from 25% to 23.75%. The deal was restructured to allow the government to receive more revenue earlier in the life of the PSC.

Offshore petroleum reserves were first discovered in 1991 by the Spanish firm CEPSA. The original estimate for the Alba field, just north of Bioko, was 68 million barrels of recoverable condensate with API gravity between 47° and 48°. Production of liquefied petroleum gas (LPG) from Alba began in 1991. Levels of extraction have expanded from an initial 2,100 bbl/d of LPG and condensate to 6,700 bbl/d in 1999. An expansion project on the field, completed in 2000, raised Alba's production of condensate to 14,500 bbl/d with an additional 1,800 bbl/d of natural gas liquids. CMS Energy, the majority partner and operator of the Alba field, sold all of its interests in Equatorial Guinea to Marathon Oil (Marathon). The $993-million transaction was completed in January 2002. In addition to the 52% interest in the Alba field, Marathon also acquired a 38% interest in exploration Block D, a 52% interest in the condensate separation plant on Bioko, a 43% stake in the LPG processing plant on

Bioko, and 45% interest in the methanol plant. Marathon's partners on the Alba field are Noble Affiliates (34%), Globex International (11%), and the government of Equatorial Guinea (3%).

Production from Block G began in November 2000. The Ceiba field was brought online less than 14 months after its discovery. Initial production from three of the first four Ceiba discoveries was 38,00(bbl/d. Ceiba's development is similar to that carried out on Block B by the ExxonMobil-led consortium. A FPSO, the Sendje Berge, is used to produce Ceiba's initial production. The FPSO has oil storage capacity of 2 million barrels, and a production capacity of 60,000 bbl/d. Dallas-based Triton Energy (Triton) and South Africa's Energy Africa share the exploration/production rights to blocks F and G, which are both located offshore Rio Muni. Triton is the consortium operator with 85% equity, Energy Africa holds 15%, and the government of Equatorial Guinea has a 5% carried interest in both blocks.

Triton reported in February 2001 that technical difficulties from the Ceiba-1 well were hindering the production goal of 52,000 bbl/d. Triton stated that production from the four Ceiba wells stood at 45,000 bbl/d. Development plans for Ceiba include the drilling of 14 development wells by early 2002. Ten wells will be for oil production, with the remaining four being water injectors.

In July 2001, New York-based Amerada Hess (Hess) agreed to purchase Dallas-based Triton for $3.2 billion in cash and assumed debt. In November 2001, Hess announced that a larger FPSO would be dispatched to operate on the Ceiba field. The Sendje Ceiba FPSO will replace the Sendje Berge in early 2002. The Sendje Ceiba has a production capacity of 160,000 bbl/d and a water injection capacity of 135,000 bbl/d. Five wells are currently producing on the Ceiba field, and an additional five wells (three for production, two for water injection) are ready to be connected to the new FPSO. Additional production and injection wells are planned to be completed during 2002.

Exploration

ExxonMobil and Ocean are planning to drill additional exploratory wells on Block B and to assess other exploration prospects by evaluating seismic data. Other discoveries made on Block B include the Opalo East, Topacio, Amatista, Rubi and Serpentina fields. The consortium partners (jointly and independently) are exploring in other areas of Equatorial Guinea. Ocean has acquired the exploration rights for three other blocks (A, C, and D) off the island of Bioko. Ocean holds 100% interest in Blocks A and D. The Ambar-1 discovery was made on Block D in November 1998, and its initial flow was 1,500 bbl/d. Block D is situated between Block B (Zafiro field) and the block containing th Alba field.

Hess (then Triton) announced a new discovery on Block G in June 2001. The Okume-1 well, located northeast of the Ceiba field, was drilled to a total depth of 7,064 feet in 1,064 feet of water. Based on the well results, it is estimated that Okume-1 will have a flow rate of 10,000-15,000 bbl/d. Okume oil has an API gravity of 37°. Another significant oil discovery on Block G was announced in June 2001 Oveng-1, drilled approximately 3.5 miles east of Okume, encountered oil with an API gravity of 36°. The well was drilled at a cost of $4.5 million, and it reached a total depth of 5,325 ft in 896 feet of water.

Results of additional appraisal drilling on the Okume and Oveng discoveries were announced in the fourth quarter of 2001. Two additional wells were drilled on the Okume field, with each encountering commercial quantities of oil. A fourth well on Okume is expected to be competed in early 2002. The results of the Oveng-2 well, announced in December 2001, confirmed the commercial potential of th Oveng discovery. The first exploratory well drilled on Block F, F-1, was considered a dry hole. F-1 was plugged and abandoned. Plans call for a second exploratory well on Block F to be drilled in earl 2002.

Hess has reported several discoveries offshore Rio Muni in 2002. The Ebano discovery, announced in January 2002, is located on Block F approximately 10 miles northeast of the Ceiba field. Hess officials stated that the oil has an API gravity of 37°. In February 2002, the Akom discovery was reported. The well was drilled to a total depth of 8,140 feet in 1,456 feet of water. The well encountered oil reservoirs similar in quality to those of the Ceiba field and the Okume, Oveng and Ebano discoveries. The Elon discovery was reported in late March of 2002. The discovery, made in 210 feet of water, is six miles southeast of the Akom find.

Other international firms also are involved in exploration in Equatorial Guinea. TFE and Braspetro, the international subsidiary of the Brazilian state oil company Petrobras, were awarded exploration rights for Block E. TFE (70% interest) and Braspetro (30%) are planning seismic data acquisition and exploratory drilling on Block E. ChevronTexaco plans to drill a wildcat well on its deepwater Block L in 2002.

Downstream

Equatorial Guinea imports all of its refined petroleum products. Total petroleum consumption is estimated at 1,000 bbl/d. The company Getotal, which was owned evenly by TFE and the government of Equatorial Guinea, is the only downstream participant in Equatorial Guinea's petroleum sector. TFE increased its equity in Getotal in July 1998, and it currently has 80% equity in the company.

NATURAL GAS

Plans currently are underway to expand the utilization of natural gas from the offshore Alba field. The Atlantic Methanol Production Company's (AMPCO) $450-million methanol plant on Bioko began production in 2001. The plant's output will be used to make chemicals, solvents, fuel additives and building materials. Two U.S. companies - Noble Affiliates and Marathon Oil (formerly held by CMS Energy) - each hold a 45% share in the plant, and Equatorial Guinea's government holds the remaining 10%. The partners expect to produce 20,000 bbl/d (2,500 metric tons) of methanol from natural gas feedstock of 115 million cubic feet per day (Mmcf/d) from the Alba field. Natural gas produced from the Alba field had been flared since condensate production began in 1991. In June 2000, The U.S. Overseas Private Investment Corporation (OPIC) approved its largest-ever financing in Africa in support of the plant project. OPIC will provide a $173-million loan guarantee for construction of the plant. OPIC also is providing $200 million in political risk insurance for the AMPCO project.

Marathon and its Alba field partners have accelerated development plans on the Alba field to increase the field's production capacity from 230 Mmcf/d to 800 Mmcf/d, expand condensate recovery, and enlarge LPG facilities. The plan to radically expand the Alba project was developed after the completion of the Alba-9 well. Alba-9, located nearly 2.4 miles from the closest current producing well, has the potential to produce 100 Mmcf/d of natural gas and 6,200 bbl/d of condensate. The completion of wells Alba-8 and Alba-9 has led to a revision of reserve estimates for the Alba field. Estimated proved and probable reserves exceed 4.6 trillion cubic feet for natural gas and over 300 million barrels of associated hydrocarbon liquids. Based on the size of the reserves, Marathon is considering developing a large-scale gas-to-liquids or liquefied natural gas (LNG) project.

An additional natural gas and condensate discovery was made in waters offshore Bioko. The find, Estrella-1, located 22 miles northwest of Bioko, produced 47.3 Mmcf/d of natural gas and 6,780 bbl/d of condensate from its initial test drilling. If deemed commercially viable, production may be tied into the Alba field development.

ELECTRICITY

RNB 005789

Equatorial Guinea currently has an electrical generation capacity of 5 megawatts (MW). The majority of the country's capacity (4 MW) is oil-fired thermal capacity and the remaining 1 MW of capacity is hydroelectric. The Riabo Dam, which provides the majority of power on Bioko, has been in operation since 1989. Equatorial Guinea's total electricity generation was estimated at 21 million kilowatthours in 1998.

A new, natural gas-fired, 4-6 MW electricity plant is under construction at the AMPCO complex on Bioko. This build-operate-transfer (BOT) project will double Equatorial Guinea's current generating capacity. Natural gas supplies for the new plant will come from existing sources (Alba field), as well as future associated and non-associated gas finds offshore Bioko.

Sources for this report include: Africa Energy and Mining; CIA World Factbook; Dow Jones Newswire; Economist Intelligence Unit ViewsWire; Energy Day; Financial Times African Energy; International Monetary Fund; Oil Daily; Oil and Gas Journal; Petroleum Intelligence Weekly; PR Newswire; U.S. Energy Information Administration; World Bank; World Gas Intelligence

COUNTRY OVERVIEW
President: Teodoro Obiang Nguema Mbasogo
Prime Minister: Candido Muatetema Rivas
Independence: October 12, 1968 (from Spain)
Population (July 2001E): 486,060
Location/Size: West Central Africa -- the mainland region of Rio Muni borders the Atlantic Ocean just north of the Equator between Cameroon and Gabon; the islands of Bioko, Annobon, Elobey Grande, Elobey Chico and Corisco lie in the Atlantic Ocean / 28,050 square kilometers (10,831 square miles), about the size of Maryland
Major Cities: Malabo (capital) on island of Bioko, Bata on mainland enclave of Rio Muni
Languages: Spanish and French (official languages), Fang, Pidgin English, Bubi
Ethnic Groups: Fang (constitute majority of mainland population), Bubi (on Bioko), Annobonese, Ndowe, Kombe, and Bujebas
Religion: Christian (predominantly Roman Catholic), Traditional Beliefs

ECONOMIC OVERVIEW
Minister of Economic Affairs & Finance: Baltasar Engonga Edjo
Minister of State in Charge of Economy & Commerce: Marcelino Nguema Onguene
Currency: Communauté Financière Africains (CFA) franc; CFA franc fixed to the Euro since Jan. 1 1999
Market Exchange Rate (03/25/02): US$1 = 777.5 CFA
Gross Domestic Product (GDP) (2000E): $1.09 billion; (2001E): $1.86 billion
Real GDP Growth Rate (2000E): 16.9%; (2001E): 65%
Consumer Price Inflation Rate (2000E): 6.0%; (2001E): 6.0%
Current Account Balance (2000E): -$366 million; (2001E): -$200 million
Major Trading Partners: United States, Spain, France, China, Cameroon, United Kingdom, Japan
Merchandise Exports (2000E): $1.4 billion; (2001E): $2.1 billion
Merchandise Imports (2000E): $464 million; (2001E): $736 million
Merchandise Trade Balance (2000E): $899 million; (2001E): $1.4 billion
Major Export Products: Oil, timber, cocoa
Major Import Products: Food, clothing, petroleum products, automobiles, machinery, iron and stee
Total External Debt (1999E): $290 million

RNB 005790

ENERGY OVERVIEW
Minister of Mines and Energy: Cristobal Menana Ela
Secretary of State for Energy: Miguel Ekua Ondo
Proven Oil Reserves (1/1/02E): 12 million barrels
Oil Production (2001E): 181,000 barrels per day (bbl/d), of which 1460,000 bbl/d is crude oil
Oil Consumption (2001E): 1,000 bbl/d
Net Oil Exports (2001E): 180,000 bbl/d
Natural Gas Reserves (1/1/02E): 1.3 trillion cubic feet
Electric Generation Capacity (1/1/99): 5.0 megawatts (of which 80% is thermal an 20% hydroelectric)
Electricity Generation (1999E): 21 million kilowatthours

ENVIRONMENTAL OVERVIEW
Minister of Forestry and Environment: Teodoro Nguema Obiang
Total Energy Consumption (1999E): 0.003 quadrillion Btu (<0.001% of world total energy consumption)
Energy-Related Carbon Emissions (1999E): 0.503 million metric tons of carbon (<0.01% of world carbon emissions)
Per Capita Energy Consumption (1999E): 6.5 million Btu (vs. U.S. value of 355.8 million Btu)
Per Capita Carbon Emissions (1999E): 1.14 metric tons of carbon (vs. U.S. value of 5.5 metric ton of carbon)
Fuel Share of Energy Consumption (1999E): Oil (73.1%), Natural Gas (25.9%), Coal (0.0%)
Fuel Share of Carbon Emissions (1999E): Oil (8.1%), Natural Gas (91.9%), Coal (0.0%)
Status in Climate Change Negotiations: Equatorial Guinea signed and ratified both the United Nations Framework Convention on Climate Change and the Kyoto Protocol on August 16, 2000.
Major Environmental Issues: Defotestation, wildlife destruction, non-potable tap water and desertification.
Major International Environmental Agreements: A party to the Conventions on Biodiversity, Desertification, Endangered Species, Law of the Sea and Ship Pollution.

OIL AND GAS INDUSTRIES
Organization: Petroguinea state company in upstream activities (not yet active); downstream activities - Getotal (owned by TotalFinaElf-80% and Equatorial Guinea-20%)
Major Oil Fields (2000 production): Zafiro (115,000 bbl/d), Ceiba (46,000 bbl/d), Alba (6,500 bbl/d)
Major Foreign Oil Company Involvement: Amerada Hess (formerly Triton), ChevronTexaco, Energy Africa, ExxonMobil, Globex International, Marathon Oil, Noble Affiliates, Ocean Energy, Petrobras, TotalFinaElf
Refineries: None
Pipelines: None
Terminals: None

LINKS

For more information from EIA on Equatorial Guinea, please see:
EIA - Country Information on Equatorial Guinea

RNB 005791

Links to other U.S. government sites:
CIA World Factbook - Equatorial Guinea
U.S. State Department's Country Page - Equatorial Guinea
U.S. State Department's Consular Information Sheet - Equatorial Guinea (May 2001)
U.S. State Department: 2001 Human Rights Report - Equatorial Guinea
U.S. Department of Commerce: Country Commercial Guide - Equatorial Guinea
U.S. Trade with Equatorial Guinea
U.S. Geological Survey - Equatorial Guinea

The following links are provided solely as a service to our customers, and therefore should not be construed as advocating or reflecting any position of the Energy Information Administration (EIA) or the United States Government. In addition, EIA does not guarantee the content or accuracy of any information presented in linked sites.

MBendi Information Service: Equatorial Guinea's oil and gas sector
Tradeport Trade Directory: Equatorial Guinea
CountryWatch.com: Equatorial Guinea
Stratfor Analysis: Equatorial Guinea
Strategic Road: Equatorial Guinea
Columbia University African Studies: Equatorial Guinea
Golden Gate University: Equatorial Guinea
African Studies: University of Pennsylvania
Stanford University Africa South of the Sahahra Country Pages: Equatorial Guinea
African Development Bank: Equatorial Guinea
Franc Zone Investment: Equatorial Guinea (In French)
International Monetary Fund - Equatorial Guinea
World Bank - Equatorial Guinea
Organization of African Unity
Africa News Service: Equatorial Guinea
Amnesty International Annual Report 2001: Equatorial Guinea

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Contact:

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Phone: (202) 586-7277
Fax: (202) 586-9753

RNB 005792

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RNB 005793

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Oil Makes Tiny Nation Africa's Rising Star

Sunday Times (Johannesburg)
NEWS
November 17, 2002
Posted to the web November 16, 2002
Johannesburg

Thanks to its oil reserves, the tiny West African nation of Equatorial Guinea, home to just 500 000 people, has become Africa's rising economic star.

Last year, it reported a staggering growth rate of about 65% - making it the fastest-expanding economy in Africa, if not the world.

According to the BBC, Equatorial Guinea - previously unheard of by corporate America - has become the fourth largest recipient of US foreign funding, after South Africa, Nigeria and Angola.

Incredibly, Equatorial Guinea's vast reserves of oil remained largely untapped until the mid-1990s.

But since 1996, the country's oil production has increased more than tenfold - and is expected to rise to a daily average of more than 200 000 barrels this year and possibly about 300 000 barrels sometime next year.

"It's a very good challenge - to grow our country, to allow a better standard of living, to give our citizens housing and hospitals," Energy Minister Cristobal Manana Ela told BBC News Online.

"If you come to Equatorial Guinea you can see a lot of projects going on - building roads, hospitals, schools, electricity generation," he said.

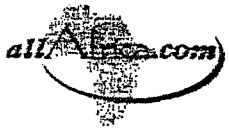
Despite the country's economic growth, its government has been criticised because little of the oil boom's benefits have been passed on to the country's desperately poor.

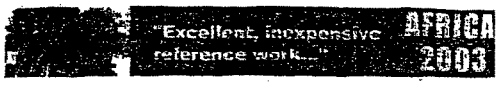
One reason for this is that many oil contracts are structured so that oil firms take an early share of the profits to help them recoup heavy investments in both exploration and extraction.

But the government's share of oil revenues is increasing steadily - and Manana Ela insists that development projects are being implemented around the entire country and not just in oil-rich areas.

The International Monetary Fund has called on Equatorial Guinea to implement better fiscal discipline and improve its transparency with independent external audits of the oil sector and full disclosure of details of government bank accounts abroad.

RNB 005794





Equatorial Guinea Troop Contingent Arrives

UN Integrated Regional Information Networks
NEWS
January 24, 2003
Posted to the web January 24, 2003

BANGUI- A platoon of soldiers from Equatorial Guinea arrived in Bangui, capital of the Central African Republic, on Thursday where it joined the Gabonese and Congolese peacekeepers deployed by the Economic and Monetary Community of Central African States (CEMAC), Col Basile Sillou, the Guinean chief of staff, said.

"I confirm the arrival of 31 Equatorial Guinean soldiers, which is Equatorial Guinea's quota to the force," he told IRIN on Friday.

The arrival of the Guineans took place two days after that of 120 Republic of Congo soldiers, and the departure of 80 of Gabon's 231 troops. Gabon had sent more troops than its agreed quota to fill the gap created by the non-arrival of other contingents.

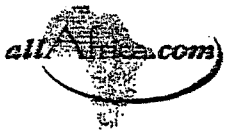
Cameroon and Mali (which is not a CEMAC member) are expected to send their troops to the 350-man force, whose mission is to protect President Ange-Felix Patasse, monitor the CAR-Chad border and restructure the CAR army. The force has already taken over presidential security and begun patrolling Bangui's streets.

In the meantime, the fourth ordinary CEMAC summit ended on Thursday in the Gabonese capital, Libreville. In its final communique, the summit urged Patasse to hold national reconciliation talks as promised. The leaders also recommended that a joint CAR-Chad commission be set up to settle bilateral political and security difference.

Radio-Centrafrique, reporting from Libreville, said that in their final communiqué, the leaders had called on both countries to refrain from making bellicose statements.

The radio added that during a reception and gala night marking the end of the summit, the presidents of Chad and the CAR had danced with each other's wives. Some observers viewed this as a sign of a thaw in the frosty relations between the two countries.

RNB 005795



Click Here for Today's

National Conference On Reforming the Justice System

UN Integrated Regional Information Networks
NEWS
January 7, 2003
Posted to the web January 7, 2003
Abidjan

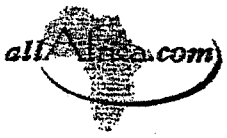
The government of President Teodoro Obiang Nguema has announced that it will hold a national conference this week on the state of Equatorial Guinea's justice system. The idea is to use recommendations from the meeting to help improve the justice system and strengthen the rule oflaw, the French news agency, AFP, reported the government as saying.

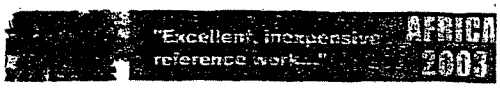
Participants in the conference, to be held from Thursday to Saturday in the capital, Malabo, are to include judges, lawyers, other legalexperts and representatives of civil society.

The judiciary in Equatorial Guinea has often come under international scrutiny, including earlier this year when 68 opposition activists were sentenced to between six and 20 years in jail for allegedly plotting to overthrow Obiang Nguema. That trial, in which 76 other accused were acquitted, was heavily criticised by human rights organisations, the opposition and Spanish officials.

Equatorial Guinea, a former Spanish colony of 500,000 people, is north of Gabon and south of Cameroon. Its authorities have repeatedly been accused of violating human rights.

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Expansion of Marathon Oil LNG Project in Equatorial Guinea Approved

Marathon Oil Company (Houston, Texas):
PRESS RELEASE
December 19, 2002
Posted to the web December 21, 2002
Houston

Marathon Oil Company, a wholly owned subsidiary of Marathon Oil Corporation (NYSE: MRO), announced today that the Government of Equatorial Guinea has approved the company's Alba field phase 2B expansion project. This expansion will increase gross liquefied petroleum gas (LPG) production from approximately 2,700 barrels per day (bpd) to more than 16,000 bpd (8,000 bpd net to Marathon) and also increase gross condensate production by 8,000 bpd. Marathon expects to complete the phase 2B expansion by October 2004.

The phase 2B project includes an expansion of the existing LPG plant by increasing processing capacity, storage, and offloading facilities, as well as the installation of a fractionation unit allowing for the production of propane and butane. This expansion will complement Marathon's phase 2A expansion project announced in September of this year, which will increase gross condensate production from 17,000 to 46,000 bpd. Gross condensate capacity following the completion of phase 2B will be approximately 54,000 bpd (30,000 bpd net to Marathon).

"The approval of Phase 2B marks a continuation of our robust strategy to commercialize Marathon's significant gas resources in Equatorial Guinea and to generate superior value growth from this core area of our operations," said Steve Hinchman, Marathon senior vice president of Worldwide Production. Upon approval of both the phase 2A and 2B expansion projects, Marathon's net proven reserves in Equatorial Guinea will total approximately 300 million barrels of oil equivalent (boe). The full-cycle finding and development cost of these reserves is estimated at $4.60 per boe.

The current Alba production facilities include two offshore platforms, an onshore condensate stabilization plant, and an existing LPG processing plant. Marathon holds a 63.3-percent interest in the Alba field and related condensate production facilities, as well as a 52.2-percent interest in the Bioko Island LPG plant. In addition, Marathon holds a 45-percent interest in the Atlantic Methanol Company methanol plant that processes approximately 120 million cubic feet of lean Alba field gas per day into 2,500 tons per day of methanol.

Other equity holders are Noble Energy, Inc. (NYSE: NBL) with a 33.7-percent interest in the Alba field and related condensate production facilities, a 27.8-percent interest in the Bioko Island LPG plant, and a 45-percent interest in the Atlantic Methanol Company methanol plant. GEPetrol, the state owned oil company of Equatorial Guinea owns the remaining equity interests in the Alba field. The Equatorial Guinea state-owned company, Guinea Ecuatorial Oil and Gas Marketing (GEOGAM) owns a 20-percent interest in the LPG Plant and a 10-percent interest in the Atlantic Methanol

Company methanol plant.

This release contains forward-looking statements with respect to completion of the Alba field phase 2B expansion project, estimated, potential additional reserves and estimated finding and development cost. This forward- looking information is based on certain assumptions, including, among others, presently known physical data concerning size and character of reservoirs, economic recoverability, technology development completion of the expansion plan, future drilling success, production experience, industry economic conditions (such as supply and demand), levels of company cash flow from operations and operating conditions.

This forward-looking information may prove to be inaccurate and actual results may differ significantly from those presently anticipated. In accordance with "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, Marathon Oil Corporation, has included in its Annual Report on Form 10-K for the year ended December 31, 2001, and in subsequent Forms 10-Q and 8-K, cautionary language identifying important factors, though not necessarily all such factors, that could cause future outcomes to differ materially from those set forth in the forward-looking statements.

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OTONG S.A.

(An International Business Company)

Appointment of First Director

We, Trident Corporate Services (Bahamas) Limited and Fregon Corporation of P. O. Box N-3944, Nassau, Bahamas, being the subscribers to the Memorandum and Articles of Association of the Company and having the power to appoint the first director of the Company hereby appoint the following as the first director of the Company:

T. NGUI

In witness whereof a duly authorised representative of Trident Corporate Services (Bahamas) Limited and Fregon Corporation have executed this appointment this 20th day of September, 1999.

TRIDENT CORPORATE SERVICES (BAHAMAS) LIMITED
(Authorised Signatory)

FREGON CORPORATION

Permanent Subcommittee on Investigations
EXHIBIT #51c

INITIAL CONSENT ACTIONS OF THE BOARD OF DIRECTORS

OF

OTONG S.A.

THE UNDERSIGNED, being the Directors of **OTONG S.A. ("the Company),** a company incorporated and operating as an International Business Company under the laws of the Commonwealth of the Bahamas, hereby consents to the adoption of the following resolutions:

WHEREAS, the Company has been incorporated in the Commonwealth of the Bahamas under the International Business Companies Act 1989 on 20th September, 1999, and

WHEREAS, the Subscribers to the Memorandum of Association of the Company have appointed

T. NGUI

as First Director of the Company.

NOW, THEREFORE, it is:

HEREBY RESOLVED, that the Company's Registered Office will be at Kings Court, 1st Floor, Bay Street, P.O. Box N-3944, Nassau, Bahamas;

and further

RESOLVED, that the Company's Registered Agent will be Trident Corporate Services (Bahamas) Limited, Kings Court, 1st Floor, Bay Street, P.O. Box N-3944, Nassau, Bahamas;

and further

RESOLVED, that the Company will have a corporate seal, an imprint of which is affixed hereto,

and further

RESOLVED, that the following share certificates be issued:

Share Certificate No 1 in the amount of **50,000 shares** in favor of **T. NGUL** dated 20th September, 1999

2/...

Permanent Subcommittee on Investigations
EXHIBIT #51d

and that such issuance be recorded in the Register of Members of the Company.

and further

RESOLVED, that the following persons be appointed Officers of the company as detailed below:

This Consent was issued and shall be effective as of the **20th September, 1999**

OTONG S.A.

T. NGUL
Director

652

HOCA INVESTMENTS LTD. PIC

Permanent Subcommittee on Investigations
EXHIBIT #51e

TRIDENTTRUST
COMPANY FORMATIONS

STATEMENT OF ACCOUNT

B.V.I. COMPANY FORMATIONS LTD

Trident
Chambers
Wickhams Cay
P.O. Box 146
Road Town, Tortola
British Virgin Islands
Tel 1-284-494-2434
Fax 1-284-494-3754
Email bvi@tridenttrust.com
Web www.tridenttrust.com

Riggs Bank
International Private Banking
1913 Massachusetts Ave., N.W.
Washington, DC 20036

Attn: Mr. Simon Kareri

31 October, 2003

Reference	Company	Date	Debit	Credit	Balance
59662 0310/0042/RGG	Moca Investments Limited	06/10/03	1,185.00		1,185.00

Analysis: **Current:** 1,185.00 **Overdue:** 0.00 **Total Outstanding:** $1,185.00

The above balance reflects all payments received through the date of this statement and does not reflect payments that are in transit. Please see our Web site for our terms of business.

Please send your remittance by way of a cheque or banker's draft drawn on a U.S. bank in favour of B.V.I. COMPANY FORMATIONS LIMITED to the following address: Trident Trust Company (B.V.I.) Limited, Trident Chambers, P.O. Box 146, Road Town, Tortola, British Virgin Islands.

If making payment by wire transfer, please quote our invoice number, and wire to Barclays Bank, 75 Wall Street, New York, U.S.A. <> ACCOUNT NO: 280-715-290 <> ABA NO: 026002574 <> FOR FURTHER CREDIT TO: Barclays Bank, Road Town, Tortola, B.V.I. <> ACCOUNT NAME: B.V.I. Company Formations Ltd. <> ACCOUNT NO: 215-052-370.

CONSENT ACTIONS OF THE BOARD OF DIRECTORS

OF

MOCA INVESTMENTS LIMITED

THE UNDERSIGNED, being all the members of the Board of Directors of Moca Investments Limited ("the Company"), a Company organized as an International Business Company under the laws of the British Virgin Islands, hereby consent to the adoption of the following resolutions taken without a meeting, this instrument to have the same force and effect as if the actions herein referred to had been taken at a timely called and duly held meeting of the Board of Directors of the Company and direct that this written consent to such actions be filed with the minutes of the proceedings of the Board of Directors of the Company:-

IT IS HEREBY

RESOLVED THAT, the registered office of the Company will be the offices of Trident Trust Company (B.V.I.) Limited, Trident Chambers, P.O. Box 146, Road Town, Tortola, British Virgin Islands and

THAT, the registered agent of the Company will be Trident Trust Company (B.V.I.) Limited.

AND FURTHER

RESOLVED THAT, a company seal be adopted, an impression of which be affixed hereto.



RNB 007057

AND FURTHER

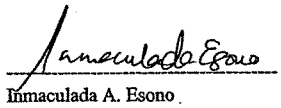
RESOLVED THAT, the following shares be issued as detailed below and that such issuance be recorded in the Register of Members of the Company:

Certificate No.1	Melchor E. Edjo	35,000 shares
Certificate No.2	Inmaculada A. Esono	10,000 shares
Certificate No.3	Jorge Valentin Esono	5,000 shares

This Consent shall be effective as of the 3rd day of October, 2003.



Melchor E. Edjo
Director



Inmaculada A. Esono
Director

TRIDENT TRUST
COMPANY FORMATIONS

FAX MEMORANDUM

TO	Ms. Lourdes Segovia	DATE	October 13, 2003
COMPANY	Trident Corporate Services, Inc.	TIME	4:18
FAX NO	1 404 233 9629	PAGES	1 *including cover*
FROM	Mrs. Margaret Hodge	REF. NO	100/10/ 49
FAX NO	(284) 494-3754		

Dear Ms. Segovia,

MOCA INVESTMENTS LIMITED
Client: Riggs Bank N.A.

We wish to confirm that the incorporation documents with regard to the above captioned Company were handed to Federal Express today for delivery to your client.

Regards,

Margaret Hodge

The original will: ☐ follow by mail ☐ follow by courier ☐ follow by hand ☐ not follow

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BVI COMPANY FORMATIONS LTD.
Trident Chambers, Wickhams Cay, P.O. Box 146, Road Town, Tortola, British Virgin Islands
Tel. (284) 494-2434 • Fax (284) 494-3754 • Email bvi@tridenttrust.com • www.tridenttrust.com

Permanent Subcommittee on Investigations
EXHIBIT #51f

RNB 004425

TRIDENT TRUST
COMPANY FORMATIONS

FAX MEMORANDUM

TO	Lourdes Segovia-Mendez	DATE	October 3, 2003
COMPANY	TRIDENT CORPORATE SERVICES, INC.	TIME	3:30PM
FAX NO	1 404 233 9629	PAGES	1 *including cover*
FROM	Mr. Lonnie Rogers	REF. NO	100/10/4.6
FAX NO	(284) 494-3754		

Dear Ms. Segovia-Mendez,

MOCA INVESTMENTS LIMITED
Master Client: Riggs Bank N.A., Attn: Mr. Simon Kareri

Please be advised that the above company has been filed today with the Registrar of Companies.

The corporate documents will be despatched as soon as they return from the Registrar's Office.

Yours sincerely,
TRIDENT TRUST COMPANY (B.V.I.) LIMITED
Per:

Lonnie Rogers
Incorporations - Administrator

The original will: ☐ follow by mail ☐ follow by courier ☐ follow by hand ☒ not follow

This facsimile transmission is intended only for the use of the addressee and may contain confidential information. If you are not the intended recipient, you are hereby notified that any use or dissemination of this communication is strictly prohibited. If you receive this transmission in error, please notify us immediately by telephone so that we can arrange for the return of the documents to us at no cost to you.

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RIGGS BANK/Africa Dept Fax:1-202-835-5321

**** Transmit Conf.Report ****

P.1 Oct 3 2003 11:40

Location	Mode	Start	Time	Page	Result	Note
914042339629	NORMAL	10/ 3.11:40	3'33"	5	* O K	

SIMON P. KARERI
SENIOR VICE PRESIDENT
INTERNATIONAL BANKING GROUP
RIGGS BANK N.A.
1913 Massachusetts Avenue, N.W.
Washington, D.C. 20036
Tel: 202-835-5380
Fax: 202-835-8518

FAX

to: Ms. Silvia Serrano

fax #: 404-233-9629 / 800-315-7292

from: Mr. Simon P. Kareri

date: October 3, 2003

subject: Moca Investments Limited

pages: 5, including cover

NOTES:

RNB 004427

From: Silvia C. Serrano
To: Simon Kareri
Date: Tue, Sep 30, 2003 11:43 AM
Subject: MOCA INVESTMENTS LTD.

Dear Simon:

MOCA INVESTMENTS LTD.

Please be advised that the above company name was approved today by the Registry of Corporate Affairs. The name will automatically be reserved for a period of ten days. If incorporation instructions are received during this period the company name must be incorporated exactly as it is stated above.

After ten days the name will be released and unless a reservation fee has been paid, the name must be approved again before we can proceed to incorporate.

We look forward to receiving your further instructions.

Regards,

Silvia C. Serrano
Vice President - Client Services
Trident Trust Group - U.S. Representative Office
Tel (800) 292-8122 Ext. 307 Fax (800) 315-7292
Tel (404) 233-5275 Ext. 307 Fax (404) 233-9629
www.tridenttrust.com

TRIDENT TRUST

BRITISH VIRGIN ISLANDS

INTERNATIONAL BUSINESS COMPANIES
INCORPORATION QUESTIONNAIRE

CONFIDENTIAL INFORMATION

The following information is required to incorporate and establish the corporate records of an International Business Company. Information about the company's shareholders, directors and officers is not filed with the office of the local Registrar of Companies.

Please see our website (www.tridenttrust.com) for our Terms of Business.

1. PROPOSED NAME

Please list at least three alternatives in order of preference.
A company name must end with the word "Limited", "Corporation", "Incorporated", "Société Anonyme", or "Sociedad Anónima" or the abbreviations "Ltd", "Corp", "Inc", or "S.A."

(a) Moca Investments Limited

(b) _____

(c) _____

2. OBJECTS OF THE COMPANY

2.1 Objects Clause to be included in the Company's Memorandum of Association. Select one.

☑ Short Form General
This clause is used by most companies and permits the company to participate in any activity not prohibited under any law for the time being in force in the British Virgin Islands.

☐ Long Form General Trading

☐ Long Form General Investment and Holding

2.2 For our information only, please provide details of the proposed activities of the company

2.3 Please confirm that the company will not:

(a) Carry on business with persons resident in the B.V.I. other than with banks and trust companies	☑ Confirmed
(b) Own an interest in real property situated in the B.V.I.	☑ Confirmed
(c) Carry on banking business unless licenced under the B.V.I. Banks and Trust Companies Act	☑ Confirmed
(d) Carry on business as an insurance or reinsurance company	☑ Confirmed
(e) Provide the registered office for companies	☑ Confirmed
(f) Engage in mutual funds business unless licenced to do so under the Mutual Funds Act	☑ Confirmed

RNB 004429

TRIDENT TRUST

BRITISH VIRGIN ISLANDS

INTERNATIONAL BUSINESS COMPANIES
INCORPORATION QUESTIONNAIRE

3. AUTHORISED CAPITAL

Authorised Capital may be stated in any currency. The standard authorised share capital is US$50,000 divided into 50,000 shares of US$1.00 par value each. Local government fees are higher where the authorised share capital exceeds US$50,000 or the equivalent.

3.1 Standard authorised share capital ☑ Yes ☐ No

If no, please state:

(a) currency in which shares are to be issued ☐ US$ ☐ Other
If other, please specify currency _____

(b) number of shares to be authorised _____

(c) shares to be authorised at no par value ☐ Yes ☐ No
If no, state par value per share _____

3.2 One class of shares to be authorised ☐ Yes ☐ No
If no, please attach a separate schedule describing classes of shares

4. SHAREHOLDERS

An International Business Company must have a minimum of one shareholder. Shareholders may be individual or corporate. Please attach a separate page if there is not enough space below to indicate your requirements.

Please Note: Our standard IBC Memorandum and Articles of Association does not permit the company to issue bearer shares. Please confirm if the company is to have the right to issue bearer shares. ☐ Yes ☑ No

Pending BVI legislation will require bearer shares to be held in custody by a qualified or recognized custodian. The legislation also will impose higher government fees on companies which have the right to issue bearer shares.

Please select and complete **one** of the following options:

☑ **Registered Shares** (shares issued in the name of the owner/s). If you want B.V.I. Company Formations Ltd to prepare the share certificates, please indicate below the number of shares to be issued and the name of the shareholder:

Cert. #1: Shares 70% Shareholder Melchor E. Edjo

Cert. #2: Shares 20% Shareholder Inmaculada A. Esono

Cert. #3: Shares 10% Shareholder Jorge Valentin Esono

Cert. #4: Shares _____ Shareholder _____

☐ **Bearer Shares.** If you want B.V.I. Company Formations Ltd to prepare the share certificates, please indicate below how many shares are to be issued with each certificate:

Cert. #1: Shares____ Cert. #2: Shares____ Cert. #3: Shares____ Cert. #4: Shares____

Please provide the address of the custodian of the bearer shares.

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TRIDENT TRUST

BRITISH VIRGIN ISLANDS

INTERNATIONAL BUSINESS COMPANIES
INCORPORATION QUESTIONNAIRE

☐ **Shareholder Services** Shares can be held in nominee form for and on behalf of the beneficial owner/s. Nominee services can be provided subject to a nominee agreement (cost US$250 per annum per share certificate) or combined with a Declaration of Trust (cost US$600 per annum). Please indicate on an attached page how many shares are to be issued and on whose behalf shares are to be held. If you select either of these options, the principal beneficial owner/s will be required to execute a standard Indemnity Agreement and complete our client information form.

5. DIRECTORS

A minimum of one director is required. Directors may be individual or corporate.

Please select one of the following options:

☑ Client will provide director/s. Please provide below the name/s and residential address/es of director/s for the Appointment of First Director/s minute to be executed by the Subscribers.

Name	Address
Melchor E. Edjo	Av de L'Independecia, Malabo, Equatorial Guine
Inmaculada A. Esono	Av de L'Independecia, Malabo, Equatorial Guine

☐ B.V.I. Company Formations Ltd to arrange corporate director. (Cost: US$450 per annum plus time spent)

If you select this option, please note:

- Directorships are limited to passive holding companies.
- Shareholding information (Section 4) must be provided. Shares issued to Bearer will be retained by Trident Trust Company (B.V.I.) Ltd subject to the terms of its standard custody agreement. (Cost: US$250 per annum)
- Each principal beneficial owner must execute a standard Indemnity Agreement and provide:
  - A certified copy of their passport.
  - An original bank reference.
  - Details of the proposed business of the company and the source of the funds to be used to capitalize the company.
- Powers of Attorney issued by the director (Cost: US$125) will be limited in scope. If you require a Power of Attorney, please indicate below or on a separate page to whom it is to be issued and for what limited purpose it is required.

RNB 004431

NOTE: All background information must be received and approved before the appointment of the director will be accepted and additional information may be required at our discretion.

TRIDENT TRUST

BRITISH VIRGIN ISLANDS

INTERNATIONAL BUSINESS COMPANIES
INCORPORATION QUESTIONNAIRE

6. LOCAL REGISTERED OFFICE AND AGENT

It is a statutory requirement that all B.V.I. International Business Companies have a local registered office and registered agent. Unless otherwise instructed, B.V.I. Company Formations Ltd will arrange for both services to be provided.

Registered office to be provided with an updated copy of the share register as required by the IBC Act. ☐ Confirmed

Please note: *Fees for services not detailed on this questionnaire will be charged at the rates listed in our published fee schedule. Additional documentation may be required depending upon the nature of services requested.*

Completed by

Name Simon Kareri — Title Senior Vice President

Company/Firm Riggs Bank — E-Mail Simon_Kareri@riggsbar

Address 1913 Massachusetts AVenue, NW — Phone 202-835-5321

Fax 202-835-5321

Signature — Date 09/29/2003

RNB 004432

RIGGS

Deposit Ticket

Riggs Bank N.A.

Currency		
Coin		
Checks	105	78
Total From Other Side		
Less Cash Received		
Total Deposit	105	78

1 7 | 1 8 4 | 6 4 2

Enter Account Number in Boxes Above

Date 9/3/03

Name REP. DE GUINEA ECUATORIAL

Received Cash From Deposit

FM-00787 (Rev. 8/99)

Endorse Each Check as Drawn and List Individually by Bank Number

Deposits May Not Be Available for Immediate Withdrawal.

Checks and Other Items are Received for Deposit Subject to the Terms and Conditions of this Bank's Collection Agreement.

⑆540⑆06001⑆

SIMON P. KARERI

15-3/540 00501
23258522

1272

DATE 9/3/03

PAY TO THE ORDER OF REPUBLICA DE GUINEA ECUATORIAL $ 105.78

ONE HUNDRED FIVE DOLLARS & 78/100 DOLLARS

RIGGS Riggs Bank N.A. Embassy Banking Washington, DC 20036-1147

MEMO EXCESS RETURN

⑆054000030⑆ 23258522⑈ 1272

December 8, 2000

Hon. Ruben Maye Nsue Mangue
President, Nusiteles – G.E.
Republic of Equatorial Guinea
Malabo
Equatorial Guinea

Via Facsimile 011-240 9 2405

Dear Hon. Minister:

I am in receipt of your letter dated December 5, 2000 and we are glad to hear that the Nusiteles project is advancing. In addition we are pleased to learn that our proposal to facilitate the financing of the project has been accepted.

Regarding the documents stipulated in the scope of work; we are unable to produce those documents at the moment because we do not know all the requirements that will be stipulated by OPIC. As you know this is a process that you as the President of Nusiteles will be involved every step of the way. Furthermore, you will be required to inspect documents as they are produced and approve them. Our regulators require that we include everything that we promise to do on the scope of work and therefore it must be detailed. Offering Nusiteles a less descriptive scope of work is potentially harmful to Nusiteles and simply wrong and that is something Riggs Bank cannot do.

On the issue of the Governing Law on a contract, it protects Nusiteles to have the Governing Law based on laws in the United States. Honorable Minister, most international contracts signed anywhere between Governments and companies use New York law as the governing law. The reason is that American courts provide equal protection to all parties in a contract dispute. It would make no sense to set the governing law of a contract in a country where the provider of the service holds no assets that can be used by a court of law to satisfy a remedy judgment. I would suggest that you request an opinion from the international lawyer of Nusiteles on this matter.

Honorable Minister, we have assembled an excellent team to make the Nusiteles project a success but we need your approval of the proposal in order to begin the process. As always, it has been a privilege to develop a proposal to assist you and your Government. The Riggs relationship with you and your Government is based on respect and our efforts to successfully anticipate and fulfill your requirements.

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I hope that you will feel free to contact me regarding any questions or additional requests. I look forward to working with you soon and I thank you for the opportunity to assist you regarding this important endeavor.

With gratitude for your continued interest and consideration,

Respectfully yours,

Simon P. Kareri
Vice President

January 8, 2001

Hon. Ruben Maye Nsue Mangue
President, Nusiteles – G.E.
Republic of Equatorial Guinea
Malabo
Equatorial Guinea

Dear Hon. Minister:

Please find attached the signed contracts for the Nusiteles project. Riggs is honored that you and the management of Nusiteles have decided to work with us to implement this project. You can count on our total commitment to work diligently with you to make this project a success and a model for future projects in Equatorial Guinea.

Honorable Minister, we would like to suggest that Nusiteles establish a bank account with Riggs and deposit the necessary funds to cover the expenses of the project for the first three months of the project. While we estimate that the project would take approximately five to six months to implement, we would initially require $90,000 ($30,000 times 3 months) in fees for Riggs. In addition, in consultation with Mr. Bruce McColm, we estimate required legal fees would be approximately $50,000 for that period. In view of that, I would suggest that the Nusiteles bank account be funded with $175,000 to cover some of the expenses incurred during the project's first phase. After three months, we are confident that we will be able to demonstrate to Nusiteles the progress made and our results will enable Nusiteles to remain committed to the project. Its very crucial that we do not have any delay during the first phase due to unpaid bills and we trust that you and the management of Nusiteles will agree with us.

Finally, I would like to request that you submit the original contracts that you signed to insure that everything is legible.

I hope that you will feel free to contact me regarding any questions or additional requests. I look forward to working with you soon and I thank you for the opportunity to assist you regarding this important endeavor.

With gratitude for your continued interest and consideration,

Respectfully yours,

Simon P. Kareri
Vice President

Permanent Subcommittee on Investigations
EXHIBIT #51h

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REPUBLICA DE GUINEA ECUATORIAL

PRESIDENCIA

REPUBLICA DE GUINEA ECUATORIAL
Ministerio de Minas y Energía
REGISTRO DE ENTRADA
Nº _____ Fecha 13/02/2001

Núm._____

Ref°_____

Secc._____

Decreto número 9 / 2001 de fecha7 de febrero por el que se crea la Compañía Nacional de Petroleos de Guinea Ecuatorial.----------

La creciente necesidad de racionalizar, optimizar y rentabilizar la explotación de los recursos naturales, exige la creación de una institución así como la formación de recursos humanos especializados, capaces de hacer frente a los desafíos que el proceso de desarrollo conlleva.

Una adecuada política de descentralización, permite una mayor y mejor utilización de todas las capacidades técnicas y humanas, que redunde en beneficio de toda la comunidad.

Surge pues, la imperiosa necesidad de la creación de una Institución con visión empresarial, la cual bajo los criterios de oportunidad, racionalidad y rentabilidad permita optimizar la explotación de los recursos petroleros.

En su virtud, a propuesta del Ministerio de Minas y Energía previa la deliberación del Consejo de Ministros

D I S P O N G O:

Artículo 1.- Se crea la compañía Nacional de Petróleos de Guinea Ecuatorial, en anagrama **PETROGUINEA** , con sede en Malabo, pudiendo a su vez, crear otras empresas afines, agencias, sucursales, y filiales, en aras a una mejor organización, gestión o especialización.

Artículo 2.- PETROGUINEA, bajo la tutela del Ministerio de Minas y Energía, gozará de una autonomía de gestión, y se regirá por lo dispuesto en la Ley Reguladora de Sociedades Anónimas, de Hidrocarburos y su Reglamento de Aplicación, sus propios estatutos, por los convenios o

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PRESIDENCIA

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Ref._____

Secc._____

acuerdos que suscriba con otras organizaciones empresas nacionales o extranjeras, así como las demás disposiciones legales vigentes que le sean aplicables.

Artículo 3.- Por cesión del Estado, PETROGUINEA gestionará todas las áreas libres del Estado a los efectos de una administración adecuada, que redunde en beneficio de las presentes y futuras generaciones.

Artículo 4.- PETROGUINEA, podrá emprender la gestión de exploración, explotación, comercialización, transformación y distribución de los recursos petrolíferos de las áreas bajo su gestión por sí misma, en régimen asociativo, o por fusión, absorción etc., con otras entidades o compañías petroleras ya existentes en el País o en el exterior, relaciones que se regirán por las disposiciones de la Ley de su propia naturaleza.

Artículo 5.- PETROGUINEA, podrá igualmente extender el marco de sus atribuciones, asociandose o formando parte de proyectos de exploración y/o explotación de recursos petrolíferos en el extranjero.

Artículo 6.- PETROGUINEA, tendrá por objeto:

a) La promoción de las áreas libres del Estado, cara a la localización de las mejores ofertas para su exploración.

b) Llevar la gestión de la Compañía con la debida diligencia y responsabilidad, para de este modo, obtener la mayor rentabilidad y beneficio para el Estado de Guinea Ecuatorial.

c) Mantener un programa permanente de formación de recursos humanos que permita el acceso de los ciudadanos y técnicos de la República de Guinea Ecuatorial a las tecnologías, técnicas y conocimientos más



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PRESIDENCIA

Núm._____

Ref._____

Secc._____

avanzados de la industria petrolera .

d) Definir, diseñar, elaborar y poner en funcionamiento un plan de acción para la defensa y protección del medio ambiente contra los efectos de la polución, la radiación y demás productos contaminantes.

e) Participar como socio, en unión con otras compañías nacionales o extranjeras, para una mejor explotación de los recursos petroleros del País o en el extranjero.

f) Constituirse en agente o delegado del Estado, con el objeto de que los beneficios derivados del sector sean ingresados a la Tesorería General del Estado y presentar trimestralmente al Ministerio de Minas y Energía los resultados de su actividad.

g) Proponer al Gobierno las alternativas para un mejor aprovechamiento de los recursos confiados a su gestión.

h) Las demás atribuciones y gestiones que le son propios en función de su naturaleza.

Artículo 7.- PETROGUINEA bajo la tutela del Ministerio de Minas y Energía, elaborará sus propios estututos y reglamentos internos.

Artículo 8.- El Capital Social de PETROGUINEA lo constituirá:

a) La aportación mayoritaria del Estado y

b) La aportación de personas fisicas o jurídicas nacionales o extranjeros.

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REPUBLICA DE GUINEA ECUATORIAL

PRESIDENCIA

Núm._____

Ref_____

Secc._____

Artículo 9.- PETROGUINEA, asumirá la gestión de la participación del Estado como accionista y los demás derechos y obligaciones derivados de los Contratos de Participación en la Producción firmados con anterioridad a su creación.

DISPOSICION ADICIONAL

Se faculta al Ministerio de Minas y Energía, tomar las disposiciones reglamentarias que fueran necesarias para la puesta en marcha de PETROGUINEA.

DISPOSICION DEROGATORIA

Quedan derogadas cuantas disposiciones de igual o inferior rango se opongan al presente Decreto.

DISPOSICION FINAL

El presente Decreto entrará en vigor a partir de su publicación en el Boletín Oficial del Estado.

Así lo dispongo por el presente Decreto, dado en Malabo, a siete días del mes de febrero del año dos mil uno.

POR UNA GUINEA MEJOR

OBIANG NGUEMA MBASOGO-
PRESIDENTE DE LA REPUBLICA.

D R A F T – 7/12/2004 **Confidential: Attorney-Client Privilege**

RIGGS **Memorandum**

March 24, 2003

TO: Joseph Cahill, Executive Vice President and General Counsel

FROM: Paul Glenn, Vice President, Director of Compliance

RE: Riggs' Relationship with Equatorial Guinea

The purposes of this memo are to recapitulate the due diligence Riggs has done concerning its relationship with Equatorial Guinea and to assess the risks associated with that relationship. We have also included copies of items we reviewed to help understand Riggs' management of this banking relationship.

I. SUMMARY

A. Riggs' relationship with Equatorial Guinea is very large (approximately $500 million) and consequently very important to Riggs' revenue and earnings.

B. The customers in this relationship include the government of Equatorial Guinea, as well as its President, First Lady, their children, relatives, and other former and current government officials.

C. The primary source of funds in this relationship is revenue from the development of oil and gas resources, the most valuable natural resources of the country. These funds come to Riggs accounts directly from the companies that have government contracts to produce oil and gas, as well as from contract payments or rents those companies pay to firms owned by the President and First Lady. In addition, for the individual accounts, funds come from government salaries or business interests.

D. The primary uses of the government account funds have been to pay vendors that have contracts to provide in-country services to Equatorial Guinea; to operate the government's embassy in the U.S.; to finance household and educational expenses for the account owners; and to finance higher education at U.S. colleges and universities (e.g., Carnegie Mellon) for selected students from Equatorial Guinea.

E. The key link in the relationship between Riggs and Equatorial Guinea is Simon Kareri, who brought the relationship to Riggs and who is primarily responsible for developing it. The top officials of Equatorial Guinea have a very high level of trust and confidence in Mr. Kareri and, therefore, in Riggs. The combination

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of this attitude from the customers and Mr. Kareri's efforts to meet customer needs, have made Mr. Kareri and Riggs an integral part of government operations.

F. Because the importance of this relationship is clear to top management of the Bank, senior Bank managers hold regular meetings with Mr. Kareri and others to monitor developments in the Equatorial Guinea relationship.

G. Since 1996, oil revenues for the country have been growing rapidly, and they are expected to continue to flow for decades. Previously, Equatorial Guinea had been a poor, under-developed country. This combination of circumstances is creating stresses that few countries know. A vast array of projects that had been unthinkable only a few years ago now are not only possible but demanded. As a result, planning and implementation challenges abound. Some of these challenges have slowed the pace of public investment of oil revenues. Consequently, some observers have charged that oil revenues are not sufficiently benefiting the people of Equatorial Guinea.

H. The President of Equatorial Guinea has been criticized in the press, both in the U.S. and abroad, because of alleged corruption in the way government finances are managed and for how elections are conducted. Although there is concern about the validity of these charges among credible observers, the same observers readily point out that the current regime is better than its predecessor.

To the degree this criticism is justified – and it remains largely although not completely unsubstantiated – it causes some observers to think of this customer relationship as notorious. Further, if allegations of official corruption were substantiated, for example, it could necessitate the filing of a Suspicious Activity Report (SAR). For these reasons, this relationship increases the Bank's Reputation Risk.

I. Although KYC profiles exist for the customers, all were completed on the same day – November 19, 2002. This suggests a late effort to comply with Bank policies and procedures. It should be noted, however, that ample documentation existed in Embassy Banking files for the accounts. Nevertheless, to the degree that Riggs has not fully adhered to the requirements of its AML EDD Program, there is increased Compliance Risk.

Having concluded that the accounts for and related to the government of Equatorial Guinea increase risk, the issue is how these risks can be controlled through management actions.

II. RECOMMENDATIONS

A. REPUTATION RISK

1. **Maintain the professional distance between Riggs Bank and its customer: For example,**
   - o Discourage bank officer references to "we" when speaking of government actions or plans;
   - o Consider having an officer in addition to Mr. Kareri go to Equatorial Guinea for the next in-country visit; and
   - o Consider the possibility that Riggs will be a named sponsor of the conference Equatorial Guinea is planning for the Spring, in Washington, D.C. If the conference is perceived to be a Riggs event, it will solidify the public connection between the Bank and Equatorial Guinea, thereby aggravating the consequences of reputation damage that someday might be realized.
2. **Encourage representatives of the government of Equatorial Guinea to join organizations and to participate in events that encourage transparency in fiscal affairs.** For example, opening or expanding dialogue with the World Bank, International Monetary Fund, U.S. AID, Overseas Private Investment Corporation, and similar organizations could lend credibility to the country's efforts to distribute its wealth. Such encouragement should not involve direct suggestions or advice on groups with which to align, how to approach them, or how to conduct business with them.
3. **Encourage the involvement of credible, neutral election observers from countries that have a history of open and fair elections.** Such encouragement should not involve direct suggestions or advice on countries or organizations to invite, how to approach them, or how to conduct business with them. However, Riggs might be able to point officials to organizations it has reason to know about, in the U.S., which could be helpful. The Carter Center, in Atlanta, is an option.
4. **Monitor all facets of this relationship to determine whether reputation risk is increasing because Riggs customers are linked publicly to problems in Equatorial Guinea.** The monitoring effort should concentrate on reliable, U.S. sources of information that the OCC can be expected to find persuasive.
5. **Update the OCC regularly concerning the Equatorial Guinea relationship.** Such updates are a deliberate way to acknowledge the risks and recognize regulator concerns about the level of risk. The updates will allow Riggs to help the OCC understand the reasons why Riggs should maintain this relationship, and enable Riggs to learn about the OCC's concerns as they emerge.

B. COMPLIANCE RISK

1. **The AML Officer should begin attending all regular senior management meetings concerning the Equatorial Guinea relationship.** This Officer's attendance should continue for the foreseeable future, but at least until there is consensus – among Senior Management, the AML Officer, and their understanding of regulator perceptions – that the account risk rating would be Moderate.

2. **Consider requiring an explanation of all deposits and withdrawals from accounts for the government and PEPs that exceed $10,000.** If implemented, this recommendation would include non-cash transactions. The explanation could take the form of a contemporaneous note to the files – e.g., in a log created for each account or for the relationship – that would indicate the source of the funds being deposited or the destination (to the extent knowable) of the funds withdrawn. The notes or log would be maintained by Mr. Kareri and his staff, and it would serve several purposes, including (a) providing information about the transaction that would not be in letters or more formal documents but still known to the banker and (b) another source of auditable information about the accounts.

3. **Institute a regular review of all government and PEP accounts, and require that the results of that review be reported to senior management at its regular meetings on Equatorial Guinea.** This review would entail an annual update of the KYC form and enhanced due diligence for each account. As a result of this review, there should either be new substantiating documents or an explanation of why newer documents are not needed or not available. The AML Officer should lead these reviews.

4. **Riggs' AML Officer should specifically monitor allegations of official corruption in Equatorial Guinea for the purpose of filing an SAR, if necessary.** This monitoring effort could be conducted by Compliance staff. If developments warrant, the AML Officer should make a recommendation to senior management about whether to file or not. Such a recommendation should not involve any Riggs employees who are involved on a day-to-day basis with the accounts.

III. THIS REVIEW PROCESS

Beginning in December 2002, at the request of Ray Lund, Executive Vice President/International Banking, and under the direction of the AML Officer, Risk Management began a review of the Bank's relationship with Equatorial Guinea. In addition to the AML Officer, the review team included representatives from Internal Audit and Security, as well as a consultant who is on retainer with the Compliance Department.

The review process consisted of two extensive interviews with Simon Kareri, the primary bank officer for this relationship, and review of documents and public material. Mr. Kareri is a Senior Vice President in the Embassy Banking group, and he is responsible for African and Caribbean countries. Mr. Kareri also identified and developed this relationship for Riggs. The second interview also included a member of Mr. Kareri's staff.

During these interviews, Mr. Kareri described how the relationship with Equatorial Guinea began, the facets of that relationship today, and his expectations for this relationship as a continuing opportunity for Riggs. The review team obtained copies of recently produced KYC profile forms for the customers in this relationship; a list of vendors Riggs had paid on instructions from the government; copies of account statements; and other background material. In addition, the review team obtained considerable public material on Equatorial Guinea, much of which came from a local organization called International Decision Strategies, Inc. (IDS).

In addition, a member of the review team contacted the U.S. State Department and spoke with Pamela Bellamy, the desk officer for Equatorial Guinea. The review team also interviewed a representative of Riggs Investment Advisors, Inc. (RIAI), with which the government has an investment account of approximately $150 million. From this interview, the team obtained copies of the material RIAI (then RIMCO) had collected as part of its due diligence efforts when this account was opened.

Other meetings and conversations by various members of the review team also helped understand how the Bank manages this account. For example, within Embassy Banking, Mr. Kareri's staff, which is dedicated to serving African and Caribbean countries, has grown significantly as the Equatorial Guinea relationship has grown. Similarly, senior management holds regular meetings to ensure that it is knowledgeable about this increasingly important relationship.

Finally, the review team made its own search for public material available through the Internet. These sources vary widely in credibility and depth of information. The review team focused on sources believed to be reliable. The best sources for information on the economy, demographics, and government of Equatorial Guinea include U.S. government agencies such as the departments of State, Commerce, and Energy, as well as the Central Intelligence Agency. In addition, there are numerous articles available from news and other organizations concerning these issues. Specifically with regard to oil production, the organizations include Exxon Mobil and Marathon Oil, two of the companies that have contracts with the government to produce oil and liquefied petroleum gas. News organizations such as the New York Times, the Los Angeles Times, CNN, the BBC, and

more obscure outlets have published articles about Equatorial Guinea. Many of these articles address in whole or in large part the economy and oil, but they also address the recent elections, government, and human rights issues in the country. Finally, international organizations such as Amnesty International, Doctors Without Boarders, and others have websites that include information on Equatorial Guinea.

IV. THE RELATIONSHIP

A. HISTORY

Riggs' relationship with Equatorial Guinea[1] started in 1995, shortly before large reserves of oil and natural gas were discovered there. At the time, the country was very poor, and it had very low visibility on the world stage.[2] The banking relationship began through the routine marketing activity of the Embassy Banking group. Equatorial Guinea is a country in central Africa, with an embassy in Washington, D.C. That embassy was a prospective customer for Riggs' Embassy Banking group, just as the embassy of any other country in the region would be.

The discovery of oil and natural gas changed the Equatorial Guinea relationship completely, although some aspects are continuing to change more quickly than others. The exploitation of natural resources is making Equatorial Guinea into a rich country very rapidly. Contracts have been established with companies from the U.S. and elsewhere to drill for, process, and deliver oil and natural gas. These contracts are producing substantial revenues for the government of Equatorial Guinea and for key government leaders and their families, who own property or businesses on which the foreign contractors depend.

On the other hand, the level of internal financial expertise and infrastructure needed to manage this wealth is changing less rapidly. Equatorial Guinea is attracting a lot of attention from banks throughout the world that want to provide banking services to the country and its officials. As energy-related revenues continue, this attention will likely intensify.

Another aspect of the situation that is not changing as rapidly as some would like is investment in civil infrastructure. As a poor country, health/medical, education, electricity, transportation, communications, and other common fundamental systems in a more developed country either did not exist or were deficient in Equatorial Guinea. Revenue from energy production needs to be invested wisely in these fundamental systems. Setting priorities in this area, obtaining outside assistance, organizing for, developing plans, and building these systems will remain key challenges in Equatorial Guinea for several years.

B. RIGGS ACCOUNTS

- **Government Accounts**

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[1] Equatorial Guinea consists of two separate landmasses. The mainland is located between the significantly larger countries of Cameroon and Gabon. Bioko Island, off the coast of Cameroon, contains the capital of Malabo. The population is approximately 500,000. Average annual income is $1,170.

[2] Equatorial Guinea was a colony of Spain until 1968. According to the U.S. State Department, the country was relatively prosperous under Spanish control. It had a highly regarded cocoa industry, and immigrants came from surrounding countries to work there. Shortly after independence, Equatorial Guinea was ruled by Francisco Nguema, a Socialist with close political and economic ties to Cuba, North Korea, and countries with similar economic and political philosophies. During this period, the economy of the country deteriorated, the people became much poorer, there were allegations of widespread abuses of civil rights. In 1979, Francisco Nguema was overthrown by President Teodoro Obiang Nguema Mbasogo, the current president.

The government has an account with Riggs Bank and an account with Riggs Investment Advisors, Inc.

- **Riggs Bank – #17164642**
  - A new KYC form was prepared on January 28, 2003 in order to make the account documentation for Equatorial Guinea consistent with the new forms for Embassy Banking. This KYC form is supported by –
  - A letter from the Government;
  - A letter from the Embassy stipulating authorized signatories; and
  - A signature card.
    - There are three signers on the account, which include the President, the Treasurer, and the Minister of Mining. The account requires two signatures – the President's and one other.
    - On July 13, 1998, a Credit Approval Memorandum (copy attached) was completed on for a line of credit for the Government of Equatorial Guinea. That Memorandum noted two factors mitigating risks –
      - "This facility is 100% cash secured via Euro Investment funds pledged to and held at Riggs. In order to cover interest payments, credit risks, this loan is set up with a 95% loan-to-value."
      - "Riggs has had a satisfactory relationship with Equatorial Guinea, with previous commitments performing as agreed, substantial deposits in place and good contacts with the principals, including the president of the country. Additionally, Riggs manages in the case management sense, Equatorial Guinea's oil revenue derived from its substantial contract with Mobil."
    - Embassy Banking determined the credit risk on account to be low.

- **Riggs Investment Advisors, Inc. (RIAI)**
  - A KYC form was completed in 1998 when this account was opened with RIMCO (now RIAI), and it shows that Riggs Bank referred the client.
  - A copy of the Credit Approval Memorandum dated 1998 was support for the KYC form.

- **Related Accounts**
  - There are ten (10) related accounts:
    i. **S.A. Otong – #76863013; #81450109:** This is a Private Investment Corporation (PIC) for the president of the country; it is the only account in the President's name. The KYC profile for this customer was completed on November 19, 2002, along with the

addendum, and it notes that the client is a Politically Exposed Person (PEP). The account was opened on June 16, 2000. This is a large account. During 2002, the account balance briefly exceeded $11 million. The recommended risk rating for this customer is high.

ii. **Constancia Nsue –**

This customer is the first lady of the country. The KYC profile for the First Lady was completed on November 19, 2002. It indicates a risk rating of "high" and indicates that the account owner is a PEP. The account relationship began on August 1, 1997. This is a large relationship – in excess of $3 million. The stated purpose of the Household and Education Accounts.

ACCOUNT NUMBER	TYPE	APPROXIMATE RANGE OF BALANCE – 2002	2002 TRANSACTION ACTIVITY SUMMARY
#24383122	Interest Checking	$46,000 – $1.2million	Up to 8 transactions in a month; some very large
#24895363	Checking	$15,000 – $400,000	8 to 15 transactions per month; numerous overdrafts
#25475010	Money Market	$5,000 – $16,000	One deposit per month; statements only cover September to December 2002
#76890433	Money Market	$850 – $250,000	Substantial deposits (i.e., $90,000+) in January and April; almost all funds withdrawn in July and not replaced. Account is for Pastor Obiang, Minor.
#76890441	Money Market	$850 – $250,000	Substantial deposits (i.e., $90,000+) in January and April; almost all funds withdrawn in July and not replaced. Account is for Justo Obiang, Minor.
#81253754	CD	$1.7 – $2.9 million	One deposit of $1.1 million during 2002
#81585919	CD	$362,000 – $625,000	One deposit of $253,000 during 2002
#81585927	CD	$362,000 – $625,000	One deposit of $253,000 during 2002

iii. **Teodoro Obiang – #76923450:** This customer is the son of the president and he is a minister of the Equatorial Guinea government. The KYC profile for this account was completed on November 19, 2002. It gives a risk rating of "high" and indicates that the account owner is a PEP. This account was opened on January 29, 2001. It is expected to be a large account – i.e., between $200,000 and $2 million. In June and July 2002, the balance in the account increased from $250,000 to almost $4 million. Deposits in late June/early July 2002 amounted to $3.6 million and withdrawals in late September/early October 2002 exceeded $1.7 million.

iv. **Armengol Nguema – #76889504; #81657484:** The KYC profile for this customer was completed on November 19, 2002. This

customer is the brother of the president of the country. He is the country's director of security and a PEP. The account was designated High Risk. The declared purpose of the account is Educational Expense, and it is expected to be more than $50,000 but less than $200,000. This account was opened on February 3, 2000.

v. **Elena Mensa – #25356070; #25460310:** The KYC profile for this customer was completed on November 19, 2002. The customer is the wife of the ambassador, and a PEP. This is a Household Account, and it is expected to be less than $50,000. This account was opened on May 8, 2002, and it was designated High Risk.

vi. **Baltasar Edjo – #76841236:** The KYC profile for this account was completed on November 19, 2002. The customer is a minister of the government and a PEP. The account was designated High Risk. This is a Household Account, and it is expected to be less than $50,000.

vii. **Micha Bile – #24203160; #76787356:** The KYC profile for this customer was completed on November 19, 2002. The customer is a former ambassador, who opened the account on September 13, 1995. This is a Household Account, and is expected to be more than $50,000 but less that $200,000. The customer is a PEP, and the relationship was designated High Risk.

viii. **Miguel Boriko – #76841201:** The KYC profile for this customer was completed on November 19, 2002. The customer is a former government minister and a PEP. The account was designated High Risk. The account was opened on July 17, 1998. There has been virtually no activity in the account for the past year.

ix. **Melchor Edjo – #76827522; #81502490:** The KYC profile for this customer was completed on November 19, 2002. The customer is a government minister and a PEP. The relationship has been designated High Risk. It began on July 14, 1999. The purpose of the account is Educational Expense. However, the relationship is expected to exceed $200,000. There was a deposit of approximately $140,000 early in 4Q02 in the first account, but the rest of 2002 saw little activity in the account.

x. **Juan Olo Mba Nseng – #76912623:** The KYC profile for this customer was completed on November 19, 2002. The customer is a former government minister and a PEP. The relationship has been designated High Risk. It began on September 28, 2000. This is a Household Account, and is expected to be less than $50,000. In fact, the balance was less than $20,000 throughout 2001, and there was relatively little activity in the account. The customer is a consultant to oil companies, and receives direct deposits from those clients.

C. Riggs' Relationship with Equatorial Guinea is Multi-faceted

- **Financial Intermediary and Adviser for Government**
  - The energy companies that have contracts with the government of Equatorial Guinea wire payments directly to the country's accounts at Riggs.
  - As directed, Riggs sends funds to the account Equatorial Guinea maintains at the Central Bank of Africa (BEAC).
  - Riggs disbutses funds from government accounts to firms retained by Equatorial Guinea to build bridges, roads, and other public infrastructure, as well as to provide various services in the country.
  - No payments from this account go to the President or other officials.
  - Riggs Investment Advisors, Inc. manages a portfolio of excess government assets valued at approximately $150 million. These assets are in the form of money market instruments, highly liquid in the event they are needed for alternative uses.
  - Riggs Bank administers funds that are used to house and educate approximately 50 students from Equatorial Guinea who are studying at U.S. colleges and universities. Most of these students are concentrating their studies in fields related to the production of oil and natural gas.
- **Bank for the Embassy**
  - Operating funds and related customary services for the embassy.
  - **Banker for Government Officials and Family Members**
  - Banker to key government officials. During the humble origins of this relationship, government officials developed a high level of trust in Riggs and in Simon Kareri, the Riggs banker who leads Riggs' efforts for this client. As a result of this trust, many officials have established their own accounts at Riggs. (These accounts are discussed in greater detail below.)
  - Banker to family members of government officials. Leaders of Equatorial Guinea and their families have benefited from the rapid increase in the country's wealth. Those benefits include fine homes and other property in Equatorial Guinea, as well as homes, automobiles, and other luxuries here in the Washington area. (These accounts were discussed in greater detail above.)

V. FLOW OF FUNDS

1. IN-FLOW

a. **Sources of Government Funds**

- The primary sources of funds for the government accounts are several major energy companies that have contracts with the government. Although Riggs does not have copies of these contracts, they are well known in the international community, with media reports about them and their terms appearing over a period of several years. These companies include –

Atlas Petroleum	Ocean Energy
Chevron	Triton Energy
CMS Energy (Marathon Oil)	Vanco Energy
Exxon Mobil	

- Oil production for 2002, averaged more than 200,000 barrels per day, and production is expected to increase to an average of 300,000 barrels per day in 2003.
- The profit-sharing contract between the government and energy companies, which was negotiated in 1998, provides that Equatorial Guinea receives 20% of oil export revenue. According to the State Department, this is a relatively poor agreement by international standards.
- U.S. companies have invested $5 billion in the country since the mid-90s.
- After discovery of oil in 1996, gross domestic product increased by 76% in 1997, and has been increasing at double-digit rates in subsequent years. In 2000, the government reported a growth rate of 16.9% in 2000 and 65% in 2001. The projection is for a growth rate in 2002 of 33% and in 2003 of12%.
- Although energy is the primary source of funds, revenue is also obtained from lumber and cocoa export.

b. **Sources of Funds for Related Accounts**

- **President's Account**: The source of funds for the President's account is reportedly due to the sale of his homes in Spain and France. In addition, the President owns a construction company and several hotels and shopping centers in Equatorial Guinea. The construction company has a key position in all construction efforts in the country. Finally, the President has business interests related to oil and gas production. He owns land and receives rent payments from energy companies, and he has a 25% interest in the major oil and gas plant, originally financed by OPIC.

- **First Lady's Account**: The source of funds for the First Lady's account is business interests in the country. For example, the First Lady has substantial land holdings and receives rent payments from several energy companies that rent her land for energy production and related facilities.
- **Other Related Accounts**: The primary sources of funds for these accounts is salary and wages of the account owners.

c. **Quality of Substantiation and Documentation**

- There are many sources of information on oil production in Equatorial Guinea. Developments in the country are followed and reported on concerning the economy, budget, and political affairs.
- Sources of this information include the U.S. government (e.g., State Department, Central Intelligence Agency, Department of Commerce, and Department of Energy); new agencies (e.g., New York Times, CNN, BBC, Sunday Times/Johannesburg); international organizations (e.g., International Monetary Fund); and private companies (e.g., Exxon Mobil and Marathon Oil). In addition, the Equatorial Guinea Ministry of Mines and Energy has a website that provides information (www.equatorialoil.com).
- Riggs has amassed substantial amounts of information on the sources of oil revenue to Equatorial Guinea.
- Riggs has established lines of communication with Exxon Mobil, Marathon and the other energy-producing firms through which either side can address issues related to the regular flow of funds.
- Funds are delivered to Riggs by wire transfer, and all normal protocols are observed.
- Little information is available to substantiate the source of funds for the related accounts.

B. **Out-Flow**

1. **Destination of Government Funds**

- Deposits in the government's account at the Central Bank of Africa (BEAC).
- Payments to vendors having contracts with Equatorial Guinea.
- Operating uses for the embassy in Washington, D.C.
- Distributions to students from Equatorial Guinea who are studying in the U.S.

2. **Destination of Funds from Related Accounts**

   - Much of the expenditure of these funds appears to be for purchases of homes, furnishings, cars, and other incidental items.
   - Some of the expenditure is for educational expenses.

3. **Quality of Substantiation and Documentation**

   - Riggs maintains a database of the vendors that have contracts with Equatorial Guinea and to which it disburses government funds. These vendors are providing services to the government. A copy of one list of vendors is available. None of the vendors appear on the OFAC lists.
   - There appears to be relatively little documentation to substantiate the destination of funds from the other accounts.

VI. RISK ASSESSMENT

1. REPUTATION RISK

- Reputation risk is the risk to earnings or capital arising from negative public opinion.
- Negative public opinion could arise for several reasons. Some of the allegations that have been made over the last two or three years are listed in the table on the next page, along with contextual information for these reasons.

Although government officials appear to have benefited from their power-positions before the discovery of vast natural resources, revenues from oil and gas production have multiplied the size and scope of opportunities available to them. This is cause for concern. If they occur over time, gross disparities in the distribution of energy revenues will eventually cement a poor reputation for the country's leaders. On the other hand, there is a widely held view that the Obiang government is better that its predecessor's. In this sense, the level of concern about the Equatorial Guinea relationship is logically somewhat lower. The real issue, however, is the risk to Riggs. That risk depends on what is happening today in Equatorial Guinea and how it is perceived in the U.S. and other markets where Riggs operates.

In the final analysis, the Equatorial Guinea relationship increases reputation risk for Riggs. That risk will abate if the government proceeds with mitigating steps. Such steps include –

1. Increasing transparency in government finances;
2. Promoting of government plans for economic development throughout the country;
3. Distributing, in the near-term, substantial sums funds to existing development projects; and
4. Implementing electoral reforms that encourage free and open elections, as well as political opposition.

Sources of Reputation Risk

ISSUE	ACCUSATION	SYMPTOMS
Fraudulent Election	No secret ballot; discouraging opponents	President wins 95%+ of the votes
Corrupt Government	Oil revenues are being diverted to benefit them	Oil revenues are kept off-shore and

Officials		perceived to be secret
Human Rights Abuses	Political opponents are arrested. They and other prisoners are imprisoned and reportedly tortured.	Doctors without Borders reportedly leaves the country because of concerns
Neglect of Populace	Millions in oil revenue are not benefiting people who live in the country	Palaces and plush government buildings are being constructed
Notoriety of Certain Customers	International private banking services shield bad people of world; if the accusations prove correct, Equatorial Guinea officials might fit this category	Current risk-raising customers: Aldrich Ames; Pinochet; Sissoko; and others?

2. COMPLIANCE RISK

- Compliance risk is the risk to earnings or capital arising from violations or nonconformance with laws, rules, regulations, prescribed practices, or ethical standards.
- The primary source of compliance risk is possible failure to adhere to Riggs' AML EDD Policies.
- Although the risk of money laundering appears to be very low, if the issues that create Reputation Risk have merit, they could necessitate the filing of a suspicious activities report (SAR).

There has been no accusation that officials related to Equatorial Guinea are involved in money laundering. The sources of funds are clear, and the destinations of funds being expended do not suggest that funds are going to terrorists, to organizations that support terrorists, or to any other criminal enterprise.

However, Riggs' AML EDD Program applies to all customers, and it requires diligent effort in using prescribed KYC forms and monitoring activity. Further, there are accusations that government funds are being diverted from projects that would benefit the people of Equatorial Guinea generally to uses that enrich only certain officials. Suspected corruption on the part of public officials is cause for filing a SAR.

As a result of this review, it is clear that enhanced diligence is required in reviewing this relationship. For example,

- KYC forms and supporting material for existing accounts need to be current and complete at all times;

- Riggs should maintain an objective posture with regard to the accounts;
- Riggs should be alert to the potential for official corruption and monitor developments in Equatorial Guinea so that it can file a timely SAR, if that becomes appropriate at some future date.

RIGGS BANK/Africa Dept Fax:1-202-835-5321

** Transmit Conf. Report **

P.1 Aug 17 2001 14:44

[T.2.3] [Check condition of remote Fax.] [Minister Of M&E]

RIGGS

Riggs Bank N.A.
Embassy Banking Division
1528 Connecticut Avenue, NW
Washington, DC 20036
(202) 835-4518

August 17, 2001

Hon. Cristobal Manana Ela
Minister of Energy
B.P. 778
Malabo, Bioko-Norte
Republica De Guinea Ecuatorial

Dear Honorable Manana Ela:

Please find attached a report on the CUENTA ESTUDIANTES MME account. These detailed transactions represent the operations on the account since the initiation of this account on 03/01/2001.

As of August 20, 2001, the current balance on the account is $55,574.01. As you can see on the report, we have started paying tuition fees and board for the students fall semester bills. We are requesting additional funds in order to facilitate upcoming stipends, tuition fees for this coming quarter. Please let us know how soon we can expect the funds to be credited to the account.

As usual, it is always our pleasure to be of banking services to you. Please do not hesitate to contact us if you need further information.

Sincerely,

Simon P. Kareri
Senior Vice President
International Banking Officer

Permanent Subcommittee on Investigations
EXHIBIT #51k

RNB 006827

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** Transmit Conf. Report **

RIGGS BNK/Africa Dept Fax:1-202-835-5321

RIGGS BANK/Africa Dept Fax:1-202-835-5321

** Transmit Conf. Report **

P.1 Aug 17 2001 14:11

[T.2.1] [Check condition of remote Fax.] [Minister Of M&E]

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RIGGS BANK/Africa Dept Fax:1-202-835-5321

** Transmit Conf.Report **

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RIGGS

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Sincerely,

Simon P. Kareri
Senior Vice President
International Banking Officer

Operaciones en cuentas - MME
Todas las cuentas

desde 03/01/2001 hasta 08/20/2001

Núm.	Fecha	Beneficiario	Nota	Categoría	Importe	Saldo actual
	Saldo inicial a 03/01/2001					0.00
El mes acaba el 03/31/2001						
	03/29/2001	Saldo de Apertura.			0.01	0.01
	Total El mes acaba el 03/31/2001				0.01	
El mes acaba el 06/30/2001						
	06/26/2001	Deposito		Transferencia	149,970.00	149,970.01
	06/26/2001	Incoming wire fee		Otros gastos	(10.00)	149,960.01
	06/28/2001	[redacted]	Summer 2001	Educación : [redacted]	(3,581.48)	146,378.53
	06/29/2001	[redacted]		Pago renta : [redacted]	(490.00)	145,888.53
Sched	06/29/2001	[redacted]		Fracción Educación : Estipendio Pago renta : [redacted]	(1,700.00) (1,000.00) (700.00)	144,188.53
Sched	06/29/2001	[redacted]		Educación : Estipendio	(1,000.00)	143,188.53
Sched	06/29/2001	[redacted]		Educación : Estipendio	(1,000.00)	142,188.53
Sched	06/29/2001	[redacted]		Fracción Educación : Estipendio Pago renta : [redacted]	(1,760.00) (1,000.00) (760.00)	140,428.53
Sched	06/29/2001	[redacted]		Educación : Estipendio	(1,000.00)	139,428.53
Sched	06/29/2001	[redacted]		Educación : Estipendio	(1,000.00)	138,428.53
	Total El mes acaba el 06/30/2001				138,428.52	
El mes acaba el 07/31/2001						
	07/02/2001	[redacted]	Summer 2001.	Educación : [redacted]	(2,404.00)	136,024.53
Sched	07/02/2001	[redacted]		Educación : Estipendio	(1,000.00)	135,024.53
Sched	07/02/2001	[redacted]		Educación : Estipendio	(1,000.00)	134,024.53
Sched	07/02/2001	[redacted]		Educación : Estipendio	(1,000.00)	133,024.53

[redacted] = Redacted by the Permanent Subcommittee on Investigations

RNB 006832

Operaciones en cuentas - MME
Todas las cuentas

desde 03/01/2001 hasta 08/20/2001

Núm.	Fecha	Beneficiario	Nota	Categoría	Importe	Saldo actual
Sched	07/02/2001	[redacted]		Educación : Estipendio	(1,000.00)	132,024.53
Sched	07/02/2001	[redacted]		Educación : Estipendio	(1,000.00)	131,024.53
Sched	07/02/2001	[redacted]		Educación : Estipendio	(1,000.00)	130,024.53
Sched	07/02/2001	[redacted]		Educación : Estipendio	(1,000.00)	129,024.53
Sched	07/02/2001	[redacted]		Educación : Estipendio	(1,000.00)	128,024.53
Sched	07/02/2001	[redacted]		Educación : Estipendio	(1,000.00)	127,024.53
Sched	07/02/2001	[redacted]		Educación : Estipendio	(1,000.00)	126,024.53
Sched	07/02/2001	[redacted]		Educación : Estipendio	(1,000.00)	125,024.53
Sched	07/02/2001	[redacted]		Educación : Estipendio	(1,000.00)	124,024.53
Sched	07/02/2001	[redacted]		Educación : Estipendio	(1,000.00)	123,024.53
Sched	07/02/2001	[redacted]		Educación : Estipendio	(1,000.00)	122,024.53
Sched	07/02/2001	[redacted]		Educación : Estipendio	(1,000.00)	121,024.53
Sched	07/02/2001	[redacted]	[redacted]	Pago renta	(1,425.00)	119,599.53
	07/03/2001	[redacted]	Returned; account closed.	Educación : Estipendio	1,000.00	120,599.53
	07/05/2001	[redacted]	July rent.	Pago renta : [redacted]	(750.00)	119,849.53
	07/05/2001	[redacted]	July rent.	Pago renta : [redacted]	(437.00)	119,412.53
	07/05/2001	[redacted]	Returned; account closed.	Educación : Estipendio	1,000.00	120,412.53
	07/06/2001	[redacted]		Educación : Estipendio	(1,000.00)	119,412.53
	07/06/2001	[redacted]		Pago renta : [redacted]	(950.00)	118,462.53
	07/09/2001	[redacted]		Educación : Estipendio	(1,000.00)	117,462.53
	07/09/2001	[redacted]		Fracción	(457.00)	117,005.53

[redacted] = Redacted by the Permanent Subcommittee on Investigations

RNB 006833

Operaciones en cuentas - MME
Todas las cuentas

desde 03/01/2001 hasta 08/20/2001

Núm.	Fecha	Beneficiario	Nota	Categoría	Importe	Saldo actual
				Pago renta : [redacted]	(408.00)	
				Educación : Libros	(49.00)	
	07/09/2001	[redacted]	Summer 2001.	Educación : [redacted]	(3,525.84)	113,479.69
	07/09/2001	[redacted]		Fracción	457.00	113,936.69
				Pago renta : [redacted]	408.00	
				Educación : Libros	49.00	
	07/09/2001	[redacted]		Pago renta : [redacted]	(950.00)	112,986.69
	07/09/2001	[redacted]		Fracción	(457.00)	112,529.69
				Pago renta : [redacted]	(408.00)	
				Educación : Libros	(49.00)	
	07/13/2001	[redacted]		Educación : Libros	(100.73)	112,428.96
	07/13/2001	[redacted]	Wrong account number.	Educación : Estipendio	985.00	113,413.96
	07/13/2001	[redacted]		Educación : Estipendio	(985.00)	112,428.96
	07/13/2001	[redacted]		Pago renta : [redacted]	(900.00)	111,528.96
	07/23/2001	[redacted]		Educación : [redacted]	(1,680.00)	109,848.96
	07/25/2001	[redacted]	Summer 2001.	Educación : [redacted]	(3,840.00)	106,008.96
	07/27/2001	[redacted]		Pago renta : [redacted]	(900.00)	105,108.96
Prog	07/27/2001	[redacted]		Fracción	(1,700.00)	103,408.96
				Educación : Estipendio	(1,000.00)	
				Pago renta : [redacted]	(700.00)	
Prog	07/27/2001	[redacted]		Educación : Estipendio	(1,000.00)	102,408.96
Prog	07/27/2001	[redacted]		Educación : Estipendio	(1,000.00)	101,408.96
Prog	07/27/2001	[redacted]		Fracción	(1,760.00)	99,648.96
				Educación : Estipendio	(1,000.00)	
				Pago renta : [redacted]	(760.00)	
Prog	07/27/2001	[redacted]		Educación : Estipendio	(1,000.00)	98,648.96

[redacted] = Redacted by the Permanent Subcommittee on Investigations

RNB 006834

696

Operaciones en cuentas - MME
Todas las cuentas

desde 03/01/2001 hasta 08/20/2001

Núm.	Fecha	Beneficiario	Nota	Categoría	Importe	Saldo actual
Prog	07/27/2001	[redacted]		Educación : Estipendio	(1,000.00)	97,648.96
Total El mes acaba el 07/31/2001					(40,779.57)	
El mes acaba el 08/31/2001						
Prog	08/01/2001	[redacted]		Fracción	(1,950.00)	95,698.96
				Educación : Estipendio	(1,000.00)	
				Pago renta : [redacted]	(950.00)	
Prog	08/01/2001	[redacted]		Fracción	(1,437.00)	94,261.96
				Educación : Estipendio	(1,000.00)	
				Pago renta : [redacted]	(437.00)	
Prog	08/01/2001	[redacted]		Fracción	(1,950.00)	92,311.96
				Educación : Estipendio	(1,000.00)	
				Pago renta : [redacted]	(950.00)	
Prog	08/01/2001	[redacted]		Educación : Estipendio	(1,000.00)	91,311.96
Prog	08/01/2001	[redacted]		Fracción	(1,785.00)	89,526.96
				Educación : Estipendio	(1,000.00)	
				Pago renta : [redacted]	(785.00)	
Prog	08/01/2001	[redacted]		Educación : Estipendio	(1,000.00)	88,526.96
Prog	08/01/2001	[redacted]		Educación : Estipendio	(1,000.00)	87,526.96
Prog	08/01/2001	[redacted]		Educación : Estipendio	(1,000.00)	86,526.96
Prog	08/01/2001	[redacted]		Educación : Estipendio	(1,000.00)	85,526.96
Prog	08/01/2001	[redacted]		Educación : Estipendio	(1,000.00)	84,526.96
Prog	08/01/2001	[redacted]		Educación : Estipendio	(1,000.00)	83,526.96
Prog	08/01/2001	[redacted]		Educación : Estipendio	(1,000.00)	82,526.96
Prog	08/01/2001	[redacted]		Fracción	(1,490.00)	81,036.96
				Educación : Estipendio	(1,000.00)	
				Pago renta : [redacted]	(490.00)	

[redacted] = Redacted by the Permanent Subcommittee on Investigations

RNB 006835

Operaciones en cuentas - MME
Todas las cuentas

desde 03/01/2001 hasta 08/20/2001

Núm.	Fecha	Beneficiario	Nota	Categoría	Importe	Saldo actual
Prog	08/01/2001	[redacted]		Fracción	(1,408.00)	79,628.96
				Educación : Estipendio	(1,000.00)	
				Pago renta [redacted]	(408.00)	
Prog	08/01/2001	[redacted]	Jesus & Juan Elo	Pago renta	(1,425.00)	78,203.96
	08/02/2001	[redacted]		Educación [redacted]	(1,269.00)	76,934.96
	08/10/2001	[redacted]		Educación [redacted]	(7,187.52)	69,747.44
	08/16/2001	[redacted]	Fall 2001.	Educación : [redacted]	(9,095.43)	60,652.01
	08/16/2001	[redacted]	Fall 2001	Educación : [redacted]	(1,598.00)	59,054.01
	08/16/2001	[redacted]		Educación : [redacted]	(1,240.00)	57,814.01
	08/16/2001	[redacted]		Educación : [redacted]	(1,240.00)	56,574.01
	08/20/2001	[redacted]		Educación : Estipendio	(1,000.00)	55,574.01
Total El mes acaba el 08/31/2001					(42,074.95)	
Total general					55,574.01	55,574.01

RNB 006836

[redacted] = Redacted by the Permanent Subcommittee on Investigations

[✓] **HOLD MAIL / SPECIAL MAIL INSTRUCTIONS** [ ]

*PLEASE MAKE THE FOLLOWING CHANGES:
*PLEASE ADD THE FOLLOWING NAME/S:

Hiriart

ACCOUNT NO. 76 750 393 CHARGE $ _____ (check w/ray wait til Tues 5/21

ADDRESS HOLD MAIL
c/o RNB - IPBD
MAIL CODE B-9002

I have typed + filed card w/ agmt. I have added to hold mail list

SPECIAL INSTRUCTIONS: _____

_____

_____

_____

OBE for Raylund
Authorized Signature

5/16/96
Date

c.c. Operations [ ]

Customer File [ ]

* change address OBE 5/30/96
* put agmt in holdmail file OBE 5/30/96
* add to hold mail list OBE 5/30/96

Permanent Subcommittee on Investigations
EXHIBIT #52a

RNB 029075

M.L. Hiriart

RIGGS
The Riggs National Bank of Washington, D.C.
Member FDIC, Member Federal Reserve System

HOLD MAIL AGREEMENT

TO: The Riggs National Bank of Washington, D.C.

As a convenience to me, I authorize you to hold all correspondence (including statements, cancelled checks, reports, letters, legal process and all other types of correspondence) which you generate or receive relating to the account(s) listed below, or relating to any of the account owners or authorized signers. I authorize you to release the correspondence (1) when it is called for in person by any of the authorized signers (or by an agent you reasonably believe to be authorized by any authorized signer) or (2) pursuant to written instructions bearing a signature which you reasonably believe to be that of any authorized signer. Unless specifically agreed between us in writing, I relieve you of any duty (1) to inspect the contents of such correspondence, (2) to notify me of receipt of the correspondence, or (3) to deliver any correspondence to anyone. I agree to pay you for this service according to your fee schedule which may change from time to time. I understand that the period of time prescribed by law within which I must assert (1) any claim of unauthorized signature on, or alteration of, a check or other instrument or (2) any claim of unauthorized or erroneous electronic transfer, will begin to run as soon as the account statement and accompanying items (if any) are available at your office. I agree to indemnify you against, and hold you harmless from any and all claims and losses arising out of this agreement. If there is more than one authorized signer on any account, each agrees to these terms jointly and individually.

Date: 30 April 1996 Signed: M. Hiriart

Current Fee Per Account: $ current fee Schedule Applies to account(s):

96-750-393

51-151-352

Accepted:

Authorized Signature

FM-01115 (3/87)

ORIGINAL: BANK COPY
YELLOW: CUSTOMER COPY

RNB 029076

RIGGS

The Riggs National Bank

NAME & CURRENT MAILING ADDRESS

please see below
Individual Name(s)

Business Name (Sole proprietors see instructions on reverse)

Address

City, State Zip Code

TAXPAYER IDENTIFICATION NUMBER (TIN)

Social Security Number

OR

Employer Identification Number

ACCOUNT NUMBER(S)

76 750 393, 81-151-352

Please check appropriate box:

XX Individual/Sole proprietor

☐ Corporation

☐ Partnership

☐ Other_____

NOTE: If joint names, list first and circle the individual/entity whose TIN you provide us. Only the joint owner whose TIN is provided should sign the certification.

SUBSTITUTE
Form W-9

TAXPAYER IDENTIFICATION NUMBER CERTIFICATION

By signing below, you certify under penalties of perjury that:

(1) The taxpayer identification number (TIN) shown on this form is your correct TIN; and

(2) You are not subject to backup withholding because: (a) you are exempt from backup withholding, or (b) you have not been notified by the Internal Revenue Service (IRS) that you are subject to backup withholding as a result of a failure to report all interest and dividends, or (c) the IRS has notified you that you are no longer subject to backup withholding. (You must cross out item (2) if you have been notified by the IRS that you are currently subject to backup withholding because of underreporting interest or dividends on your tax return.)

If you qualify as an exempt payee under the criteria listed on the reverse, check here ☐

Signature of Individual or Authorized Signer Date

NOTE: COMPLETE FORM W-8 OR FORM W-9. DO NOT COMPLETE BOTH.

SUBSTITUTE
Form W-8

CERTIFICATION OF FOREIGN STATUS

By signing below you certify under penalties of perjury that you are not a U.S. citizen or resident (or you are filing for a foreign corporation, partnership, estate or trust).

1. Augusto Pinochet Ugarte Print Name of Beneficial Owner	1. Lucia Hiriart de Pinochet Print Name of Joint Owner	1. Print Name of Joint Owner
2. Zenteno 52 Permanent Address (include apt. or suite no.) CJE City, province or state, postal code & country	2. Zenteno 52 Permanent Address (include apt. or suite no.) CJE City, province or state, postal code & country	2. Permanent Address (include apt. or suite no.) City, province or state, postal code & country
3. Chile Santiago U.S. TIN (if any)	3. Chile Santiago U.S. TIN (if any)	3. U.S. TIN (if any)
X _____ 4/12/96 Signature Date	X _____ 4/12/96 Signature Date	4. X _____ /_____ Signature Date

NOTES: A) On joint accounts, each individual must provide the requested information.
B) On joint accounts, if any person is a U.S. citizen or resident, that person must provide his Social Security Number and complete Form W-9 "Taxpayer Identification Number Certification" above. The account will then be treated for U.S. tax reporting purposes as being held by that U.S. person.

APPLIED FOR TAXPAYER IDENTIFICATION NUMBER

By signing below, you certify under penalties of perjury that:

1) A taxpayer identification number (TIN) has not been issued to you; 2) you have already applied for or intend to apply for a TIN in the near future with the appropriate Internal Revenue Service Center or Social Security Administration Office; and 3) you will provide the number to Riggs as soon as it is obtained.

IRS regulations require Riggs to withhold 31% of any interest payments made to your account until you provide us with a certified TIN on Form W-9. If your certified TIN is received within 60 days of the account opening date and you are not subject to backup withholding for other reasons, Riggs will refund any amounts withheld during that 60-day period unless the 60-day period extends into the following calendar year. Any amounts withheld after the 60-day period or in a prior calendar year cannot be refunded by Riggs.

Signature Date

RNB 029077

RIGGS

RIGGS BANK N.A.
60 St. James's Street
London SW1A 1LE
Tel. 0171-647 6000 Fax: 0171-499 0276

Dear Lord,
Please find enclosed a Cheque guarantee Card for Julie
General Pinochet.
ZD per Julie
Regards,
Sophie.

WITH COMPLIMENTS

Permanent Subcommittee on Investigations
EXHIBIT #52b

RNB 029172

04 Enero 1999
~~31 Agosto 1998~~
DON JOSE
~~De: Maria Carol Thompson~~

76-750-393
W afuera ~~53,952.66~~ 55,139.93

CD
adentro ~~1,000.000.00~~ 1,000,000. 4.560%

RIM CO
6875 adentro ~~4,091,752.20~~ 4,574,205.

76 715 547
adentro ~~105,502.87~~ 104,081.11

---

74 041 013
L afuera (dia feriado, no puedo conseguir esta información)

5.475
GP
adentro ~~1,000,000.00~~ 1,000,000

Le saluda muy atentamente
Maria Carol Thompson

Permanent Subcommittee on Investigations
EXHIBIT #52c

RNB 029206

31 Agosto 1998

De: Maria Carol Thompson

W	afuera	53,952.66
	adentro	1,000.000.00
	adentro	4,091,752.20
	adentro	105,502.87

L	afuera	(dia feriado, no puedo conseguir esta información)
	adentro	1,000,000.00

Le saluda muy atentamente,
Maria Carol Thompson

Permanent Subcommittee on Investigations
EXHIBIT #52d

MESSAGE CONFIRMATION AUG-31-98 11:49

FAX NUMBER : 202-835-8518
NAME : EMBASSY BANKING

FAX NUMBER : 901156221667 83

PAGE : 01

ELAPSED TIME : 00'38"

MODE : G3 STD

RESULTS : O.K

Permanent Subcommittee on Investigations
EXHIBIT #52e

RNB 029210

RNB 029229

113

1-565/280

Feb 19 98

Pay to the order of Lucia Mariscal $243.40

Two hundred forty three and 40/100 Dollars

Banco de Chile
NEW YORK BRANCH
124 EAST 55TH STREET
NEW YORK, N.Y. 10022

For Deposit to the Account of Lucia Mariscal

:0 260056521: 00 442506 00" 0113

RIGGS

DEPOSIT TICKET

Riggs Bank N.A.

CURRENCY		ENDORSE EACH CHECK AS DRAWN AND LIST SEPARATELY BY BANK NUMBER.
COIN		
CHECKS	243.40	
		DEPOSITS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL.
TOTAL FROM OTHER SIDE		
LESS CASH RECEIVED		CHECKS AND OTHER ITEMS ARE RECEIVED FOR DEPOSIT SUBJECT TO THE TERMS AND CONDITIONS OF THIS BANK'S COLLECTION AGREEMENT.
Total Deposit	243.40	

716 7510 3913
ENTER ACCOUNT NUMBER IN BOXES ABOVE

DATE 11a March 1998

NAME Lucia Mariscal

RECEIVED CASH FROM DEPOSIT

FM-00787 (Rev. 12/98)

:510 1:0600:

Permanent Subcommittee on Investigations
EXHIBIT #52f

MESSAGE CONFIRMATION

MAR-18-98 08:25

FAX NUMBER : 202-835-8518

NAME : EMBASSY BANKING

FAX NUMBER : 90115622166783

PAGE : 01

ELAPSED TIME : 00'38"

MODE : G3 STD

RESULTS : O.K

Permanent Subcommittee on Investigations
EXHIBIT #52g

RNB 029234

De: Maria Carol Thompson

Confirmando
jueves 26 de marzo 1998, AM

Sheraton (no el Hyatt)

Le saluda muy atentamente,

Maria Carol Thompson

RIGGS

Corporate Card

EMPLOYEE DETAILS

The following information is required to open a card account. This information will not be passed to any licensed credit reference agency or used in any credit assessment.

Surname Mr/Mrs/Miss/Ms

Forename(s)

Other Initials

Name to appear on card

Address for Additional Statement

Town/City

County

Postcode

Date of Birth

Home Telephone No.

Business Telephone No.

Mother's maiden Surname

COMPANY DETAILS

Name of Company RIGGS BANK N.A.

Business Address WEST END OFFICE

60 ST. JAMES'S STREET

Town/City LONDON

County

Postcode SW1A 1LE

I request that you issue me with a Midland Corporate Card under the Agreement between you and the Company named above. I have read and agree to be bound by the Conditions of Use opposite. You may send all information regarding the charge card account and statements direct to the company.

Signature

FOR OFFICE USE ONLY

Account No.

Sales Ref.

CONDITIONS OF USE

1. These Conditions govern the use by you, the Cardholder, of the Corporate Card issued by us, Midland Card Services, to each Cardholder under the terms of an Agreement between us and your employer "the Customer." All references to the use of your card also refer to the use of your card details.
2. You must take all reasonable precautions to prevent fraudulent use including the following:
   a) sign your card immediately on receipt,
   b) do not allow any other person to use your card,
   c) treat your card like cash, never leave it unattended.
3. You must only use your card during the validity period shown for amounts which will not cause the credit limit to be exceeded. Any renewal card received must be signed immediately and kept safe until the start of the period of its validity at which time any existing card shall be immediately destroyed by cutting it in half vertically. Your card must not be used if cancelled or suspended by us. Your card remains our property and must be returned upon request.
4. If your card is lost or stolen, or you suspect fraudulent use, you or the Customer must notify us as soon as the loss, theft or fraudulent use has been discovered by telephoning (998) 400 500 (24 hours). We may ask you to confirm the details in writing to Corporate Card Services, Midland Bank plc, 365 Chartwell Square, Southend-on-Sea SS99 3UU.
5. We will ask you to co-operate with us and the police in our efforts to recover your card. We will disclose to third parties any such information that is relevant concerning the account in connection with such loss or theft. Should you retrieve your card after it has been reported lost or stolen, it must not be used but forwarded to us cut in half vertically.
6. If a Personal Identification Number (PIN) has been issued for use with your card, all reasonable precautions must be taken to prevent fraudulent use including the following:
   a) never write your PIN on the card or on any other item normally kept with your card,
   b) never record your PIN in such a way that can be easily understood by someone else,
   c) never tell your PIN to someone else,
   d) inform us immediately if you suspect someone else knows your PIN (refer to 4. above),
   e) destroy your PIN advice promptly after receipt.
7. We may vary these Conditions of Use at our discretion by giving notice in writing to the Cardholder and/or the Customer.
8. When you telephone us your call may be monitored or recorded.

Permanent Subcommittee on Investigations
EXHIBIT #52h

RIGGS

RIGGS BANK N.A.
West End Office
60 St. James's Street
London SW1A 1LE
Tel. 0171-647 6000 Fax. 0171-499 0276

Date:

Gentlemen:

In return for your supporting my request to a corporate card issuer for a credit line, I agree to the following terms with you:

I agree to pay you on demand in British Pounds Sterling or any other currency any amount that you must pay to the corporate card issuer in the event I do not pay the amounts due under my corporate card account. These amounts include all principal amounts owed on my corporate card account, all finance and interest charges, and any other charges or fees that the issuer claims that I owe. If you must sue me to collect the amount that I owe, I will pay your costs of collection, including your attorney fees.

I agree to give my card(s) to an officer of Riggs Bank N.A. or Riggs Bank Europe Ltd for cancellation prior to my departure from my present post in the United Kingdom, unless you agree otherwise in writing. If I fail to surrender my cards, I authorize you to contact the corporate card issuer to cancel my card(s) and credit line.

If you so request, I will pay the amounts that I owe on my corporate card account, even if those amounts are not presently due. I also authorise you to terminate my credit line with the corporate card issuer, but I will remain liable to pay all amounts I owe on my corporate card account.

If:
a) my corporate card account becomes 30 days past due, or
b) you have notice that I am leaving or have left my official post in the United Kingdom, or
c) I have failed to handle my banking arrangements with you in a manner you believe has been satisfactory

I authorise you to deduct funds from any of my deposit accounts with you (joint or individual) up to the amount owed on my corporate card account, and at your choice to hold the funds in your name, until you are satisfied. I will fulfil my obligations under this Agreement or the corporate card account agreement.

If I fail to fulfil my obligations under this Agreement or the corporate card agreement, you may apply funds in any of my deposit accounts with you (joint or individual), or any funds you have already deducted from my deposit account under this Agreement, to any amounts I owe. You may deduct or apply the funds from any of my deposit accounts without prior notice to me.

You may send me any notice, including a notice to pay you, at my address below, or to any other address of which I give you written notice. I agree to tell you promptly of any change to my address. My notice to you becomes effective when you receive it at your address above (or any other address you give me). Your notice to me is effective upon my receipt or three (3) days after you send it whichever occurs firs

I agree to use my corporate card and credit line solely for my personal, family or household purposes.

Applicant Signature: _____

Print Name: _____

Joint Applicant Signature: _____

Print Name: _____

Address: _____

_____

De: Sra. Maria Carol Thompson

Fecha: 5 de enero de 1998

W	**Afuera**	Saldo	52,532.
	Adentro	Deposito a plazo	1,000,000.
		Valor de cartera.	4,159,617.
		Saldo	103,532.
L		Saldo en libras esterlinas	889,805.

Le saluda muy atentamente,

Maria Carol Thompson

Permanent Subcommittee on Investigations
EXHIBIT #52i

RNB 029239

MESSAGE CONFIRMATION

JAN-05-98 17:12

FAX NUMBER : 202-835-8518

NAME : EMBASSY BANKING

FAX NUMBER : 90115622166783

PAGE : 01

ELAPSED TIME : 00'37"

MODE : G3 STD

RESULTS : O.K

From: Carol Thompson
To: Rick Convy
Date: 12/23/97 12:47pm
Subject: Ashburton

Ashburton has requested that everything in excess of $4 million, from the RIMCO balanced portfolio, should be transferred to Current Account #74041013 held at Riggs Bank Europe LTD ,at year-end. Thank you.

Permanent Subcommittee on Investigations
EXHIBIT #52j

MESSAGE CONFIRMATION

NOV-03-97 11:39

FAX NUMBER : 202-835
NAME : EMBASSY

FAX NUMBER : 90115622166783

PAGE : 01

ELAPSED TIME : 00'37"

MODE : G3 STD

RESULTS : O.K

Permanent Subcommittee on Investigations
EXHIBIT #52k

RNB 029246

3 de Nov. de 1997

From: Sra. Maria Carol Thompson

Estoy en mi oficina, si desea hablar por telefono.

Le saluda muy atentamente,

Maria Carol Thompson

Permanent Subcommittee on Investigations
EXHIBIT #521

on Thurs.

(1) Move $~~150~~ 200,000 from Wash MM 76750393 to GP~~S~~ acct. 74041 013 - London

~~Dec.~~ Dec. 31, 1997

(2) RIMCO everything over $4,000,000 will go in P Sterling to London GPS acct.

(3) GD transfer interest to London acct

- ~~Live in Chile~~ Spend alot of time in London after retirement.
- and retired will travel to U.S.

- Chairman to South of Chile
- would love to see him

Permanent Subcommittee on Investigations
EXHIBIT #52m

RNB 029266

De: Sra. Maria Carol Thompson

Con Fecha 12 de junio de 1997

W	**Afuera**	Saldo	252,127.44
	Adentro	Deposito a plazo	1,000,000.
		Valor de cartera	4,246,588.68
		Saldo	101,590.17
L		Saldo en libras esterlinas	160,078.33

Por favor dejeme saber si Ud. desea que yo lo visite.

Le saluda muy atentamente,

Maria Carol Thompson

Permanent Subcommittee on Investigations
EXHIBIT #52n

MESSAGE CONFIRMATION

JUN-12-97 09:10

FAX NUMBER : 202-835-8518

NAME : EMBASSY BANKING

FAX NUMBER : 901156221667 83

PAGE : 01

ELAPSED TIME : 00'38"

MODE : G3 STD

RESULTS : O.K

20 de Mayo, 1997

DE: Sra. Maria Carol Thompson

Llego lo que esperaba.	1.)		193,000.00
	2.)	saldo	407,628.89

Le saluda muy atentamente,

Maria Carol Thompson

Permanent Subcommittee on Investigations
EXHIBIT #52o

MESSAGE CONFIRMATION

MAY-20-97 09:24

FAX NUMBER : 202-835-8519

NAME : EMBASSY BANKING

FAX NUMBER : 90115622166783

PAGE : 01

ELAPSED TIME : 00'37"

MODE : G3 STD

RESULTS : O.K

MESSAGE CONFIRMATION

MAY-13-97 12:10

FAX NUMBER : 202-835-8519

NAME : EMBASSY BANKING

FAX NUMBER : 90115622166783

PAGE : 01

ELAPSED TIME : 01'16"

MODE : G3 STD

RESULTS : O.K

@ Seoul as UNP has $1 million

Permanent Subcommittee on Investigations
EXHIBIT #52p

DE: Sra. Maria Carol Thompson

FECHA: 13 de Mayo, 1997

W-	Afuera	Saldo (13 de Mayo)	188,820.99
	+	Interes transferido en el dia 13 de Mayo	25,807.90
		Saldo total	214,628.89
	Adentro	Saldo	1,000,000.00
		Valor Cartera (13 Mayo)	3,175,296.00

Le saluda muy atentamente,
Maria Carol Thompson

① hold mail signature
② donation $
③ review

① → RIMCO 1,000,000 MMA from
from (one) 1,000,000 CD

Total Cartera = 3, millones

Permanent Subcommittee on Investigations
EXHIBIT #52q

MESSAGE CONFIRMATION

MAR-03-97 08:51

FAX NUMBER : 202-835-8518

NAME : EMBASSY BANKING

FAX NUMBER : 90115622166783

PAGE : 01

ELAPSED TIME : 00'37"

MODE : G3 STD

RESULTS : O.K

MESSAGE CONFIRMATION

DEC-20-96 08:01

FAX NUMBER : 202-835-8519

NAME : EMBASSY BANKING

FAX NUMBER : 90115622166783

PAGE : 01

ELAPSED TIME : 00'37"

MODE : G3 STD

RESULTS : O.K

MESSAGE CONFIRMATION

APR-03-97 09:12

FAX NUMBER : 202-835-8518

NAME : EMBASSY BANKING

FAX NUMBER : 90115622166783

PAGE : 01

ELAPSED TIME : 00'36"

MODE : G3 STD

RESULTS : O.K

Permanent Subcommittee on Investigations
EXHIBIT #52r

RNB 029344

De: Maria Carol Thompson

Fax No: 011-562-216-6783

Donación:

Joe L. Allbritton
Chairman
Riggs Bank, N.A.
800 17th St., N.W.
Washington, D.C. 20006

Le saluda muy atentamente,

Maria Carol Thompson

RNB 029345

De: Maria Carol Thompson

Fax No: 011-562-216-6783

Donación:

Joe A. Allbritton
Chairman
Riggs Bank, N.A.
800 17th St., N.W.
Washington, D.C. 20006

Le saluda muy atentamente,

MESSAGE CONFIRMATION

MAR-10-97 10:07

FAX NUMBER : 202-835
NAME : EMBASSY

FAX NUMBER : 90115622166783

PAGE : 01

ELAPSED TIME : 00'37"

MODE : G3 STD

RESULTS : O.K

Permanent Subcommittee on Investigations
EXHIBIT #52s

RNB 029353

De: Sra. Maria Carol Thompson

1.) Confirmo, 12 de marzo, Hyatt

Le saluda muy atentamente,

Maria Carol Thompson

DE: SRA. MARIA CAROL THOMPSON

1) Llego lo que esperaba.

2) 1,157,682.84

3) 12 de marzo (miercoles) Hyatt.

Le saluda muy atentamente,

Maria Carol Thompson

Permanent Subcommittee on Investigations
EXHIBIT #52t

MESSAGE CONFIRMATION

MAR-03-97 10:53

FAX NUMBER : 202-835
NAME : EMBASSY

FAX NUMBER : 90115622166783

PAGE : 01

ELAPSED TIME : 00'37"

MODE : G3 STD

RESULTS : O.K

Permanent Subcommittee on Investigations
EXHIBIT #52u

MESSAGE CONFIRMATION FEB-26-97 08:54

FAX NUMBER : 202-835
NAME : EMBASSY

FAX NUMBER : 90115622166783

PAGE : 01

ELAPSED TIME : 00'37"

MODE : G3 STD

RESULTS : O.K

Permanent Subcommittee on Investigations
EXHIBIT #52v

RNB 029357

MESSAGE CONFIRMATION JAN-03-97 14:31

FAX NUMBER : 202-835-8519
NAME : EMBASSY BANKING

FAX NUMBER : 90115622166783
PAGE : 01
ELAPSED TIME : 00'38"
MODE : G3 STD
RESULTS : O.K

Permanent Subcommittee on Investigations
EXHIBIT #52w

RNB 029358

De: Sra. Maria Carol Thompson

W Total (año entero) con fecha 31 de diciembre de 1996:

Afuera:

1)	Saldo Inicial 1/1/96	538,430.14
	+Depósitos	5,114,639.01
	+Interés	19,386.30
	-Cheques	5,333,541.00
	=Saldo	338,914.45

Adentro:

1)	+Saldo	1,000,000.00
2)	+Saldo	1,000,000.00
3)	+Valor	1,047,352.85
4)	+Interés	2,735.22
	=Saldo	100,235.22

L Total (año entero) con fecha 31 de diciembre de 1996:

1)	+Depósitos	302,071.68
	+Interés	1,516.87
	-Cheques	34,609.46
	=Saldo	268,979.09

Le saluda muy atentamente,

Maria Carol Thompson

De: Sra. Maria Carol Thompson

Por favor, podria llamarme a mi oficina. Necesito hablar con Ud.

Muchas gracias.

Le saluda muy atentamente,

Maria Carol Thompson

Permanent Subcommittee on Investigations
EXHIBIT #52x

MESSAGE CONFIRMATION JUN-12-96 15:29

FAX NUMBER : 202-835-8519
NAME : EMBASSY BANKING

FAX NUMBER : 90115622166783

PAGE : 01

ELAPSED TIME : 00'37"

MODE : G3 STD

RESULTS : O.K

Permanent Subcommittee on Investigations
EXHIBIT #5y

RNB 029487

From: Sra. Maria Carol Thompson

Estoy en mi officina, si desea hablar por telefono.

Le saluda muy atentamente,

Maria Carol Thompson

Pounds Sterling
Pinochet.

wire #

acct #

Permanent Subcommittee on Investigations
EXHIBIT #52z

RIGGS

RIGGS A P BANK LIMITED
21 Great Winchester Street
London EC2N 2JH
Switchboard: 0171-588 7575 Fax: 0171-628 9949
Direct Line: 0171 614 4320

ROBERT C. ROANE
Managing Director

FAX TRANSMISSION

TO: Carol Thompson FROM: Robert C. Roane
Managing Director

DATE: 30 September 1996

Number of pages including this cover sheet: 2

Please see attached.

Registered office as above
Registered in England Number 344710
A subsidiary of The Riggs National Bank of Washington, D.C.

Wire Instructions
(Sterling)

Riggs AP Bank Limited
London
CHAPS Code 40-52-36

For further credit to Riggs Bank N.A. - Embassy Branch
Customer Account No. 25 005 393 (Sterling)

Notify Robert C. Roane, Managing Director

From: Sra. Maria Carol Thompson

Fecha

Sept. 10 - saldo - 165,125.11

Sept. 25 - ingreso - 365,152.00

Sept. 26 - ingreso - 12,328.77

Sept. 27 - saldo - 542,605.88

* En Londres

Riggs AP Bank, Limited
21 Great Winchester Street
London EC2N 2HH, England

Robert Roane - Director
telefono - 44171- 614 -4320

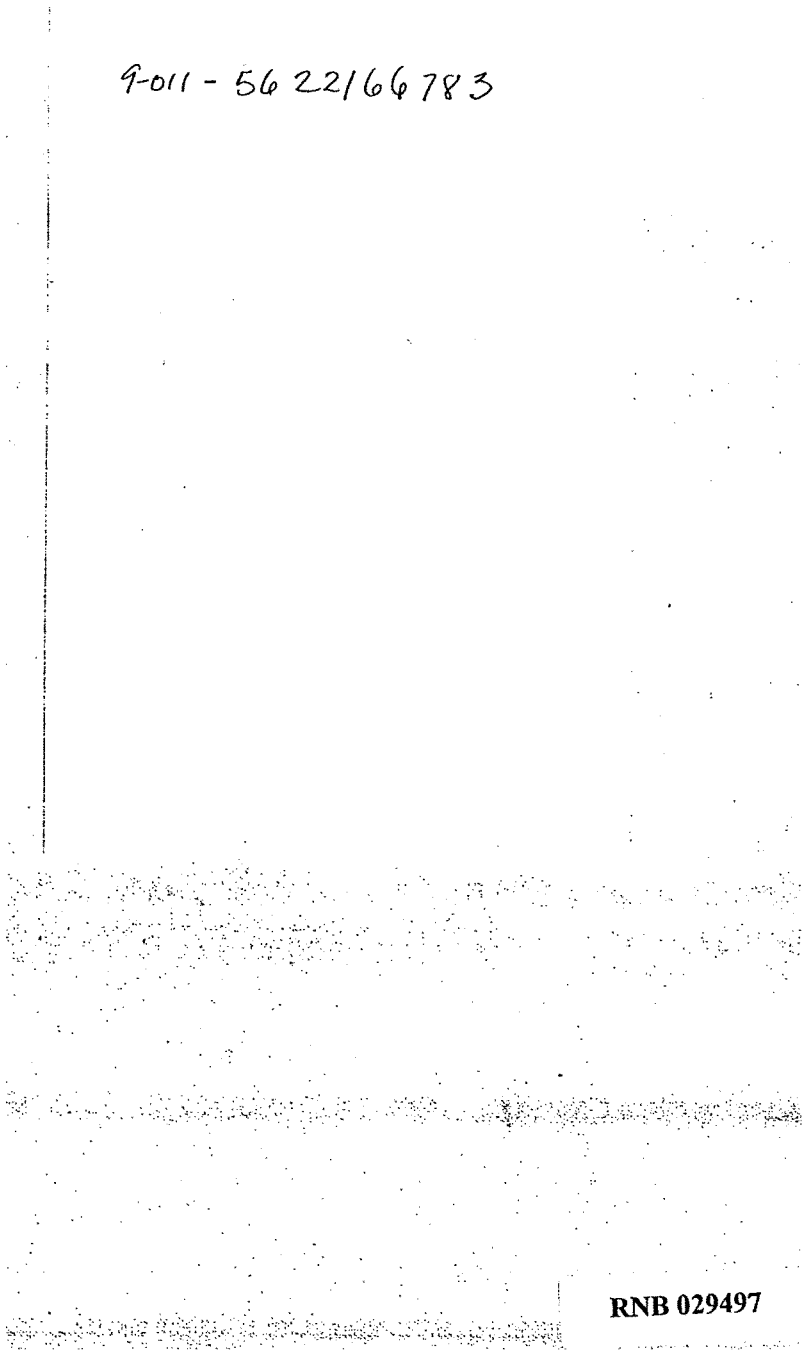
Le saluda muy atentamente,
Maria Carol Thompson

$200,000.
waiting

Permanent Subcommittee on Investigations
EXHIBIT #52aa

RNB 029496

9-011 - 56 22166783



RNB 029497

From: Sra. Maria Carol Thompson

Fecha

Julio 31	-	saldo -	134,564.93
Agosto 12	-	interes -	11,966.75
Agosto 27	-	deposito -	8,830
Agosto 27	-	deposito -	9,200
		total-	18,030
Agosto 31	-	interes -	563.43
Sept. 10	-	saldo -	165,125.11

Le saluda muy atentamente, Maria Carol Thompson

Permanent Subcommittee on Investigations
EXHIBIT #52bb

RNB 029499

MESSAGE CONFIRMATION

SEP-10-96 15:39

FAX NUMBER : 202-835-8519

NAME : EMBASSY BANKING

FAX NUMBER : 90115622166783

PAGE : 01

ELAPSED TIME : 00'36"

MODE : G3 STD

RESULTS : O.K

MESSAGE CONFIRMATION

SEP-10-96 15:32

FAX NUMBER : 202-835-8519

NAME : EMBASSY BANKING

FAX NUMBER : 90115622166783

PAGE : 01

ELAPSED TIME : 00'36"

MODE : G3 STD

RESULTS : O.K

Permanent Subcommittee on Investigations
EXHIBIT #52cc

RNB 029512

de: sra. María Carol Thompson

Si necesita hablar por teléfono, estoy en mi oficina hasta las 4:15 p.m.

Le saluda muy atentamente,

María Carol Thompson

MESSAGE CONFIRMATION

JUN-21-96 08:25

FAX NUMBER : 202-635

NAME : EMBASSY

FAX NUMBER : 90115622166783

PAGE : 01

ELAPSED TIME : 00'37"

MODE : G3 STD

RESULTS : O.K

Permanent Subcommittee on Investigations
EXHIBIT #52dd

RNB 029527

9011562216678 3

Fax

From: Sra. Maria Carol Thompson

Confirmando visita a Santiago el dia martes, 2 de julio de 1996, a las 10:30 am. Hyatt.

Le saluda muy atentamente,

Maria Carol Thompson

RNB 029529

FROM 96.04.22 12:37 P. 1

Santiago, Chile. Abril 22 de 1996

Señora
M. Carol Thompson
The Riggs National Bank
Washington D.C. 20036
U.S.A.
//

Estimada Sra. Carol:

Por la presente solicito a usted, se envie datos para enviar transferencia de dinero, a la cta. Nº 76-750-393, Necesito el número de ABA, de su banco Riggs National Bank en Washington D.C. 1913 Massachusetts Avenue N. W. Zip Code 20036 U.S.A. y confirmar cuenta corriente a nombre de Maria L. Hiriart.

Atento a su respuesta le saluda cordialmente,

Marco P. Hiriart

FONO/FAX:56-2-203 52 10

Permanent Subcommittee on Investigations
EXHIBIT #52ee

END

RNB 029549

Sra
Carol Thompson
~~FAX~~ 202 835 8518

Conforme conversado ayer lunes
8 pte comunico a Ud, lo siguiente,
- Reunion puede ser 16018
Confirmar mismo medio.
- Lo demas corre igual

atte
A.J.

Permanent Subcommittee on Investigations
EXHIBIT #52ff

FROM : MURCE PHONE NO. : Mar. 27 1996 11:45AM P01

Hyatt

SRA Vice presidente

Carol Thompson

Riggs - Washington - USA

Reunion a efectuarse
LUNES 8 a las 10,00 A.M.
10.30 A.M

Digame donde se manda a buscar para llevarla al lugar conferencia

SALUDOS

A.

Permanent Subcommittee on Investigations
EXHIBIT #52gg

RNB 029576

FROM : MURCE PHONE NO. : Mar. 25 1996 04:24PM P01

Thurs
10:00

SRA
M. Carol Thompson
FAX 202 835-8518

1.- Sería posible reunion aqui
Lunes ocho april, Responder
mismo medio para afinar
Conferencia

2.- Va correspondencia ruego
anexar su recepcion
atte
P
tores

-por la presente le confirmo nuestra
reunion el dia ocho de Abril,
Sera un placer poder verlo
nuevamente, Le favor confirme
la hora y el lesgar

Permanent Subcommittee on Investigations
EXHIBIT #52hh

RNB 029579

FROM : MURCE PHONE NO. : Feb. 19 1996 11:11AM P01

SRA
M. CAROL THOMPSON
VICE- PRESIDENT - LATIN AMERICA REGION
THE RIGGS NATIONAL BANK O WASHINGTON DC
FAX (202) 835 - 8518

1 EN DEPOSITO RENOVABLE cada
TRES MESES - M. HIRIART.

SALDO DEPOSITO C/a. VA CARTA

2. ESPERO VERLE EN SANTIAGO EN
MARZO.

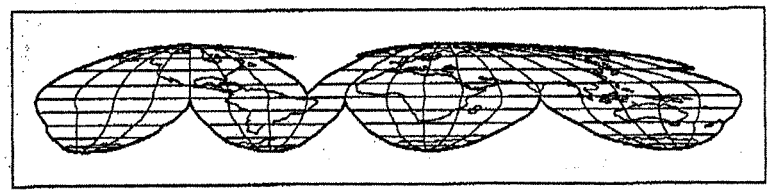
GRACIAS - ATE

2-20-96
saldo $1167,713.62

Permanent Subcommittee on Investigations
EXHIBIT #52ii

RNB 029593

FACSIMILE TRANSMISSION



THE RIGGS NATIONAL BANK OF WASHINGTON, D.C.
INTERNATIONAL PRIVATE BANKING DIVISION

Tel: (202) 835-5360 Fax: (202) 835-6749

TO: Kirk Thompson

FROM: Ray Lund

DATE: 1 - 10

NUMBER OF PAGES: 3

Permanent Subcommittee on Investigations
EXHIBIT #52jj

AUGUSTO PINOCHET UGARTE

1 MR. MS. MRS. MISS PLEASE SIGN HERE ↓

2 MR. MS. MRS. MISS PLEASE SIGN HERE ↓ Lucia Hiriart R.

SOC. SEC. NO.

CITIZENSHIP

SOC. SEC. NO.

CITIZENSHIP

MAILING ADDRESS

ZIP CODE

1 HOME ADDRESS IF DIFFERENT FROM ABOVE

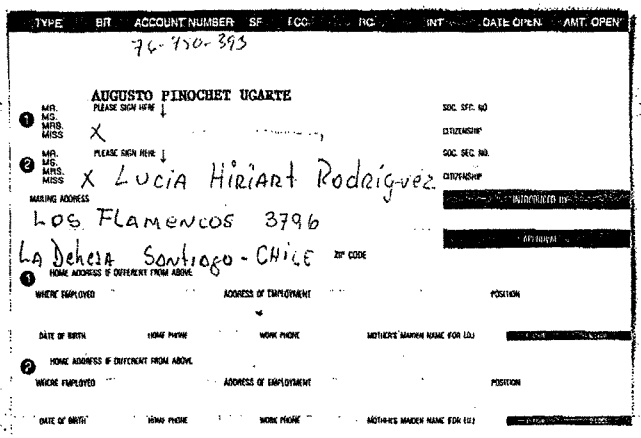
WHERE EMPLOYED ADDRESS OF EMPLOYMENT POSITION

DATE OF BIRTH HOME PHONE WORK PHONE MOTHER'S MAIDEN NAME (FOR I.D.)

2 HOME ADDRESS IF DIFFERENT FROM ABOVE

WHERE EMPLOYED ADDRESS OF EMPLOYMENT POSITION

DATE OF BIRTH HOME PHONE WORK PHONE MOTHER'S MAIDEN NAME (FOR I.D.)



TYPE BR ACCOUNT NUMBER SF FCC RC INT DATE OPEN AMT. OPEN

76-750-393

AUGUSTO PINOCHET UGARTE

1 MR. MS. MRS. MISS PLEASE SIGN HERE ↓ X

SOC. SEC. NO.

CITIZENSHIP

2 MR. MS. MRS. MISS PLEASE SIGN HERE ↓ X Lucia Hiriart Rodriguez

SOC. SEC. NO.

CITIZENSHIP

MAILING ADDRESS

Los Flamencos 3796

La Dehesa Santiago - CHILE ZIP CODE

HOME ADDRESS IF DIFFERENT FROM ABOVE

1 WHERE EMPLOYED ADDRESS OF EMPLOYMENT POSITION

DATE OF BIRTH HOME PHONE WORK PHONE MOTHER'S MAIDEN NAME FOR I.D.

2 HOME ADDRESS IF DIFFERENT FROM ABOVE

WHERE EMPLOYED ADDRESS OF EMPLOYMENT POSITION

DATE OF BIRTH HOME PHONE WORK PHONE MOTHER'S MAIDEN NAME FOR I.D.

RNB 029599

FROM : MURCE PHONE NO. : Feb. 25 1996 10:47PM P01

Sra M. Carol Thompson
Vice Presidente
RIGGS

AGRADEZCO comunicación

Semana via Carta se envíe medio Comunicacion

Solicito me de nuevo número

La Espero en mes de mayo OUR Cieron imprevistos

Mismo medio comunicarme una fecha con 15 días de anticipacion

SALUDOS Y
AGRADECE
Gen!

Permanent Subcommittee on Investigations
EXHIBIT #52kk

1 de Abril de 2002

Riggs BANK N.A.

Estimados Senores:

Ruego que me manden de mi cuenta 76835282 $500,000.00 US en Cashier's Check 10 cheques de US$ 50,000.00

Los Flamencos 3796
La Dehesa
Stgo - Rep. Chile

L. HIRIART
LOS FLAMENCOS 3496
~~LA D~~
Los Nogales de La Dehesa
Lo Barnechea
Santiago de Chile
tel. [redacted] - AT. MONICA ANANIA

RNB 030025

[redacted] = Redacted by the Permanent Subcommittee on Investigations

Permanent Subcommittee on Investigations
EXHIBIT #52ll

Memorandum to File From: Fernando Baqueiro FB ,

Date My 15th, 2001

Subject: Ashburton Company Limited

Through Carol Thompson , we receive the instructions from beneficial owner to establish a trust to own the private investment company referred to above. We have notified Riggs Bahamas of the request and we are doing the necessary due dilinge to follow the client's instructions.

Permanent Subcommittee on Investigations
EXHIBIT #52mm

Page: 1 Document Name: unt' led

```
 Greet      Name ASHBURTON CO LTD                    Comp          SS
 Address RBTC - C/O DELOITTE & TOUCHE     DATE ADDR CHNG  020100
 Address P.O. BOX N7120                   DATE LAST MAINT 100400
 Address NASSAU - BAHAMAS                 CHNGD BY USER
 Address                                  COM: Y RP: N AM:   HB:   EB:   WB:
 Address                                  RIGGS & CO:       KEY: ASHBCO.LT000
 City                                  ST      << SP Mail Flag  ZIP
 Home Phone #            Unlisted   Work Phone # 8093233426   TRK        BLK
 First Service TDS 0596 Last Service TDS 0500 Date of Death        Officer # NEW
 Correspondent   Bank   Government   Prospect   Officer      Stk Exchg
 Name Ext                                        SIC      D&B           SALES
 Contact                                  Indust
  ACCOUNT NUMBER          REL M T BR  PT  OPENED   CLOSED
1 TDS 76715547            BUS S   076 MM 05 31 96
2 TDS 76835493            BUS X X 076 MM 05 12 00
3 TDS 81305710            BUS X   076 CD 05 13 97 09 11 97
4 TDS 81307599            BUS X   012 CD 08 12 97 12 10 97
5 TDS 81372286            BUS X   076 CD 11 12 97 03 09 98
6 TDS 81386784            BUS S   076 CD 02 10 98 06 11 98
7 TDS 81402764            BUS X X 076 CD 05 11 98 09 10 98
8 TDS 81403302            BUS X X 076 CD 08 10 98 12 09 98
9 TDS 81440234            BUS X X 076 CD 11 09 98

 CUSTOMER DISPLAY - PRESS ENTER FOR START SCREEN -    *** PFK1 FOR HELP ***
```

Date: 5/21/01 Time: 8:56:54 AM

Permanent Subcommittee on Investigations
EXHIBIT #52nn

RNB 030122

Page: 1 Document Name: unt led

CUSTOMER SUMMARY ACCOUNT BALANCES 05/21/01 08:59:22

NOT ALL ACCOUNT RELATIONSHIPS MAY BE SHOWN *** HIGH-VAL = V

Name: ASHBURTON CO LTD Tax ID:

Addr: RBTC - C/O DELOITTE & TOUCHE Birth Date:

P.O. BOX N7120 Phones (Home):

NASSAU - BAHAMAS (Work): 809 323 3426

Related Parties: NO

Comments: YES

MAIL CODE Key: ASHBCO.LT000

	Acct No.	Current Principal	Average Year-Date	Average Last Year	Bank	RC	Rel	Acct Type
1	76715547	192,634.00	181,968	35,929	DC	076	BUS	MMA
2	76835493	308,046.00	293,418	240,217	DC	076	BUS	MMA
3	81440234	993,000.00	993,000	994,051	DC	076	BUS	CDA
4	81305710	CLOSED			DC	000	BUS	TDS
5	81307599	CLOSED			DC	000	BUS	TDS
6	81372286	CLOSED			DC	000	BUS	TDS
7	81386784	CLOSED			DC	000	BUS	TDS

(MORE) PRESS ENTER

M <----SELECT ACCT BY LINE # TO VIEW ACCT DETAIL

PF KEYS: 1 = Help 3 = Legal Titles 4 = Related Parties 5 = Overdrafts

6 = Loans 7 = First Page 8 = Next Page 10 = Main Menu

CUSTOMER DISPLAY - PRESS ENTER FOR START SCREEN - *** PFK1 FOR HELP ***

Page: 1 Document Name: unt led

```
                CUSTOMER SUMMARY ACCOUNT BALANCES            05/21/01 08:59:29
NOT ALL ACCOUNT RELATIONSHIPS MAY BE SHOWN              *** HIGH-VAL =   V
Name: ASHBURTON CO LTD                                      Tax ID:
Addr: RBTC - C/O DELOITTE & TOUCHE                       Birth Date:
      P.O. BOX N7120                                   Phones (Home):
      NASSAU - BAHAMAS                                         (Work): 809 323 3426
                                                    Related Parties: NO
                                                           Comments: YES
                                                                Key: ASHBCO.LT000

                     Current       Average       Average
  Acct No.         Principal     Year-Date     Last Year Bank  RC Rel Acct Type
1 81402764   CLOSED                                          DC  000 BUS TDS
2 81403302   CLOSED                                          DC  000 BUS TDS



  TOT DEP      1,493,680.00     1,468,386     1,270,197
  TOT LOAN
   <----SELECT ACCT BY LINE # TO VIEW ACCT DETAIL
PF KEYS:  1 = Help   3 = Legal Titles   4 = Related Parties   5 = Overdrafts
          6 = Loans  7 = First Page     8 = Next Page        10 = Main Menu
CUSTOMER DISPLAY - PRESS ENTER FOR START SCREEN -    *** PFK1 FOR HELP ***
```

RESOLUTION AND CERTIFICATE OF INCUMBENCY

I, CLAUDETTE D. SANDS Secretary of ASHBURTON COMPANY LIMITEI

Name of Corporation a corporation organized and existing

under the laws of THE BAHAMAS (the "corporation") do hereby certify to The Riggs National Bank of Washington, D.C., and Riggs Investment Management Corporation that the following is a true copy of resolutions duly adopted, in accordance with the By-Laws, by the Board of Directors of the corporation at a meeting held MAY 15, 19 96 at which a quorum was present and acting throughout, or by unanimous written consent as of MAY 15, 19 96, and that said resolutions are in full force and effect as of this date, have not been modified or rescinded and are not inconsistent with any of the provisions of the By-Laws or the Charter of the corporation.

RESOLVED, that the following officer(s) of ASHBURTON COMPANY LIMITED:

Name of Corporation

TITLE(S) OF OFFICER(S) DESIGNATED

J. RICHARD EVANS - PRESIDENT

LIONEL E. HAVEN - TREASURER

CLAUDETTE D. SANDS SECRETARY

S. BRUCE KNOWLES - ASSISTANT SECRETARY

are, and each of them hereby is, authorized from time to time and on such terms as may to such officer(s), or any of them, seem advisable, directly or indirectly (i) to purchase, acquire, discount, sell, assign and transfer stocks, bonds, evidences of interest, evidences of indebtedness and/or of other obligations, and all other securities corporate or otherwise, new or hereafter held by the corporation in its own right or in any fiduciary capacity, (ii) to enter into and execute agreements with custodians and/or investment managers including, without limitation, The Riggs National Bank of Washington, D.C. ("Riggs") and Riggs Investment Management Corporation ("RIMCO"), and to delegate responsibility for investment decisions to any such custodians and/or investment managers and to execute any and all applications, certificates or other documents in connection therewith, and (iii) to take or direct all such other actions and to execute, acknowledge and deliver any and all such other agreements, instruments, documents or other writings as may be necessary, proper or desirable to carry out or effectuate any of the foregoing; and that all such actions previously taken by such officers, or any of them, are hereby ratified and confirmed; and

Permanent Subcommittee on Investigations
EXHIBIT #52oo

"RESOLVED, that in connection with any direction to Riggs and/or RIMCO to do or effect any of the foregoing Riggs and RIMCO may rely, and shall be fully protected in relying, on any instructions, by any form of oral, written or electronic communication, purporting to be given by a person identified to the Bank by this Corporation as an authorized officer or agent; and

"RESOLVED, that these resolutions shall continue in full force and effect until notice in writing shall be given to Riggs and RIMCO of the amendment or revocation thereof, that Riggs and RIMCO may consider the corporation's officers to continue in the respective positions held by them, as at any time certified by the Secretary or Assistant Secretary of the corporation, until written notice to the contrary shall be given to Riggs and RIMCO, and that Riggs and RIMCO may rely upon the certificate of such Secretary or Assistant concerning the corporation's officers and agents, these resolutions and any amendment or matter pertaining hereto or thereto."

I FURTHER CERTIFY that the following now is (are) the duly qualified respective officer(s) designated in the foregoing resolutions and that their signature(s) appearing below are their true and correct signature(s):

NAME(S)	TITLE(S) OF OFFICER(S)	SIGNATURE(S)
J. RICHARD EVANS	PRESIDENT	
LIONEL E. HAVEN	TREASURER	
CLAUDETTE D. SANDS	SECRETARY	
S. BRUCE KNOWLES	ASSISTANT SECRETARY	Bruce Knowles

IN WITNESS WHEREOF, I have affixed my official signature and the seal of the said corporation, this 15TH DAY OF MAY, 1996.

Secretary

CORPORATE SEAL

ATTEST:

RETAINER LETTER

_____, 1996

Mr. Kevin M. Marra
Managing Director
Riggs Investment Management Corporation
808 17th Street, N.W., 11th Floor
Washington, D.C. 20006

Dear Mr. Marra:

We have received your ADV Part II within 48 hours of our signature to this letter and also have received the current prospectus describing the five RIMCO Monument Mutual Funds and RIMCO's General Terms and Conditions governing this retainer letter. We wish to retain RIMCO (Riggs Investment Management Corporation) as Investment Manager for funds owned by ASHBURTON COMPANY LIMITED (the "Fund Property").

RIMCO will manage the Fund Property according to the attached investment guidelines which we may modify in writing from time to time. We have received your attached fee schedule and understand that this schedule will remain in effect for the next two years. Any subsequent changes in the fee schedule will be communicated to us in writing.

RIMCO may list us as a client as a matter of fact and not as a testimonial to investment services provided. Additionally, in response to SEC Regulation 14b-1, we authorize RIMCO to release our name, address and share positions when required.

We understand that any mutual funds purchased by RIMCO on our behalf are **not FDIC insured,** are not deposits or obligations of or guaranteed by RIMCO or its affiliates, including The Riggs National Bank of Washington, D.C., and are subject to investment risks, **including possible loss of the principal amount invested.**

Upon receipt of this Letter and the Fund Property, please begin the Service at your earliest convenience.

Sincerely,

ASHBURTON COMPANY LIMITED
[Name of Client]

BY: J. RICHARD EVANS, PRESIDENT
[Name and Title of Authorized Signatory]

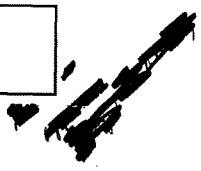
May 15, 1996
Date

Address: P.O. BOX N -7120
Nassau, Bahamas.

Created by Richard
for trip to Chile
by Carol + Fernando
4/20/00
SF

Permanent Subcommittee on Investigations
EXHIBIT #52pp

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Investigations





Minutes of a Joint Meeting of the International Committees
of Riggs National Corporation
and Riggs Bank N.A.

March 24, 2000

A joint meeting of the International Committees (the "Committee") of the Boards of Directors of Riggs National Corporation (the "Corporation" or "Riggs") and Riggs Bank N.A. (the "Bank") was convened on Friday, March 24, 2000, at 1528 Connecticut Avenue, N.W., Washington, D.C. Mr. Steven B. Pfeiffer, Chairman of the Corporation Committee, called the meeting to order at 8:35 a.m. Other Committee members present at this time were:

CORPORATION	BANK
Timothy C. Coughlin	Michael J. Jackson, Chairman*
Lawrence I. Hebert	Heather S. Foley*
John E. V. Rose*	Joyce A. Ladner
	Robert C. Roane

The following Bank officers were also present:

J. Carter Beese, Jr.*	Mary B. LeMont
Janell Blue	Raymond M. Lund
Joseph M. Cahill	F. Anderson Morse*
Wadih F. Hanna*	N. Sean Terry*

*Attended telephonically

Also attending from Arthur Andersen LLP ("AA") were Messrs. Robert G. Arnall, Engagement Partner, William P. Hassell, International Tax Partner, and Christopher Barnes, Manager (in London).

Ms. Mary B. LeMont, Secretary, called the role and established that a quorum was present.

Mr. Pfeiffer then directed attention to the minutes of the meeting held January 19, 2000. Upon motion duly made and seconded, the minutes were approved as presented.

Mr. Pfeiffer reminded the Committee that part of its charter was to protect and enhance Riggs' franchise in the embassy and international markets. He said that piece has been done and that it is now time for Riggs to build on that franchise. Mr. Pfeiffer stressed the importance of remembering that the international businesses are in a building phase during which Riggs is investing in its future.

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Permanent Subcommittee on Investigations
EXHIBIT #52qq

[redacted] Mr. Lund described a recent 19-day trip with Mr. Joe L. Allbritton, Chairman of the Board, and Mr. Timothy C. Coughlin, President of the Corporation, to Chile, Argentina, South Africa and Morocco. He reviewed business conversations held with several countries and summarized the productive results of the trip.

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Minutes of the Regular Meeting
of the Board of Directors
of Riggs National Corporation

October 11, 2000

The regular meeting of the Board of Directors of Riggs National Corporation (the "Corporation" or "Riggs") was held on October 11, 2000, at 1503 Pennsylvania Avenue, N.W., Washington, D.C. Mr. Joe L. Allbritton, Chairman of the Board, called the meeting to order in executive session at 8:48 a.m. Other Directors present at this time were:

Robert L. Allbritton
Timothy C. Coughlin
John M. Fabey, Jr.
Lawrence I. Hebert
Steven B. Pfeiffer
Robert L. Sloan
Jack Valenti
William L. Walton
Eddie N. Williams

Also attending was Mr. Karl P. Mattison.

Mr. Allbritton referred the Directors to the minutes of the regular Board of Directors meeting held July 12, 2000. There being no additions or corrections, and upon motion duly made and seconded, the minutes were approved as presented.

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Investigations

the following Bank officers joined the meeting:

J. Carter Beese, Jr.
Joseph M. Cahill
John L. Davis
Henry A. Dudley, Jr.
Mary B. LeMont
Robert C. Roane
W. E. Tige Savage
David W. Scott

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Permanent Subcommittee on Investigations
EXHIBIT #52rr

At this point, Director John E. V. Rose joined the meeting telephonically.

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Investigations

Mr. Steven B. Pfeiffer, Chairman of the International Committee, referred the Directors to the minutes of the meeting held July 12, 2000, and noted that it was the Committee's seventh anniversary of adopting its International Strategy. He said that the performance of the International Banking Group ("IBG") continues to increase, with $1.156 billion in deposits. Mr. Pfeiffer said that IBG's focus now is on building revenue-generating lines of business, particularly through International Private Banking in the UK and in Miami.

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Investigations

Mr. Coughlin explained that he had personally visited Chilean government and armed forces representatives in Washington and had traveled Chile to explain that Riggs continued to be well capitalized and in sound financial condition. He said his visits were successful.

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Investigations

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on Investigations

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Investigations

There being no further business, the meeting was adjourned at 10:00 a.m.

Chairman of the Board

ATTEST:

Corporate Secretary

G 1800
G 1801
G 1803

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on Investigations

G 1802

Minutes of a Joint Meeting of the International Committees
of Riggs National Corporation
and Riggs Bank N.A.

April 17, 2002

The joint International Committees (the "Committee") of the Boards of Directors of Riggs National Corporation (the "Corporation" or "Riggs") and Riggs Bank N.A. (the "Bank") met on Wednesday, April 17, 2002, at 1503 Pennsylvania Avenue, N.W., Washington, D.C. Mr. Steven B. Pfeiffer, Chairman of the International Committee, called the meeting to order at 11:37 a.m. The following Committee members were present at this time:

CORPORATION	BANK
Joe L. Allbritton	Heather S. Foley
J. Carter Beese, Jr.	Joyce A. Ladner
Timothy C. Coughlin	Robert C. Roane
Lawrence I. Hebert	

The following Corporation and Bank officers were present:

Robert L. Allbritton	Raymond M. Lund
David L. Bachetti*	Karl P. Mattison
Joseph M. Cahill	Henry D. Morneault
Wadih F. Hanna*	Geraldine Schweider*
Mary B. LeMont	Maria C. Thompson

*Attended telephonically.

Mr. Pfeiffer directed attention to the minutes of the meeting held January 23, 2002. There being no additions or corrections, and upon motion duly made and seconded, the minutes were approved as presented.

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Mr. Timothy C. Coughlin, President of the Corporation, reported that he and his wife, Mr. and Mrs. Joe

Permanent Subcommittee on Investigations
EXHIBIT #52ss

L. Allbritton, Ms. Carol Thompson, and Mr. Michael J. Elehwany had traveled to Chile in March. Mr. Coughlin characterized the Chilean relationship, with balances of about $100 million, as Riggs' most important one in South America. Redacted by Permanent Subcommittee on Investigations

Mr. Coughlin explained that the delegation had taken a marketing brochure that presents Riggs as a reliable, stable banking institution and presented it to the client, which included contingents from the Chilean Army, Navy, and Air Force. Mr. Coughlin thanked Mr. Joe L. Allbritton, Senior Chairman of the International Committee, for his leadership and contributions during the trip, reporting that in all respects the client's concerns had been addressed.

Mr. Frederick J. Ryan, Jr., Chairman of the Bank's International Committee, joined the meeting.

Ms. Thompson said that the timing of the trip was crucial due to pressure from the competition. She then reviewed the call reports, noting the persons met with, the topics of discussion, and the new business opportunities developed.

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Mr. Joe L. Allbritton and Mr. Robert L. Allbritton left the meeting.

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Redacted by Permanent Subcommittee on Investigations

There being no further business, the meeting adjourned at 1:00 p.m.

Steven B. Pfeiffer
Chairman, International Committee
Riggs National Corporation

Frederick J. Ryan, Jr.
Chairman, International Committee
Riggs Bank N.A.

ATTEST:

Mary B. LeMont
Secretary

RIGGS

INTERNATIONAL COMMITTEE MEETING

Wednesday, April 17, 2002

G 2999

Permanent Subcommittee on Investigations
EXHIBIT #52tt

INTERNATIONAL COMMITTEE MEETING

Corcoran Building
Wednesday, April 17, 2001

Tab 1 Agenda

Tab 2 Participants

Tab 3 Meeting Minutes

Tab 4 Chile Trip Report

Tab 5 Embassy Banking Europe Report

RIGGS NATIONAL CORPORATION
AND
RIGGS BANK N.A.

AGENDA FOR THE INTERNATIONAL COMMITTEE MEETING

Wednesday, April 17, 2002

I CALL TO ORDER. PRESIDING – *Mr. Pfeiffer*

II. APPROVAL OF January 23, 2002, MINUTES – *Mr. Pfeiffer* TAB 3

III. INTERNATIONAL BANKING GROUP UPDATE – *Mr. Lund*

IV. CHILE TRIP REPORT – *Mr. Coughlin* TAB 4

V. RIGGS BANK EUROPE – *Mr. Bachetti*

- Update on Commercial Book Loan Activities
- Review of New Mortgage Banking Business

VI. EMBASSY BANKING EUROPE UPDATE – *Ms. Schweider* TAB 5

VII. PRIVATE BANKING IN LONDON – *Mr. Hanna*

RIGGS NATIONAL CORPORATION
AND
RIGGS BANK N.A.

ATTENDANCE FOR MEETING

Wednesday, January 23, 2002

JOE. L. ALLBRITTON
ROBERT ALLBRITTON
J. CARTER BEESE, JR.
TIMOTHY C. COUGHLIN
HEATHER S. FOLEY
LAWRENCE I. HEBERT
JOYCE A. LADNER
STEVEN B. PFEIFFER
ROBERT C. ROANE
FREDERICK J. RYAN, JR.

***

DAVID BACHETTI (VIA TELECONFERENCE)
JOSEPH CAHILL
WADIH HANNA (VIA TELECONFERENCE)
MARY B. LeMONT
RAYMOND M. LUND
GERI SCHWEIDER (VIA TELECONFERENCE)
CAROL THOMPSON

DRAFT
April 17, 2002
12:00PM

Minutes of a Joint Meeting of the International Committees
of Riggs National Corporation
and Riggs Bank N.A.

January 23, 2002

The joint International Committees (the "Committee") of the Boards of Directors of Riggs National Corporation (the "Corporation" or "Riggs") and Riggs Bank N.A. (the "Bank") met on Wednesday, January 23, 2002, at 1503 Pennsylvania Avenue, N.W., Washington, D.C. Mr. Frederick J. Ryan, Jr., Chairman of the Bank Committee, called the meeting to order at 10:54 a.m. The following Committee members were present:

CORPORATION	BANK
Joe L. Allbritton	Heather S. Foley
J. Carter Beese, Jr.	Joyce A. Ladner
Timothy C. Coughlin	Robert C. Roane
Lawrence I. Hebert	

Corporation Director Steven B. Pfeiffer could not attend.

The following Bank officers were present:

David L. Bachetti*	Raymond M. Lund
Janell Blue	Henry D. Morneault
Michael Elehwany	Geraldine Schweider*
Wadih F. Hanna*	
Mary B. LeMont	

*Attended telephonically.

Mr. Ryan directed attention to the minutes of the meeting held July 11, 2001. Following discussion of several items, and upon motion duly made and seconded, the minutes were approved as presented.

Mr. Raymond M. Lund, Executive Vice President, International Banking Group ("IBG"), provided an overview of Domestic International Banking. He reported that Embassy Banking earned $7.2 million after taxes for 2001, up 20% over budget, and with $1.4 billion in deposit accounts. Mr. Lund also announced that Riggs had purchased a property for the Portuguese embassy and had entered into a lease back arrangement with the government of Portugal. He further reported that Riggs was moving accounts from the Riggs Bank & Trust Company (Bahamas) to Riggs Bank and Trust Company (Channel Islands) Limited. Mr. Lund expressed his appreciation for all the work Mr. Timothy C. Coughlin, President, Riggs National Corporation, has done in retaining and bringing in new international business.

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There being no further business, the meeting adjourned at 11:55 a.m.

Steven B. Pfeiffer
Chairman, International Committee
Riggs National Corporation

Frederick J. Ryan, Jr.
Chairman, International Committee
Riggs Bank N.A.

ATTEST:

Mary B. LeMont
Secretary

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RIGGS

Chile Trip
Call Report Memorandums

February 27, 2002 – March 11, 2002

786

G 3009

MONDAY, MARCH 4, 2002

SANTIAGO

11:00 a.m.	Brigadier General Carlos Cid Muñoz Director of Finance of the Army
8:30 p.m.	Dinner: Residence of Mr. Arriagada Mr. Genaro **Arriagada** Herrera and Wife, Ana Maria Advisor to President Ricardo Lagos/Director BancoEstado Mr. Maximo **Pacheco**, President-Latin America, International Paper and Wife, Soledad

TUESDAY, MARCH 5, 2002

10:30 a.m.	General Paulino **Villafaena** Director of Benefits (Pension and Insurance) for the Army and Air Force
11:30 a.m.	General Gonzalo **Miranda** Director Policia de Investigaciones (FBI)
4:00 p.m.	Colonel **Cisternas** ** Treasurer of the Air Force

WEDNESDAY, MARCH 6, 2002

12:00 p.m.	His Excellency Ricardo Lagos President of Chile
	Mr. Nicolas **Eyzaguirre** Minister of Finance

VINA DEL MAR

12:30 p.m. Lunch: Hotel Oceanic, Viña del Mar
Vice Admiral Edward **Gibbons** Hidgson *
Director of Finance of the Navy

SANTIAGO

8:30 p.m. Dinner: Presidential Suite, Hyatt Hotel
General Patricio **Campos** Montecinos and Wife, Viviana
Director of Chile DA
Colonel Ricardo **Castelli** Pauliac and Wife, Natividad Trives
Director of Finance of Chile DA

THURSDAY, MARCH 7, 2002

9:30 a.m. General Pedro **Bascuñan** Jara
Chief of Finance of the Air Force

11:00 a.m. Mr. Cristian **Barros**
Sub-Secretary of Foreign Affairs

4:00 p.m. Mr. Matias **Forno** Stingo **
Manager, Correspondent Banking, BancoEstado
Mr. Carlos **Martabit** Scaff **
Chief Financial Officer, BancoEstado

8:30 p.m. Dinner: Presidential Suite, Hyatt Hotel
General Patricio **Rios** Ponce and wife, Maria de la Luz
Commander in Chief of the Air Force
General Mario **Avila** Lobos and wife, Marcela
Deputy Commander in Chief of the Air Force

FRIDAY, MARCH 8, 2002

VALPARAISO

10:30 a.m.	Admiral Edward Gibbons Hodgson Director of Finance
11:30 a.m.	Comandante Enrique Cruzat Reyes Director of Finance, ASMAR

SANTIAGO

5:00 p.m.	General Mauricio Catalan ** Director of Logistics/Operations for the Carabineros (National Police)

SUNDAY, MARCH 10, 2002

8:00 p.m.	Army's Change of Command Ceremony Guest of General Ricardo Izurieta and Wife, Beatriz Commander in Chief of the Army

* *Attended by Mr. Coughlin*
** *Attended by Mr. Coughlin and Mrs. Thompson*

CALL REPORT MEMORANDUM

Brigadier General Carlos Cid Munoz
Director of Finance for the Chilean Army

Office Phone: [redacted]

Existing Relationship: (1960's)
Credits: $5 mil. line of credit (unsec.)
$15 mil. (sec.) with rest of Armed forces
Deposits: $48 mil.

Others in attendance:
Col. Jozo Santic, Col. Felix Munoz, Col. Jose Paulesevic

Officer's Call Report

Date: March 4, 2002 (Army H.Q., Santiago, Chile)
Riggs' Officers: Joe L. Allbritton, Timothy C. Coughlin, Maria Carol Thompson and Michael J. Elehwany
Objective: The purpose of this meeting was to maintain and further develop the existing official relationship with the Chilean Army, along with updating our clients on Riggs' financial condition and managerial changes.

Topics Discussed:

- Mr. Coughlin reviewed presentation materials, which highlighted Riggs' financial condition and capital strength.
- Mr. Allbritton discussed managerial changes and summarized the 4th quarter write-off.
- Mr. Coughlin elaborated on Riggs financial results for 2001.
- [redacted]

New Business Opportunities:

- Gen. Cid stated that he would contact Riggs concerning our willingness to provide construction financing for a new Army hospital in Santiago. The amount financed is anticipated to be $100 mil.
- [redacted]

Follow-up Action:

- Mrs. Thompson will be in contact with Gen. Cid to prepare Riggs' proposal for the hospital financing, which is expected to be put out for bid in May '02.
- Mrs. Thompson will contact DC Army Mission to discuss activating the unsecured line of credit.

CALL REPORT MEMORANDUM

Ambassador Genaro Arrigada Herrera and Ana Maria Arrigada Office Phone: [redacted]

[redacted] = Redacted by the Permanent Subcommittee on Investigations

Advisor to President Lagos and Director, BancoEstado

Existing Relationship: (1999)
Credits: [redacted]
Deposits: [redacted]

Others in attendance:
Mr. Maximo Pacheco, President, Latin America, International Paper
Mrs. Soledad Pacheco

Officer's Call Report

Date: March 4, 2002 (Dinner venue, Arrigada residence, Santiago, Chile)
Riggs' Officers: Mr. & Mrs. Joe L. Allbritton, Mr. & Mrs. Timothy C. Coughlin, Maria Carol Thompson and Michael J. Elehwany
Objective: The purpose of this meeting was to thank Amb. Arrigada for his efforts in coordinating meetings with senior Chilean governmental officials.

Topics Discussed:

- Regional economic and political issues.
- Current Chilean economic and business issues.
- Amb. Arrigada's newly published magazine.
- Current business issues facing International Paper.
- Riggs' financial condition and managerial changes.

New Business Opportunities:

- [redacted]
- [redacted]

Follow-up Action:

- [redacted]
- Mrs. Thompson to continue discussion with various Chilean governmental officials concerning Cash Link.

[redacted] = Redacted by the Permanent Subcommittee on Investigations

CALL REPORT MEMORANDUM

General Paulino Villafaena
Director of Benefits (Pension & Insurance) for the Army & Air Force

Office Phone: [redacted]
Existing Relationship: prospect
Credits: N/A
Deposits: N/A

Others in attendance:
None

Officer's Call Report

Date: March 5, 2002 (H.Q. of Army & Air Force Pension Office, Santiago, Chile)
Riggs' Officers: Joe L. Allbritton, Timothy C. Coughlin, Maria Carol Thompson and Michael J. Elehwany
Objective: The purpose of this meeting was to explore new business opportunities related to insurance and investment services.

Topics Discussed:

- Riggs' personnel thanked Gen. Villafaena for his role in developing our relationship with the Air Force mission in London and DC.
- Regional economic and political issues.
- Mr. Coughlin reviewed Riggs' financial condition.
- Mr. Allbritton discussed recent managerial changes.
- Gen. Villafaena stated that his office is presently seeking approval to invest outside of Chile. He stated that he presently manages a $70 mil. portfolio. He anticipates a portion of this amount could be invested outside the country.
- Mr. Coughlin reviewed Riggs' insurance and investment services.

New Business Opportunities:

- [redacted]

Follow-up Action:

- [redacted]

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[redacted] = Redacted by the Permanent Subcommittee on Investigations

CALL REPORT MEMORANDUM

General Gonzalo Miranda
Director Policia de Investigaciones ("FBI")

Office Phone: [redacted]

Existing Relationship: [redacted]
Credits:
Deposits: [redacted]

Others in attendance:
None

Officer's Call Report

Date: March 5, 2002 (H.Q. of Policia de Investigaciones, Santiago, Chile)
Riggs' Officers: Joe L. Allbritton, Timothy C. Coughlin, Maria Carol Thompson and Michael J. Elehwany
Objective: The purpose of this meeting was to explore new business opportunities with the FBI.

Topics Discussed:

- General Miranda thanked Riggs for its many years of service to both himself and the Air Force.
- Regional economic and political issues.
- Mr. Coughlin reviewed Riggs' financial condition and the 4th quarter charge-off.
- Mr. Allbritton discussed recent managerial changes.
- Gen. Miranda stated that the FBI would grow as a result of drug and crime issues facing Chile. He mentioned that the FBI will need additional technological investments and helicopters.
- Mr. Coughlin discussed payment and deposit services.

New Business Opportunities:

- Letter of credit, payment and deposit services for the FBI.

Follow-up Action:

- Mrs. Thompson will visit with Gen. Miranda at the air show in April '02.
- Mrs. Thompson will continue her discussions with Gen. Miranda on new account activities.

[redacted] = Redacted by the Permanent Subcommittee on Investigations

CALL REPORT MEMORANDUM

Colonel Enrique **Cisternas**
Deputy Director of Finance, Chilean Air Force

Others in attendance:
None

Office Phone: [redacted]
Existing Relationship: 1980's
Credits:
Deposits: [redacted]

Officer's Call Report

Date: March 5, 2002 (Air Force H.Q., Santiago, Chile)
Riggs' Officers: Timothy C. Coughlin and Maria Carol Thompson
Objective: The purpose of this meeting was to introduce Mr. Coughlin to Col. Cisternas, along with exploring new business opportunities.

Topics Discussed:

- Mr. Coughlin presented a historical review of the Bank, along with an update on recent managerial changes.
- Mr. Coughlin gave a detailed review of Riggs' financial condition and capital position.
- Mrs. Thompson gave a presentation on Riggs' cash management services and Microlink, MTW and online letter of credit.
- Mrs. Thompson discussed reserve management in connection with the pending purchase of the F-16 fighters.

New Business Opportunities:

- Riggs Cash Management Services and investment management of F-16 proceeds.

Follow-up Action:

- Mrs. Thompson will visit Col. Cisternas at the air show in Apirl '02.
- Mrs. Thompson will follow-up on coordinating the cash management contracts.
- Mrs. Thompson will follow-up on reserve management prospects.

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CALL REPORT MEMORANDUM

President Ricardo Lagos
Minister Nicolas Eyzaguirre Guzman, Minister of Finance

Office Phone: [redacted]

Existing Relationship: (1960's)
Credits: [redacted]
Deposits: [redacted]

Others in attendance:
Presidential Assistant

Officer's Call Report

Date: March 6, 2002 (Presidential Palace, Santiago, Chile)
Riggs' Officers: Joe L. Allbritton, Maria Carol Thompson and Michael J. Ehehwany
Objective: The purpose of this meeting was to thank the President and the Minister of Finance for our exiting relationship and discuss Cash Link opportunities.

Topics Discussed:

- Mr. Allbritton discussed and expressed his thanks for the long-standing relationship between Riggs and the Government of Chile.
- [redacted]
- Regional economic and political issues.
- Mr. Allbritton discussed recent managerial changes and the 4th quarter charge-off.
- Mr. Allbritton reviewed Riggs' Cash Link service, to which President Lagos stated that he is quite interested in this service.
- Minister Eyzaguirre expressed an interest in receiving a Cash Link presentation during a future (unspecified) visit to Washington.

New Business Opportunities:

- Cash Link

Follow-up Action:

- Mrs. Thompson will coordinate with Minister Eyzaguirre on a Cash Link presentation on a future trip to Washington.

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CALL REPORT MEMORANDUM

Vice Admiral Edward Gibbons Hodgson
Director General of Finance of the Navy

Office Phone: [redacted]

Existing Relationship: 1960's
Credits:
Deposits: [redacted]

Others in Attendance:
None

Officer's Call Report

Date: March 6, 2002
Riggs Officers: Timothy C. Coughlin
Objective: To reestablish Chilean Navy's confidence in Riggs as a financially strong and reliable provider of banking services including the replacement of the $50 million in time deposits which were withdrawn from Riggs because of the Chilean Navy's concern about Riggs's loss in 2001.

Topics Discussed:

Mr. Coughlin hosted Admiral Gibbons to lunch at the Hotel Oceanic in Viña del Mar. After introducing himself to Admiral Gibbons and thanking him for the appointment, Mr. Coughlin extended apologies from Mr. Allbritton and Carol Thompson who were meeting at the same time with President Lagos in Santiago for an appointment arranged by Ambassador Bianchi, Chile's Ambassador to the United States.

Admiral Gibbons said that he had instructed the Chilean Navy's Attachés in Washington and London to withdraw the Chilean Navy's time deposits from Riggs based on his concern about Riggs's financial standing. He said he lacked a full understanding of Riggs's "restructuring" expenses and the reasons for those expenses to be so large. He also said that he had no other concerns about the Chilean Navy's relationship with Riggs other than Riggs's financial condition.

Mr. Coughlin reviewed page 13 of Riggs's 2001 Annual Report with Admiral Gibbons and explained all the items that aggregated the $40 million charge which Riggs took in December of 2001. Admiral Gibbons explained this was the first time he had seen this information, and Mr. Coughlin explained it had already been given to Admiral Arellano, the Chilean Navy's Attaché in Washington, and Admiral Rosa, Admiral Gibbons's Deputy in Valparaiso.

[redacted] = Redacted by the Permanent Subcommittee on Investigations

Admiral Gibbons said he thought it was very unusual for any bank to report a loss, and asked if this was true in the United States. Mr. Coughlin said it was not that unusual for banks in the United States to take significant restructuring charges and remain financially strong as Riggs had done in December of 2001, and he pointed out that Riggs continues to have very high capital ratios after the December 2001 charge-offs. Mr. Coughlin also pointed out that as a result of these charge-offs, Riggs would save $6.6 million of expenses in 2002 and that the annual benefits to Riggs's income in years 2003 and beyond would be even greater.

Mr. Coughlin reviewed the presentation on Riggs entitled *A Distinguished History of Trust and Strength.* Admiral Gibbons made one suggestion for the presentation, namely that in the list of attributes of Riggs under the caption *Outstanding Reputation,* the word "seguridad" which means security should be changed to "fortaleza" which means strength. He said that he very much appreciated receiving all the information about Riggs and would review it carefully.

Admiral Gibbons said that the Chilean Navy is maintaining its relationship with Riggs except for time deposits, and he pointed out that once previously in the early 1990's the Chilean Navy had withdrawn its time deposits from Riggs and had reestablished them when it became comfortable with Riggs's financial standing.

Mr. Coughlin said that he would return to Valparaiso with Mr. Allbritton and Carol Thompson on Friday, March 8 to visit ASMAR and offered to visit Admiral Gibbons again on that date. Admiral Gibbons extended an invitation to visit with him immediately before the meeting with ASMAR and expressed sincere gratitude for the meeting with Mr. Coughlin and all of the information provided.

New Business Opportunities:

Admiral Gibbons appears willing to consider the reestablishment of the Chilean Navy's time deposits with Riggs over the course of 2002 and to continue the close working relationship between Riggs and the Chilean Navy. These are the goals for this relationship.

Follow-up Action:

Carol Thompson will meet with Admiral Gibbons in Valparaiso during her trip to Chile in April, and Admiral Gibbons will visit Riggs when he travels to Washington, D.C. Carol Thompson will work with Admiral Arellano and Commander Kitzing in Washington to reestablish the Chilean Navy's time deposits and coordinate with her counterpart at Riggs London for the reestablishment of the Chilean Navy's time deposits there.

CALL REPORT MEMORANDUM

General Patricio Campos Montecinos and Viviana Campos
Director of Chile DA
General Ricardo Castelli Paullac and Natividad Castelli
Director of Finance, Chile DA

Office Phone: [redacted]

Existing Relationship: (1986)
Credits: [redacted]
Deposits:

Others in Attendance: None

Officer's Call Report

Date: March 6, 2002 (Dinner venue, Presidential Suite, Hyatt Hotel, Santiago, Chile)
Riggs' Officers: Mr. & Mrs. Joe L. Allbritton, Mr. & Mrs. Timothy C. Coughlin, Maria Carol Thompson and Michael J. Elehwany
Objective: The purpose of this meeting was to thank Gen. Campos and Castelli for the long-standing relationship between Riggs and the Chile DA.

Topics Discussed:

- Mr. Allbritton discussed and expressed his thanks for the long-standing relationship between Riggs and the Chile DA.
- Regional economic and political issues.
- Mr. Allbritton discussed recent managerial changes.
- Mr. Coughlin briefly discussed Riggs' financial condition and forwarded financial information.

New Business Opportunities:

- [redacted]

Follow-up Action:

- [redacted]

[redacted] = Redacted by the Permanent Subcommittee on Investigations

CALL REPORT MEMORANDUM

General Pedro **Bascunan Jara**
Chief of Finance of the Air Force

Office Phone: [redacted]

Existing Relationship: 1960's
Credits: [redacted]
Deposits: [redacted]

Others in attendance:
None

Officer's Call Report

Date: March 7, 2002 (H.Q. of Chilean Air Force, Santiago, Chile)
Riggs' Officers: Joe L. Allbritton, Timothy C. Coughlin, Maria Carol Thompson and Michael J. Elehwany
Objective: The purpose of this meeting was to thank the General for the Air Force's long-standing relationship with Riggs and explore new business opportunities.

Topics Discussed:

- Gen. Bascunan began the meeting by mentioning that he met with Martha Sheppard in London. He also stated that he opened the London mission account with Bob Roane several years ago.
- Regional economic and political issues.
- Mr. Coughlin reviewed Riggs' financial condition and the 4th quarter charge-off.
- Mr. Allbritton discussed recent managerial changes.
- Mr. Coughlin spoke briefly about Cash Link.
- Gen. Bascunan discussed banking regulations in Chile and the USA.
- Gen. Bascunan made it clear that the Air Force wishes to have online information for its accounts with Riggs Washington and London. The General mentioned that logistics for the London mission is administered out of Santiago. He stated that it took too much time to obtain our CD rates over the telephone. Mr. Allbritton mentioned that he would consult with Robert Allbritton on accelerating this matter.

New Business Opportunities:

- Online access for the Air Force's London accounts.

Follow-up Action:

- Mrs. Thompson will visit with Gen. Bascunan at the air show in April '02.
- Mrs. Thompson to follow-up with Air Force personnel on Microlink and NTW contracts. Once approved by Air Force counsel, Mrs. Thompson will coordinate installation.

[redacted] = Redacted by the Permanent Subcommittee on Investigations

CALL REPORT MEMORANDUM

Mr. Christian Barros
Undersecretary, Ministry of Foreign Affairs

Office Phone: [redacted]

Existing Relationship: 1990
Credits: [redacted]
Deposits:

Others in attendance:
None

Officer's Call Report

Date: March 7, 2002 (Ministry of Foreign Affairs, Santiago, Chile)
Riggs' Officers: Joe L. Allbritton, Timothy C. Coughlin, Maria Carol Thompson and Michael J. Ekhwany
Objective: The purpose of this meeting was to thank Minister Barros for the Foreign Ministry's long-standing relationship with Riggs and explore new business opportunities.

Topics Discussed:

- Mr. Allbritton began the meeting by thanking the Minister for the Chilean embassy's long-standing relationship with Riggs.
- The Minister and Mr. Allbritton discussed regional economic and political issues.
- Minister Barros mentioned that Chile will be spending increased expenditures on improving its educational system, which includes expanding the primary education system from 8 to 12 years.
- Mrs. Thompson discussed the importance of a free trade agreement for Chile.
- Minister Barros stated that he believed a free trade agreement with the USA was probable before an agreement with the EU, given the recent steel tariffs announced by the US Government.
- Mrs. Thompson brought up the subject of a possible lease-buy back transaction in Washington for the Chilean Mission to the OAS.
- Minister Barros mentioned that he is well aware of this matter and that the Finance Ministry is treating the transaction as debt, hence the delay to move forward. Mrs. Thompson reiterated that Riggs has sent a proposal to the Embassy.
- Mr. Coughlin discussed the accounting treatment of this proposed transaction.

New Business Opportunities:

- Chilean OAS Mission lease-buy back transaction.

Follow-up Action:

- Mrs. Thompson to continue to pursue lease-buy back transaction.

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[redacted] = Redacted by the Permanent Subcommittee on Investigations

CALL REPORT MEMORANDUM

Mr. Carlos Martabit Scaff
Chief Financial Officer, BancoEstado
Mr. Matis Forna Stingo
Manager, Correspondent Banking, BancoEstado

Office Phone: [redacted]
Existing Relationship: 1975
Credits:
Deposits: [redacted]

Others in attendance: None

Officer's Call Report

Date: March 7, 2002 (Avda. Liberador B. O'Higgins 111, Santiago, Chile)
Riggs' Officers: Timothy C. Coughlin and Maria Carol Thompson
Objective: The purpose of this meeting was to make a courtesy call on our sole Chilean correspondent bank.

Topics Discussed:

- Mr. Coughlin presented a historical review of the Bank, along with an update on recent managerial changes.
- Mr. Coughlin gave a detailed review of Riggs' financial condition and capital position.
- Mrs. Thompson and Mr. Coughlin held a detailed discussion of Cash Link and Riggs' relationship with the Chilean Government.
- Detailed discussion on Riggs' credit rating.
- Mr. Forna stated they will be in DC for the IMF-World Bank Annual Meetings.
- Mr. Forna gave a financial summary of BancoEstado.

New Business Opportunities:

- Cash Link opportunity, given BancoEstado's relationship with the central government.

Follow-up Action:

- Invite BancoEstada personnel to Riggs' function during IMF-World Bank Annual Meetings in September '02.

[redacted] = Redacted by the Permanent Subcommittee on Investigations

CALL REPORT MEMORANDUM

General Patricio Rios Ponce and Maria de la Luz Rios
Commander in Chief of the Air Force
General Mario Avila Lobos and Marcela Avila
Deputy Commander of the Air Force

Others in Attendance: None

Office Phone: [redacted]

Existing Relationship: 1960's
Credits:
Deposits:

Officer's Call Report

Date: March 7, 2002 (Dinner venue, Presidential Suite, Hyatt Hotel, Santiago, Chile)
Riggs' Officers: Mr. & Mrs. Joe L. Allbritton, Mr. & Mrs. Timothy C. Coughlin, Maria Carol Thompson and Michael J. Elehwany
Objective: The purpose of this meeting was to thank Gen. Rios and Avila for the long-standing relationship between Riggs and the Chilean Air Force.

Topics Discussed:

- Mr. Allbritton expressed his thanks for the long-standing relationship between Riggs and the Chilean Air Force.
- Regional economic and political issues.
- Mr. Allbritton discussed recent managerial changes.
- Mr. Coughlin informed Gen's. Rios and Avila of our prior meeting with Gen. Bascunan and forwarded to them updated financial information.
- Gen. Rios expressed his pleasure that the Riggs entourage had enjoyed the recent trip to Antarctica at his invitation.

New Business Opportunities:

- Riggs seeks to manage a larger portion of the Air Force's reserves, specifically for the purchase of F-16 fighters.

Follow-up Action:

- Mrs. Thompson will attend the Chilean air show in April '02 and re-visit with both Gen. Rios and Avila.
- Mrs. Thompson will coordinate the installation of Microlink and MTW systems.
- Mrs. Thompson will follow-up on a prior proposal for Riggs to manage the Air Force's reserves.

[redacted] = Redacted by the Permanent Subcommittee on Investigations

CALL REPORT MEMORANDUM

Admiral Edward Gibbons Hodgson
Director of Finance, Chilean Navy

Office Phone: [redacted]
Existing Relationship: 1960's
Credits:
Deposits:

Others in attendance:
Admiral Alejandro Rosa, Deputy Director of Finance
Ret. Admiral Christan Cifuentes, Advisor to the Navy

Officer's Call Report

Date: March 8, 2002 (Chilean Navy H.Q., Valparaiso, Chile)
Riggs' Officers: Joe L. Allbritton, Timothy C. Coughlin, Maria Carol Thompson and Michael J. Elehwany
Objective: The purpose of this meeting was to address our relationship with the Chilean Navy, along with providing an update on Riggs' financial condition and managerial changes.

Topics Discussed:

- Mr. Allbritton thanked Admirals Gibbons and Rosa for our long-standing relationship.
- Mr. Allbritton provided an update on managerial changes and our financial condition.
- Mr. Coughlin provided a more detailed review of our financial condition and capital position. Admiral Gibbons appeared pleased with the discussion of Riggs' financial condition.
- Admiral Gibbons spoke about the relationship between the Navy and the Banco del Estado.
- Mrs. Thompson offered cash management and Microlink services.

New Business Opportunities:

- Customer retention and retrieval of large time deposits.

Follow-up Action:

- Mrs. Thompson to keep the Navy informed of our financial condition on a quarterly basis.

[redacted] = Redacted by the Permanent Subcommittee on Investigations

CALL REPORT MEMORANDUM

Commander Enrique Cruzat Reyes
Director of Finance, ASMAR

Others in attendance:
Captain Kurt Sulzer, Deputy Chairman, ASMAR

Office Phone: [redacted]
Existing Relationship: 1960's
Credits: [redacted]
Deposits: [redacted]

Officer's Call Report

Date: March 8, 2002 (ASMAR H.Q., Valparaiso, Chile)
Riggs' Officers: Joe L. Allbritton, Timothy C. Coughlin, Maria Carol Thompson and Michael J. Elehwany
Objective: The purpose of this meeting was to express our appreciation for the long-standing relationship with ASMAR and explore new business opportunities.

Topics Discussed:

- Mr. Allbritton provided an update on managerial changes and our financial condition.
- Mr. Coughlin provided a more detailed review of our financial condition and capital position.
- Com. Cruzat stated that ASMAR would be interested in opening new accounts at Riggs Berlin. He also talked about the loss of Chilean Navy frigate contract and that ASMAR would seek new customers, particularly in Western Europe.
- Com. Cruzat stated that ASMAR was improving its systems, along with reorganizing its processes in wake of the frigate decision. He also said that ASMAR operates with no debt and it competes on quality, price and timing. A prior Icelantic contract negatively impacted ASMAR's profitability in 2000, but the company managed to be marginally profitable in the same year. ASMAR's profitability for 2001 is improved.
- [redacted]
- Mrs. Thompson discussed cash management and Microlink services.
- Com. Cruzat discussed the recent build-up in cash, which he attributed to the success of the company.
- Capt. Sulzer stated that his prior position was a repair manager in Talcawanno, which is ASMAR's largest facility with 3,000 employees.

New Business Opportunities:

- If the frigate decision changes, a new ASMAR account may be needed at Riggs Berlin.
- Microlink and MTW follow-up. ASMAR is already using both services.

Follow-up Action:

- Mrs. Thompson will explore financing opportunities with ASMAR as appropriate after receipt of the company's 2001 financial statement. We will continue monitoring ASMAR's financial condition.

[redacted] = Redacted by the Permanent Subcommittee on Investigations

CALL REPORT MEMORANDUM

General Maurico **Catalan**
Director of Logistics, Carabineros

Office Phone: [redacted]
Existing Relationship: prospect
Credits: N/A
Deposits: N/A

Others in attendance:
None

Officer's Call Report

Date: March 8, 2002 (Carabineros H.Q., Santiago, Chile)
Riggs' Officers: Timothy C. Coughlin and Maria Carol Thompson
Objective: The purpose of this meeting was to explore new business opportunities.

Topics Discussed:

- Mr. Coughlin presented a historical review of the Bank, along with an update on recent managerial changes.
- Mr. Coughlin gave a detailed review of Riggs' financial condition and capital position.
- Mr. Coughlin asked for an official relationship. Gen. Catalan stated that he is presently awaiting approval to open official accounts in Washington.
- Gen. Catalan stated that he has online account information with all of his other banks and would expect similar services from Riggs.
- Mrs. Thompson gave a presentation on Riggs' cash management service, Microlink and MTW.
- Gen. Catalan detailed his 2-year experience in Washington and his fondness for Riggs.

New Business Opportunities:

- Official accounts, to be used primarily for letters of credit.

Follow-up Action:

- Mrs. Thompson will visit Gen. Catalan in April '02 to follow-up on opening of official accounts.

[redacted] = Redacted by the Permanent Subcommittee on Investigations

CALL REPORT MEMORANDUM

Change of Command Ceremony
General Ricardo Izurieta Caffarena
Commender in Chief of the Chilean Army

Office Phone: [redacted]

Existing Relationship: 1960's
Credits: [redacted]
Deposits: [redacted]

Others in Attendance: Gen. Juan Emilio Cheyre

Officer's Call Report

Date: March 10, 2002 (Army Academy, Santiago, Chile)
Riggs' Officers: Mr. & Mrs. Joe L. Allbritton, Mr. & Mrs. Timothy C. Coughlin, Maria Carol Thompson and Michael J. Elehwany
Objective: The purpose of this meeting was to thank Gen. Izurieta and other senior Chilean military and governmental contacts for their long-standing relationship.

Attendees Met:

- President Lagos
- Gen. Ricardo Izurieta Caffarena, outgoing Chief of the Army
- Gen. Juan Emilio Cheyre, incoming Chief of the Army
- Gen. Rios, Chief of the Air Force
- Gen. Avila , Deputy Chief of the Air Force
- Gen. Oscar Izurieta, Army
- Admiral Vergara, Secretary of the Navy
- Admiral Howard, Navy
- Mr. Andronico Luksic, Banco de Edwards / Banco de Chile
- Col. Felix Munoz, Treasurer Chilean Army
- Gen. Patricio Campos, Director Chile DA
- Gen. Patricio Chacon, Chief of Staff, Chilean Army

[redacted] = Redacted by the Permanent Subcommittee on Investigations

Minutes of the Regular Meeting
Of the Board of Directors
Of Riggs National Corporation

July 17, 2002

The regular meeting of the Board of Directors of Riggs National Corporation (the "Corporation" or "Riggs") was held on July 17, 2002, at 1503 Pennsylvania Avenue, N.W., Washington, D.C. Mr. Robert L. Allbritton, Chairman, called the meeting to order in executive session at 8:55 a.m. Other directors attending this meeting were:

Joe L. Allbritton
J. Carter Beese, Jr.
Charles A. Camalier, III
Timothy C. Coughlin
Lawrence I. Hebert
Steven B. Pfeiffer
Robert L. Sloan
Jack Valenti
William L. Walton

Director Eddie N. Williams did not attend.

Bank and Corporation officers attending were Ms. Mary B. LeMont and Messrs. Joseph M. Cahill and William A. Craig.

Mr. Allbritton directed attention to the minutes of the organization/regular Board of Directors meeting held April 17, 2002. There being no additions or corrections, and upon motion duly made and seconded, the minutes were approved as presented.

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on Investigations

Permanent Subcommittee on Investigations
EXHIBIT #52uu

The executive session concluded, and the meeting continued in regular session. The following Bank officers joined the meeting:

Henry A. Dudley, Jr.	Henry D. Morneault
Michael Elehwany	Robert C. Roane
Shaun V. Kelley	Steven T. Tamburo

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Mr. Robert L. Sloan, Chairman of the Corporation's Audit Committee, summarized the Audit Committee meeting held June 26, 2002. He reported that the Committee had received progress reports on compliance with the Bank Secrecy Act ("BSA"), vendor management, contingency planning activities, litigation matters, and KPMG LLP's audit plan for 2002.

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The OCC addressed two major components of the USA PATRIOT Act. Mr. Sloan said that the Committee spent considerable time discussing the implications of this act, which will impose significant new burdens and responsibilities on the Bank. Riggs will now be required to "detect and report" any money laundering attempts.

The OCC identified four key risk areas for Riggs: (1) successful implementation of EPS; (2) IT security and planning for systems conversion; (3) BSA compliance; and (4) asset management processes.

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Redacted by the Permanent Subcommittee on Investigations

Redacted by Permanent Subcommittee on Investigations

Mr. Steven B. Pfeiffer, Chairman of the International Committee, summarized the meeting held April 17, 2002. He reported that US based International demand deposits were $207 million for the first quarter. Mr. Pfeiffer then provided highlights of the very successful business trip to Chile by several senior executives, including Mr. Joe L. Allbritton, Senior Chairman of the Corporation's International Committee.

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Mr. Pfeiffer He reported that RBEL has spent a good deal of time bringing customer files up to date and in compliance with BSA regulations. He commented that the USA PATRIOT Act is imposing a tremendous burden on the banking industry that will disproportionately affect Riggs due to its large concentration of embassy accounts.

Management and the Directors then discussed the implications of the USA PATRIOT Act. Mr. Joseph M. Cahill, Executive Vice President and General Counsel, noted that the statute was passed and will go into effect on July 23, 2002, without any regulations on how to comply with the Act. The OCC will be coming to perform an anti-terrorism examination of Riggs. The examiners will also gage the magnitude of the impact on Riggs of complying with

the new regulations.

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on Investigations

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There being no further business, the meeting was adjourned at 10:15 a.m.

_____
Chairman of the Board

ATTEST:

_____
Corporate Secretary

Boss, Joseph

From: Lee, Ashley
Sent: Wednesday, August 07, 2002 12:17 PM
To: Noonan, John
Cc: Boss, Joseph; Lee, Ashley
Subject: RE: Pinochet[redacted]

[redacted] = Redacted by the Permanent Subcommittee on Investigations

The referenced document reads well and provides adequate information [redacted] I have no suggestions to modify it any further. However, at the bottom of page 2, last paragraph, change the spelling from "Pinchet" to Pinochet.

Additionally, the documents to support the account closure were just received by me. I will keep these in my files until we transfer all the workpapers to the field office or another storage area.

Ashley

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Permanent Subcommittee on Investigations
EXHIBIT #52vv

Miller, Lester

From: Boss, Joseph
Sent: Tuesday, October 01, 2002 8:03 AM
To: Miller, Lester; Decker, Sharon
Cc: Mills, Lillian; Trojan, Lois; Boss, Joseph
Subject: RE: QA review for BSA in trust/pb

Importance: High

Sharon, if we are talking about the review that was done in April 2002, then Les is right. It was decided to keep all the workpapers relative to the Pinochet review in hard paper format and they are all housed at the DC field office. If there is anything else you need on this let me know.

Joe

-----Original Message-----
From: Miller, Lester
Sent: Tuesday, October 01, 2002 7:24 AM
To: Decker, Sharon; Boss, Joseph
Cc: Mills, Lillian; Trojan, Lois
Subject: RE: QA review for BSA in trust/pb

Sharon, Joe can probably best answer this, as I was not involved at the time. I do know that Lois took a box of workpapers to the DCFO pertaining to the review of the Pinochet accounts in July. Thanks, Les

-----Original Message-----
From: Decker, Sharon
Sent: Tuesday, October 01, 2002 7:14 AM
To: Boss, Joseph
Cc: Miller, Lester; Mills, Lillian; Finke, Fred
Subject: FW: QA review for BSA in trust/pb

Are there any workpapers that are not in EV for Riggs? Please let me know ASAP. Thanks, Sharon.

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on Investigations

Permanent Subcommittee on Investigations
EXHIBIT #52ww

Trojan, Lois

From: Trojan, Lois
Sent: Wednesday, January 21, 2004 5:30 PM
To: Miller, Lester; Boss, Joseph; Decker, Sharon
Cc: Hunter, David; Delaney, Donald; Pasch, Ron
Subject: FW: Riggs BSA History of Reports and WP

Importance: High

I second Joe's recollection, but I recall that we DID have meetings with the bank re: Pinochet

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Lois

-----Original Message-----
From: Boss, Joseph
Sent: Wednesday, January 21, 2004 3:09 PM
To: Miller, Lester; Decker, Sharon; Hunter, David; Trojan, Lois; Pasch, Ron; Delaney, Donald
Cc: Boss, Joseph
Subject: RE: Riggs BSA History of Reports and WP
Importance: High

Les, the Pinochet exam was a stand alone exam. It was not part of the ATF exam. As far as I recall, our Senior management decided that there would only be paper records retained related to the exam. Those paper records are housed in the Washington Duty Station. Also, as far as I recall, there was nothing in EV and nothing was provided to the bank.

Joe

-----Original Message-----
From: Miller, Lester
Sent: Wednesday, January 21, 2004 3:02 PM
To: Decker, Sharon; Boss, Joseph; Hunter, David; Trojan, Lois; Pasch, Ron; Delaney, Donald
Subject: Riggs BSA History of Reports and WP

Please confirm the status of the following Riggs BSA activity workpapers and reports. I am gathering information for the Senate's subpoena. Ashley Lee gave me as much input as he could. Should we also contact Steve O'Brien? Thanks, Les

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Les Miller

Permanent Subcommittee on Investigations
EXHIBIT #52xx

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OCC
c/o Riggs Bank N.A.
800 17th St., NW
Mail Code B-TR
Washington, D.C. 20006
Phone (202) 835-4453

This message is intended for designated recipients only. If you have received this message in error, please delete the original and all copies and notify the sender immediately. Federal law prohibits the disclosure or other use of this information.

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Permanent Subcommittee
on Investigations

MEMORANDUM

Comptroller of the Currency
Administrator of National Banks

Northeast District
1114 Avenue of the Americas, Suite 3900
New York, New York 10036-7780

Office of the District Counsel
Voice (212) 790-4010
Facsimile (212) 790-4058

To: Distribution

From: Jonathan H. Rushdoony, District Counsel

Date: September 21, 2001

Subject: District SRC Minutes for meeting of June 28, 2001

DSRC convened in the Executive Conference Room. Attached are the minutes relating to the following bank(s):

- Riggs Bank, N.A., McLean, Virginia
- [redacted]

Concur: _____
Fred Finke

[redacted] = Redacted by the Permanent Subcommittee on Investigations

Attachment () page(s)

Distribution:
Fred Finke, Deputy Comptroller
John Noonan, ADC for Mid-Size/Credit Card Banks and Specialties and Operations
Jonathan H. Rushdoony, District Counsel
Michael A. Carnovali, ADC for Federal Branches and Agencies
William P. Reinhardt, ADC for Federal Branches Community Banks & Trust Companies
Kathleen Cahill, ADC Bank Supervision New England
Maryann Kennedy, ADC Bank Supervision Northern Pennsylvania
James Calhoun, ADC Bank Supervision Western Pennsylvania
BettyLane Bowman, ADC Bank Supervision Eastern Pennsylvania
Roger Graham, ADC Bank Supervision Upstate New York
John Quill, ADC Bank Supervision Washington, D.C.
Kristin Kiefer, ADC Bank Supervision New York Metro
Supervisory Office File

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Permanent Subcommittee on Investigations
EXHIBIT #52yy

JUN 19 '04 12:03PM COMPTROL P.2

Participants (other than above or attorneys)
by conference phone: DC Finke, ADCs Calhoun, Decker and Noonan, EIC Lee, SPSU Gerardy, EIC Scofield, Fiduciary Lead Expert Baskin
District Office: D. Hornig, J. Robilotto
Field Office: NBEs Ouimette, Good fellow
Legal Staff Attorneys: Starr, Caouette
Legal Files - District SRC minute book

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on Investigations

District Supervision Review Committee
June 28, 2001

Riggs Bank, N.A., McLean, Virginia
BSA/anti-money laundering deficiencies

Participants:
ADCs Bowman and Kiefer, Dist. Cnsl. Rushdoony, Sr. Cnsl. Starr and, via speakerphone, DC Finke, and ADCs Calhoun, Decker and Noonan, EIC Lee, SPSU Gerardy

DSRC convened to discuss the SO's proposed MRAs to address identified deficiencies in the bank's compliance with BSA/anti-money laundering laws and regulations. These deficiencies were first identified in August 2000 as well as in the recent safety/soundness examination and a targeted FinCen exam. They are related primarily to audit scope and documentation, and monitoring and control processes in both domestic and overseas operations. EIC Lee explained that the compliance management and internal audit deficiencies in the London operations identified in November 2000, involving monitoring and systems, have been largely addressed but deficiencies remain in other areas of the bank. In high level risk areas, the bank generally does a satisfactory job of complying, but several areas, including the lending function, correspondent banking and the Bahamas subsidiary were not even audited for BSA compliance. EIC Lee concluded that the deficiencies did not rise to the level of a violation of 12 C.F.R. § 21.21.

As a result of our discussions with management detailing these deficiencies, the issues have been elevated to the highest level, including the Board's Audit Committee. We expect that corrective actions will be implemented that match the previous commitments to take corrective measures made by management. We have been told the Board wants no further examination comments on these deficiencies in the future.

Actions taken thus far include:

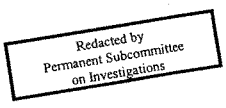
- A former OTS attorney with a compliance background has been hired. He is working on the more specific supplement to the compliance action plan that the bank submitted on May 14, 2001, with specific time frames for results.
- The bank has recently contracted with a vendor to provide software that can automate anti-money laundering monitoring throughout the bank's operations, but this is not yet in place.
- With respect to the Bahamian subsidiary, we are now getting access by making specific requests that alleviate the bank's concern for customers' privacy issues.
- A consultant has been hired to offer training, particularly in lower level risk areas where awareness of compliance issues is low. In light of this, DSRC recommended that a more specific training requirement be added to the MRAs.

DSRC also recommended that the general tone of the ROE be strengthened to focus more squarely on the deficiencies identified and those yet to be addressed. The ROE should also note the dates where we provided the bank with specific deficiencies during the course of the year and the deficiencies should be specified in the ROE. Any references to KYC procedures should be eliminated with "due diligence-type" language substituted. EIC Lee agreed to make the revisions to the ROE.

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on Investigations

JUN 18 '04 12:04PM COMPTROLLER CURRENCY P.4

Although the bank has taken some prospective corrective actions, the bank now must go back to review prior transaction monitoring, which will take until year-end, and complete the other actions required by the MRAs. DSRC unanimously concurred with the recommendation of the SO that, at this time, MRAs would be sufficient to address the deficiencies.



JUN 18 '04 12:04PM COMPTROLLER CURRENCY P.5

Deloitte & Touche

File (JT)

2nd Terrace West
Centreville
P. O. Box N-7120
Nassau, Bahamas
Telephone (809)322-4393

FACSIMILE TRANSMISSION

TO: Riggs Bank - Washington

ATTN: McLaura Offen III FAX # 202 835 6749

FROM: J R EVANS FAX # 328 8006

DATE: MARCH 5 / 90

NUMBER OF PAGES INCLUDING THIS ONE 9

IN CASE OF PROBLEM PLEASE CALL C SANDS AT 809 323 3426

NOTES:

See attached copy of Signed Service Agreement as requested.

Permanent Subcommittee on Investigations
EXHIBIT #52zz

OCC0000045721

RIGGS BANK AND TRUST COMPANY (BAHAMAS) LIMITED

TO: The Directors and Employees of
Deloitte Haskins & Sells
Management Limited
P.O.Box N 7120
NASSAU, BAHAMAS

In consideration of your agreeing to act respectively as the Managing Director and Assistant Manager of the Trust Company established by us in Nassau, Bahamas, and as nominees of the companies administered by this Trust Company we hereby irrevocably and unconditionally indemnify you and your heirs against any liability of any description arising directly or indirectly from your activities as aforesaid upon the terms set forth in an agreement of even date herewith which we have entered into with Deloitte Haskins & Sells Management Limited unless such liability shall be due to negligence or dishonesty on the part of any of you (the other remaining covered by this indemnity).

It is of course understood that individuals in your company are not employed by us, or officers of this Bank, and that you have no apparent or other authority to act on our behalf without our prior approval.

Dated the sixteenth day February 1989

Riggs Bank and Trust Company
(Bahamas) Limited

By:

President

COMMONWEALTH OF THE BAHAMAS

New Providence

THIS AGREEMENT made the sixteenth day of February 1989 BETWEEN RIGGS BANK AND TRUST COMPANY (BAHAMAS) LIMITED a company incorporated in the Commonwealth of the Bahamas and licensed to carry on banking and trust business in the Bahama Islands (hereinafter called "RBTC") of the one part and DELOITTE HASKINS & SELLS MANAGEMENT LIMITED a company incorporated in the Commonwealth of the Bahamas and carrying on business as a management company under the laws of the said Commonwealth of the Bahamas (hereinafter called "the Managing Agent") of the other part.

WHEREAS RBTC is desirous of operating a Trust Company in Nassau on the Island of New Providence one of the Islands of the said Commonwealth and has requested the Managing Agent to act as its local representative in Nassau which the Managing Agent has agreed to do subject to the terms and conditions hereinafter appearing

AND WHEREAS RBTC has been granted an unrestricted Bank and Trust License under the provisions of The Banks and Trust Companies Regulation Act 1965 in the application for which it was disclosed that RBTC would be represented in Nassau by the Managing Agent and certain of its officers

AND WHEREAS RBTC has determined that the approval of the Board of Governors of the Federal Reserve System to the arrangements it has made for its Bahamian operations is not required.

NOW THIS AGREEMENT WITNESSETH as follows:

1. RBTC Bank hereby retains the Managing Agent to represent it in connection with its Bahamian operations and the Managing Agent agrees to act as such representative subject to the terms and conditions hereinafter set forth.

2. The Managing Agent agrees that it will:-

   (a) Perform such banking trust and company administration and related services necessary and appropriate to the operation of the said RBTC as shall be agreed upon between it and RBTC from time to time.

(b) Make available the services of John Richard Evans as a Director and Corporate Secretary and Hayward A. Ferguson as Assistant Manager and such other persons being employees of the Managing Agent on a part-time basis as reasonably required by the nature of such duties. In the event that any of them shall not be available or cease to be available at any time the Managing Agent shall make available for these duties the services of a member or members of its staff with equivalent abilities, background and experience who will be acceptable to Riggs Bank.

(c) Provide an office for the non exclusive use of the said RBTC in Dehands House, Second Terrace West, Centreville, Nassau, with a name plate bearing the name of Riggs Bank and Trust Company (Bahamas) Limited affixed adjacent to the door thereof which shall give direct access to the reception area of the said building.

3. The parties hereto agree that the fees payable for services performed shall initially be those set forth in the attached First Schedule. Such fees shall be re-negotiable at any time at the request of either party on thirty days notice in writing. In addition to the said fees RBTC agrees to reimburse The Managing Agent for any fees, taxes, duties or other out-of-pocket expenses it may reasonably incur in connection with the operation of the said RBTC, provided, however, that the Managing Agent shall obtain Riggs Bank's approval prior to

incurring any expense in excess of $5,000.

4. The parties hereto agree that they will both take every precaution to ensure that no breach of Bahamas Exchange Control Regulations occurs in connection with the operation of the said RBTC

5. Nothing herein contained shall constitute a partnership or joint venture between the parties hereto.

6. RBTC agrees to indemnify the Managing Agent against any liability which it may incur or be subject to in consequence of acting as the representative of RBTC hereunder except where such liability shall arise out of the negligence or dishonesty of the Managing Agent or any of its officers or employees.

7. This Agreement may be terminated at any time by either party giving to the other three months notice in writing. Unless terminated in accordance with the preceding sentence, the Agreement shall remain in effect for a term of three years from the date hereof and thereafter shall be renewed automatically from year to year.

8. This Agreement shall be construed and enforced in all respects in accordance with the laws of the Commonwealth of the Bahamas.

Riggs Bank and Trust
Company (Bahamas).
Limited

By: _____
President

Deloitte Haskins & Sells
Management Limited

By: _____

FIRST SCHEDULE

	SERVICES	FEE BASIS (U.S.$)	PAYABLE TO RBTC	PAYABLE TO MANAGING AGENT
	General Administration of RBTC	14,000 p.a.	-	14,000 p.a.
PIC'S	Incorporation fee for private investment companies (PIC)	1,400	-	1,400
	Acceptance fee	2,000	2,000	-
	Annual Administration fee	.50% p.a. (min. ~~$1,500~~ 2000)	.25% p.a. (min. ~~$750~~ 1000)	.25% p.a. (min. ~~$750~~ 1000)
	Investment fee: Diversified portfolio	1% p.a.	1% p.a.	
	Money market only	.50% p.a.	.50% p.a. (min.$1,500 p.a.)	-
TRUSTS	Fee to establish	800 +	-	
	Acceptance fee	2,000	2,000	-
	Annual Administration fee	.50% p.a. (min. ~~$1,500~~ 2000)	.25% p.a. (min. ~~$750~~ 1000)	.25% p.a. (min. ~~$750~~ 1000)
	Investment fee: Diversified portfolio	1% p.a.	1% p.a.	-
	Money market only	.50% p.a. (min. $1,500)	.50% p.a. (min. $1,500)	-
TRUST & PIC COMBINATION (COMBO)	Fees to establish	2,200 +	-	1,400 +
	Acceptance fee	2,500	2,500	-
	Annual Administration fee	.60% p.a. (min. ~~$2,000~~ 2500)	.30% p.a. (min. ~~$1,000~~ 1250)	.30% p.a. (min. ~~$1,000~~ 1250)
	Investment fee: Diversified portfolio	1% p.a.	1% p.a.	-
	Money market only	.50% p.a. (min. $2,000)	.50% p.a. (min. $2,000)	-

OCC0000045729

RESPONSES TO SUPPLEMENTAL QUESTIONS FOR THE RECORD
SUBMITTED TO
AMERADA-HESS

1. Has Amerada Hess ("Hess") inquired, or does it plan to inquire, of EG as to how much of the funds Hess provides for student payments go to students who are the relatives of high government officials?

   a. If so, what information has Hess received? If and when Hess receives any information on this matter, please provide the information to the Subcommittee.

   b. If Hess has decided not to make such an inquiry, why has it made such a decision?

   Hess Response: Hess has not inquired, nor does it plan to inquire, of EG as to how much of the funds Hess provides for student payments go to students who are relatives of high government officials. As the Subcommittee is aware, Hess is bound by the terms of the production sharing contracts to make regular training obligation payments along with royalties and taxes. In accordance with its normal practice in the United States and elsewhere in the world, Hess makes the payments which it is contractually bound to make by wire transfer into designated accounts in the name of the government of Equatorial Guinea but is not in a position to determine what the government of Equatorial Guinea has done with its money. The Subcommittee is aware that two EG students were funded directly by Triton at the request of the EG government. So far as Hess has been able to ascertain, there was no relationship between either of these students and any EG government official.

2. Please provide a copy of all analyses that address whether the Hess' financial dealings with EG government officials, their family members or companies controlled by the officials or their family members comply with the Foreign Corrupt Practices Act and all Hess' policies related to the FCPA. If no such analyses exist, please describe the basis for Hess' determining that its financial dealings with EG government officials, their family members or companies controlled by the officials or their family members comply with the Foreign Corrupt Practices Act and all Hess' policies related to the FCPA.

   Hess Response: Hess has supplied the Subcommittee with details of its policies on the FCPA and explained its procedures to ensure compliance. As the Subcommittee knows, there is limited infrastructure in Equatorial Guinea and a distinct lack of choice in a number of areas of importance to foreign oil companies, particularly those of office accommodation, residential accommodation for expatriates, and security. In this difficult environment, it is inevitable that some financial dealings

Permanent Subcommittee on Investigations
EXHIBIT #53

are necessary with government officials, their families or their controlled companies. As you know, the FCPA does not bar all business dealings with government officials or their family members and, indeed, the Department of Justice has from time to time approved various such dealings. The FCPA applies only when a company subject to the law acts with the requisite degree of knowledge and corrupt intent. We scrutinize all of our dealings with government officials and their family members in EG to make sure that they are not corrupt in fact and do not appear to be corrupt. First, and most importantly, Hess does not make any such payments if there is any suggestion of corrupt intent (as defined in the FCPA). Secondly, Hess attempts to establish whether reasonable value for money is being obtained. As Hess has described to the Subcommittee's staff, it is often difficult to get reliable, objective market pricing data in EG where there is often no real market, no comparables and no professional appraisers. Value is assessed using the Hess procurement staff's knowledge of the market place combined with information exchanged with the procurement staff of other foreign oil companies in EG. If the rental rate or consideration for services does not equate to the "going rate", Hess will not proceed with the transaction unless revisions can be negotiated to achieve a fair price. Thirdly, we seriously evaluate the timing of the transaction. For instance, Hess would closely scrutinize a transaction involving a family member of the Minster of Mines, Industry and Energy at a time when Hess has pending an application before the Ministry.

For facilitating payments (as defined by the FCPA), Hess' policy is to avoid these whenever possible but in circumstances where they are necessary, legal and customary, approval is required from senior management in the United States before any payment is made. Approval may be given for legal facilitating payments such as small payments made by Hess' customs clearing agent to custom officers. As was explained to the Subcommittee staff, regular FCPA audits are carried out in EG and other countries by Hess' internal audit function to ensure compliance with the law of the United States and Hess' own policies. Hess has produced audits and other analysis of its FCPA policies and procedures relating to Equatorial Guinea to the Subcommittee and some of those documents reference transactions involving government officials and their family members.

3. Has there ever been any suggestion or implication made to Hess (or its predecessors) that its ability to do business in EG was conditioned on providing business to or making purchases from EG government officials, their family members or companies controlled by the officials or their family members?

Hess Response: Hess has not entered any transactions with officials of the Equatoguinean government, their families or companies controlled by those individuals in return for acquiring or maintaining business opportunities in Equatorial Guinea and would resist any suggestion or implication of the kind described.

4. Please describe the actions taken by Hess:

   a. To participate in the Extractive Industries Transparency Initiative (EITI), including concrete steps taken to implement the EITI in any jurisdiction;

Hess Response: As was mentioned to the Subcommittee staff during preliminary meetings, Hess had been actively following the development of the EITI and had been considering internally its position in relation to the initiative. The July 15th hearing was an action forcing event for us which had the effect of accelerating our internal discussions on the EITI and in finalizing our decision to participate in the initiative. Given the short time that has elapsed since taking this decision, no concrete steps have been taken by Hess to implement the EITI in any jurisdiction, other than those taken in Azerbaijan. As part of the ACG group in Azerbaijan, Hess has been supporting the efforts of the British government, under the direction of its Ambassador, to implement the EITI. Hess was involved in several meetings and negotiations with the national oil company (the Oil Fund), several non-governmental organizations and other oil companies to help develop the process for EITI submissions. As a non-operating equity partner, Hess has agreed to provide all required information through BP, which is serving as the project's operator. The British government, working with the Oil Fund, is presently selecting the Independent Auditor and is developing the necessary forms for submittal. Hess has and will continue to support this process as it develops.

Hess has been in contact with the UK Department for International Development (DFID) which is the controlling organization for the EITI. As indicated by the DFID, Azerbaijan is the leading EITI country where Hess has operations. The DFID has had some discussions with other countries where Hess operates, although no formal agreement with these countries has been reached to date. Hess will support the continued development of the EITI and has arranged to meet Ben Mellor of the DFID in Washington, D.C. on September 30, 2004, more fully to discuss our plan for further action.

b. To participate in the G8 Anti-Corruption and Transparency Initiative, including concrete steps taken to help implement this initiative in any jurisdiction; and

Hess Response: Hess' understanding is that the G8 Anti-Corruption and Transparency Initiative is a government-to-government initiative in terms of which G8 governments will work with a number of developing countries to assist their efforts to increase transparency. Hess is aware of this initiative and if requested to do so by a participating G8 government or a participating government in a developing country would be happy to give its support and comply with any requests for assistance.

c. To bring greater transparency to its own business dealings with foreign governments, their political leaders, and family members.

Hess Response: To our knowledge, Hess is one of only three oil companies worldwide which has expressed support for the EITI, the UN Global Compact (including the newest initiative on anti-corruption), the Voluntary Principles on Security and Human Rights and the Universal Declaration of Human Rights. As part of its commitment to human rights, which is directly

related to anti-corruption, Hess is of the view that the most appropriate way to take forward transparency initiatives is on an industry wide basis with the cooperation of governments and regulators. Government involvement ensures that the necessary commitment is there actually to change previous practices.

5. Equatorial Guinea has stated publicly that it is willing to participate in the Extractive Industries Transparency Initiative (EITI). Please describe any plans or specific discussions undertaken between Hess and the government of Equatorial Guinea related to implementing the EITI. If none, please indicate whether Hess is willing to initiate a dialogue with Equatorial Guinea regarding implementing EITI and, if so, whether Hess will report to the Subcommittee in 60 days regarding the prospects for EITI in that country.

Hess Response: No plans or specific discussions have yet taken place between Hess and the government of EG relating to the implementation of the EITI. Hess is very willing to enter into dialogue with the government of EG on this matter, but believes that the dialogue is necessary between the government and all of the international companies operating in EG. Hess will encourage such a dialogue in meetings with other oil companies and with the EG government. Hess would be happy to report to the Subcommittee as these discussions develop. Previous experience suggests that taking forward an initiative of this nature in EG will take a considerable period of time and that the period of 60 days suggested in the question is almost certainly too short even to get a perception of the prospects for EITI in EG.

RESPONSES TO SUPPLEMENTAL QUESTIONS FOR THE RECORD
SUBMITTED TO
EXXON-MOBIL

1 **At the hearing, you stated that you did not know the details regarding the initial formation of Mobil Oil Guinea Ecuatorial ("MOGE"). Please provide the Subcommittee with the details of the formation of MOGE, including:**

a) Who first raised the idea of Abayak becoming a partner in MOGE (for example, was it a representative of ExxonMobil, a representative of Equatorial Guinea, a representative of Abayak, a representative of President Obiang, or someone else)?

With respect to all aspects of Question 1, as of this time, we have not been able to determine the specific circumstances surrounding the minority investment in MOGE by Abayak Societe ("Abayak"). MOGE was formed prior to the merger between Mobil Corporation and Exxon Corporation. All of the Cameroon and Equatorial Guinea affiliate management that was involved in MOGE's formation has since left ExxonMobil. As a result, the answers we are providing represent our knowledge and belief at this time, subject to addition or correction based on further information we may obtain. At this time, we do not know how or by whom the matter of Abayak's minority investment in MOGE was first raised.

i) What is the name of that person and what position did he or she hold when the idea was raised?

As indicated above, at this time we do not know the name or position of anyone who may have raised the matter of Abayak's minority investment in MOGE.

b) Who represented Abayak in communications with ExxonMobil regarding the formation of the partnership and who currently represents Abayak?

As of this time, we cannot confirm who first represented Abayak in connection with its minority investment in MOGE. To the best of our knowledge and belief, Doña Constancia Mangue Nsue, the First Lady, was the formal representative of Abayak in the incorporation procedures for MOGE. Abayak had an employee or administrator named Damien (Last Name Unknown), but we do not know what role, if any, he played in connection with Abayak's minority investment in MOGE. Mr. Juan Pablo Romero represented Abayak at the meetings of the MOGE board of directors held in 1999 (for the 1998 year), 2000 (for the 1999 year), 2001 (for the 2000 year), and 2002 (for the 2001 year). Mr. Otogo Rosendo represented Abayak at the 2003 board of directors meeting for the 2002 year, and he continues to be the point of contact between MOGE and Abayak.

c) Who represented ExxonMobil in communications with Abayak regarding the formation of the partnership and who currently represents ExxonMobil?

We have been unable to determine with certainty who first represented Mobil in connection with the formation of MOGE or Abayak's minority investment in MOGE. To the best of our

Permanent Subcommittee on Investigations
EXHIBIT #54

knowledge and belief, Mr. Christian Le Heron, who at the time was the General Manager - Central Africa Cluster, was the formal representative of Mobil in the incorporation procedures for MOGE.

The current ExxonMobil General Manager for the Cameroon Cluster is Mr. Robert Theberge, located in Douala, Cameroon, who is assisted by Mr. Jules C. Lengue in Malabo. Their responsibilities include the day-to-day operations of MOGE.

d) What particular financial assets or technical expertise or other contribution did Abayak provide to the MOGE venture that could not have been contributed by another entity?

Response Designated as Confidential
Abayak made a financial contribution of 750,000 CFA in 1998 for its 15% equity share in MOGE, and a second contribution of 750,000 CFA in 1999, which was made to retain its equity percentage when a change in local law and accounting requirements necessitated an increase in the capitalization of the company. Both payments were made by check drawn on an account at the Societe Generale des Banques de la Guinee Equatorial in Malabo. The total payment of 1.5M CFA was equal to approximately US$2,300, using the exchange rates at the time of the two payments.

e) Why did ExxonMobil decide to accept Abayak as a partner of MOGE and who was the highest ranking ExxonMobil official to approve the decision?

As noted above, as of this time, we have not been able to determine the specific circumstances surrounding Abayak's minority investment in MOGE.

To the best of our knowledge and belief, Kerry Wark, who at the time was President of Mobil Africa, located in Paris, approved the formation of MOGE, as discussed in the response to Question 1(f) below. Mr. Wark retired in 2002 as ExxonMobil's Fuels Marketing Regional Director, Africa/Middle East and returned to Australia.

f) Please provide a copy of any ExxonMobil document approving the decision to accept Abayak as a partner of MOGE.

As of this time, we have not located any documents approving the decision to accept Abayak as a minority shareholder in MOGE. We are providing as Attachment 1 a memorandum dated December 23, 1997, from Christian LeHeron to Kerry Wark, seeking approval to establish a fuels marketing presence in Equatorial Guinea with Abayak as a minority shareholder (we have been unable to ascertain whose handwritten notes appear on this document) and as Attachment 2 a January 19, 1998, e-mail from J.J. McDonald, Fuels Manager-Africa, to A.P. Blouin, enclosing prior e-mails that indicate approval of a proposal to establish such a presence.

g) **Please provide a copy of all materials related to the formation, ownership, and control of Abayak.**

As of this time, we have not located any documents related to Abayak's formation, ownership, and control. To the best of our knowledge and belief, Doña Constancia Mangue Nsue, the First Lady, owns some interest in Abayak. We attach three documents that indicate that Doña Constancia Mangue Nsue represented Abayak in the incorporation procedures for MOGE, as follows: 1) "PODER PARA LA PARTICIPACION A LA JUNTA CONSTITUYENTE DEL 21 DE NOVIEMBRE 1997", dated February 4, 1998, as Attachment 3; 2) "BOLETIN DE SUSCRIPCION", dated February 4, 1998, as Attachment 4; and "CERTIFICADO CONCISO", dated February 17, 1998, (with translation) as Attachment 5.

2 **Please provide a copy of all analyses that address whether ExxonMobil's partnership with Abayak in MOGE complies with the Foreign Corrupt Practices Act and all ExxonMobil policies related to the FCPA, in light of the fact that the President of EG (or his wife) controls Abayak. If no such analyses exist, please describe the basis for ExxonMobil's determining that its partnership with Abayak in MOGE complied with the FCPA and all of ExxonMobil's policies related to the FCPA.**

As of this time, we have not located such an analysis. We believe that the minority investment ir Abayak complied with the FCPA and Mobil policies because, to the best of our knowledge and belief, the transaction was fully transparent and was not conducted with any corrupt intent, nor was it made to obtain or retain business or for any other improper purpose. Further, as previously noted, the investment itself was consistent with the overall capitalization of MOGE, was subject to additional cash calls, and involved risk of loss. The investment itself was a fully transparent transaction that was properly recorded on the books of Mobil and subsequently ExxonMobil.

3 [redacted] **what is the estimated value of Abayak's share of MOGE?**

Response Designated as Confidential

[redacted] The book value of Abayak's 15% share of MOGE would have been $645,000 using this same exchange rate. ExxonMobil cannot accurately determine the market value of Abayak's shares. There is no currently established market value for MOGE as a company, since its shares are not traded on any exchange, and it has never been valued by ExxonMobil in relation to any potential sale. A market valuation of Abayak's share, should it ever take place, would be affected by a number of factors, including minority status, lack of control, and the potential earnings capability of MOGE.

4. Has there ever been any suggestion or implication made to ExxonMobil that its ability to do business in EG was conditioned on allowing the President of EG (or a company controlled by him or a member of his immediate family) to become a partner in any of ExxonMobil's operations in EG, or was conditioned upon providing business to or

[redacted] = Redacted by the Permanent Subcommittee on Investigations

making purchases from EG government officials, their family members or companies controlled by the officials or their family members?

We are not aware of any such suggestion or implication with regard to ExxonMobil's ability to do business in Equatorial Guinea.

5 **Please describe the actions taken by ExxonMobil**

a) **to participate in the Extractive Industries Transparency Initiative (EITI), including concrete steps to implement the EITI in any jurisdiction;**

b) **to participate in the G-8 anti-corruption and transparency initiative, including concrete steps taken to help implement this initiative in any jurisdiction; and**

c) **to bring greater transparency to its own business dealings with foreign governments, their political leaders, and family members.**

Please see correspondence dated August 2, 2004 from Andrew P. Swiger to Senators Coleman and Levin that lists numerous specific actions taken by ExxonMobil and its affiliates to support the EITI and G-8 transparency initiatives. These actions include participation in country-specific implementation efforts that would result in greater transparency for ExxonMobil and the industry as a whole.

6 **Equatorial Guinea has stated publicly that it is willing to participate in the Extractive Industries Transparency Initiative (EITI). Please describe any plans or specific discussions undertaken between ExxonMobil and the Government of Equatorial Guinea related to implementing the EITI. If none, please indicate whether ExxonMobil is willing to initiate a dialogue with Equatorial Guinea regarding implementing EITI and, if so, whether ExxonMobil will report to the Subcommittee in 60 days regarding the prospects for the EITI in that country.**

ExxonMobil is supportive of transparency initiatives that apply universally to all businesses seeking to operate in a country, protect truly proprietary commercial information and respect the sanctity of contracts and local laws. ExxonMobil's support for transparency is part of its commitment to uphold honest and ethical behavior wherever its affiliates operate. As such, we have a vested interest in the progress of these countries in implementing such initiatives.

In our ongoing communications with the Government of Equatorial Guinea, both ExxonMobil and its in-country affiliate, Mobil Equatorial Guinea Inc. (MEGI), have communicated the importance of demonstrating meaningful and timely progress on its publicly stated intent to implement transparency initiatives. On numerous occasions, MEGI and ExxonMobil managers have had discussions with the President of Equatorial Guinea and/or the Ministry of Mines and Energy on the global transparency developments. We have encouraged the Government of Equatorial Guinea to work with other governments on approaches to greater transparency, including the establishment of an advisory committee, the membership of which would be comprised of representatives from government, civil society and companies doing business in Equatorial Guinea. MEGI has offered to serve as an industry representative on such a

Government-led advisory committee. We attach three documents that ExxonMobil has provided the Government of Equatorial Guinea related to the transparency initiatives, as follows: 1) "Fighting Corruption/Improving Transparency", a Press Release Issued by the U.S. White House on the G8 Initiative, as Attachment 6; 2) "Compact to Promote Transparency and Combat Corruption: A New Partnership Between the G8 and Nigeria", as Attachment 7; and 3) the March 2004 EITI Newsletter issued by the U.K. Department for International Development, as Attachment 8. In addition, we have encouraged the Government of Equatorial Guinea to contact Ben Mellor with the U.K. Department for International Development for assistance in implementing EITI and to discuss with R. Niels Marquardt, the new U.S. Ambassador to Equatorial Guinea and Cameroon, how the Government of Equatorial Guinea might best proceed with implementation of the G-8 initiative.

09/06 '04 17:45 FAX 32 2 [illegible]

CENTRAL AFRICA CLUSTER

30 DEC. 1997

December 23rd, 1997

cc IJM
PNH
MAH

ael APK

Mobil Africa

K. WARK

Attention : A. KEMULA

Equatorial Guinea Marketing Entry

Dear André,

Please find attached our market assessment for a M & R entry in Equatorial Guinea.
Mobil has already been granted the right to access the Government owned depots and to market products in the country.

We would much appreciate your review and concurrence in getting approval from Mobil Africa Management, to officially create a new affiliate in Guinea.

Sincerely Yours.

C.J. LE HERON

CONFIDENTIAL
Attachment 1

Redacted by Permanent Subcommittee on Investigations

LEGAL REQUIREMENTS & ADVANTAGES

Capital Structure

Mobil has to be in partnership with local Guineans.

Abayak, a local company will be our partner, with 15% share.

Give more details about that partner

Redacted by Permanent Subcommittee on Investigations

CONFIDENTIAL
Attachment 1

Redacted by Permanent Subcommittee on Investigations

*** Forwarding note from KRWARK --MDSLVM1 19/01/98 22:46 ***
To: JJMCDONA--NECCVMD JJ MCDONALD CJLEHERO--MDSLVM1 CJ LE HERON

FROM : K.R. Wark
Subject: Equatorial Guinea
I concur with proceeding as you jointly suggest.

Regards, Kerry Wark
Mobil Africa, Paris

Redacted by Permanent Subcommittee on Investigations

PODER PARA LA PARTICIPACIÓN A LA JUNTA CONSTITUYENTE DEL 21 DE NOVIEMBRE 1997

El que suscribe, sociedad Abayak, Malabo, Guinea Ecuatorial, activo como miembro fundador de la sociedad Mobil Oil Guinea Ecuatorial (MOGE), concede un poder, pero con el alcance y amplitud suficientes requeridos por la legislación vigente en favor de:

CONSTANCIO MANGUE

con objeto de ser mi representante a la Junta Constituyente de la sociedad

Mobil Oil Guinea Ecuatorial
Sociedad Anónima con un Capital de 5.000.000 F CFA
Domicilio Social: Malabo
República de Guinea Ecuatorial

que se convoque el 21 de noviembre 1997 a las 10 horas en el Hotel Ureca en Malabo con el siguiente orden del día:

- aprobación de la gestión realizada hasta entonces por los promotores;
- aprobación de los estatutos sociales;
- nombramiento de las personas encargadas de la administración de la sociedad ;
- nombramiento de un censor de cuentas,
- poderes.

y le autoriza a ejercer los siguientes poderes:

(a) participar a la reunión, al voto de las resoluciones, ejecutar, realizar, reconocer, perfeccionar y firmar todas las escrituras, acuerdos, instrumentos y actas en nombre de la Sociedad que sean necesarias.

(b) llevar a la práctica las actas y firmar los documentos públicos y/o privados relacionados con los antes citados poderes.

Dado en MALABO el 4 de DIC de 1997

Firma Bueno para poder

Firma precededa con la mención manuscrita *«Bueno para poder»*

CONFIDENTIAL
Attachment 3

POWER OF ATTORNEY TO PARTICIPATE IN THE Founding MEETING OF NOVEMBER 21ST 1997

The undersigned, Abayak Company, Malabo, Equatorial Guinea, as a founding member of the Mobil Oil Guinea Ecuatorial Company (MOGE), grants a power of attorney with the capacities and extent sufficient as required by the legislation in force in favor of:

Constancia Mangue

To represent me in the foundational meeting of the Company

Mobil Oil Guinea Ecuatorial
Sociedad Anonima (Stock Corporation) with a capital of 5,000,000 FCFA
Corporate domicile: Malabo
Republic of Equatorial Guinea

To be convened on November 21, 1997 at 10:00 AM in the Ureca Hotel in Malabo with the following agenda:

-To approve the actions carried out to the present by the corporate promoter;
-To approve the corporate by-laws;
-To appoint the individuals in charge of the administration of the company;
-To appoint a corporate comptroller;
-To grant powers of attorney.

And to grant the following powers:

(a) To participate in the meeting, to vote in the resolutions, to execute, conduct, recognize, finalize and sign all deeds, documents, agreements, instruments and acts on behalf of the Company as needed;

(b) To execute and put into practice the acts and sign the public and/or private documents related to the above cited powers.

Done in Malabo on February 4th, 1998

Signature:.....Valid for power of attorney

Signature preceded with the handwritten statement: Valid for power of attorney

Attachment 3

Permanent Subcommittee on Investigations
NOTE: Translation of preceding page provided by the Congressional Research Service (CRS) at the Subcommittee's request.

BOLETÍN DE SUSCRIPCIÓN

El que suscribe,

Sociedad Abayak, Malabo, Guinea Ecuatorial,

después de leer los estatutos de la sociedad:

Mobil Oil Guinea Ecuatorial
Sociedad Anónima con un Capital de 5.000.000 F CFA
Domicilio Social: Malabo
República de Guinea Ecuatorial

declaro por el presente boletín que:

- suscribe a 75 acciones de diez mil (10 000) Francos CFA de nominadas, de la dicha sociedad,

- y paga, la suma 750 000 Francos CFA, para el desembolsado de la totalidad del capital suscrito.

Dado en MADRID, el 4 de ~~Noviembre~~ FEB 1992.

CONFIDENTIAL
Attachment 4

Subscription Bulletin

The undersigned,

Sociedad Abayak, Malabo, Equatorial Guinea

After reading the corporate bylaws:

Mobil Oil Guinea Ecuatorial
Sociedad Anonima (Stock Corporation) with a Capital of 5,000,000 F CFA
Corporate Domicile: Malabo
Republic of Equatorial Guinea

Declares through this bulletin that:

- He subscribes to 75 shares of ten thousand (10,000) CFA Francs of nominative shares of such corporation.

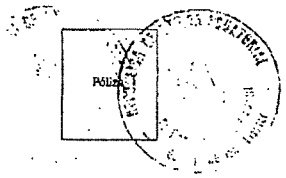
- And pays 750,000 CFA Francs for the full disbursement of the whole subscribed capital.

Done in Malabo on February 4th, 1998

signature

Permanent Subcommittee on Investigations
NOTE: Translation of preceding page provided by the Congressional Research Service (CRS) at the Subcommittee's request.

REPUBLICA DE GUINEA ECUATORIAL
Ministerio de Justicia y Culto
Dirección Gral. de Registros y Notariado
Registro de la Propiedad y Mercantil
de Malabo *Región* Insular.-



CERTIFICADO CONCISO

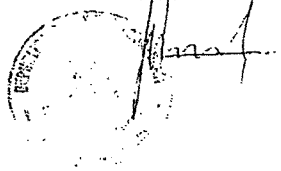
Dn. SOTERO SI ONDO NTUTUMU, ABOGADO,

Registrador de la Propiedad y Mercantil de la Región Insular.

CERTIFICO: QUE, al folio 259 del libro 54º de Sociedades de esta Sección de Bioko, aparece inscrita la Sociedad Mercantil denominada " MOBIL OIL GUINEA ECUATORIAL, S.A.", constituida en la Notaria de esta Región Insular el día 16 de febrero del año actual, ante el Notario Accidental de la misma Don Federico Ela Owono, con el número 91 de su protocolo, el cual documento tuvo entrado en este Registro Mercantil a las 10,55 horas de hoy, asiento número 10 folio 443 del libro 5º Diario.- Pagado el impuesto.- Malabo, a diecisiete dias del mes de febrero de mil novecientos noventa y ocho.----------

Y PARA QUE CONSTE Y SURTA SUS EFECTOS DONDE CONVENGA A PETICION DE LA PARTE INTERESADA, EXPIDO EL PRESENTE CERTIFICADO CONCISO QUE FIRMO, SELLO Y RUBRICO EN LA CIUDAD DE MALABO, A DIECISIETE DIAS DEL MES DE FEBRERO DE MIL NOVECIENTOS NOVENTA Y OCHO.----------

EL REGISTRADOR MERCANTIL.-



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REPUBLICA DE GUINEA ECUATORIAL

MINISTERIO DE JUSTICIA Y CULTO

Núm. -.91.-

COPIA AUTORIZADA

DE

CONSTITUCION DE SOCIEDAD MERCANTIL.-

OTORGADA POR

"MOBIL OIL GUINEA ECUATORIAL, S.A." (MOGE).-

A FAVOR DE

LA MISMA.-

AUTORIZADA POR

FEDERICO ELA OWONO.-

NOTARIO CON RESIDENCIA EN MALABO

REGION INSULAR

En DIECISEIS de FEBRERO de 1.99 8.-

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10155 Febrero 5 97
17 10 97 Febrero 443

NUMERO NOVENTA Y UNO. -=

--- En la ciudad de Malabo, a dieciseis días del mes de Febrero de mil novecientos noventa y ocho. - - - - - - - - - - - - -=

--- Ante mí, FEDERICO ELA OWONO, Abogado, Notario accidental de la Región Continental con vecindad y residencia en Malabo.=

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10155 Febrero 5ª 97.-
443 Febrero
17 10 17

NUMERO NOVENTA Y UNO. -=

--- En la ciudad de Malabo, a dieciseis días del mes de Febrero de mil novecientos noventa y ocho. - - - - - - - - - - - - -=

--- Ante mí, FEDERICO ELA OLONO, Abogado, Notario accidental de la Región Continental con vecindad y residencia en Malabo.=

- - - - - - - - - - - C O M I A R E C E N - - - - - - - - - -

DON CHRISTIAN JACQUES LE HERON, mayor de edad, casado, Director de Empresas, con residencia en Douala-Cameroun, y provisto de su Pasaporte Número 95AB79587. - - - - - - - - - - - - - - - -

DOÑA CONSTANCIA MANGUE NSUE, de nacionalidad Ecuatoguineana,= mayor de edad, casada, Industrial, con domicilio en Malabo, y provista de su D.N.I. Número

Doy fe de conocer a los señores comparecientes. - - - - - -=

INTERVIENEN a) El señor Christian Jacques Le Heron, en su propio nombre y derecho, y en representación de la Sociedad Mercantil "MOBIL INTERNACIONAL", 150 East 42nd Street, New Yor United States Of America. Está legitimado para este otorgamiento, en= virtud de poderes de la Junta Constituyente, de fecha 21 de Noviembre de 1.997, suscrito por la sociedad de referencia, cuya copia tengo a la vista y considero suficiente para los fines= del presente otorgamiento; y b) La señora Mansue Nsue, en nombre y representación de la Sociedad ABAYAN, con domicilio en= Malabo. Está legitimado para este acto, mediante Boletin suscrito por dicha Compañía, de fecha 4 de Febrero de 1.998, cuya copia asimismo tengo a la vista y considero suficientes para los

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fines del presente otorgamiento. - - - - - - - - - - - - - - - -
--- Les juzgo con la capacidad legal necesaria para formalizar la presente escritura de CONSTITUCION DE SOCIEDAD MERCANTIL, y
- - - - - - - - - - - - E X P O N E N - - - - - - - - - - - -
I.- Que los señores comparecientes, tienen decidido unirse en Sociedad, constituyendo una Compañía Mercantil Anónima, de nacionalidad Ecuatoguineana, que bajo la denominación de "MOBIL OIL GUINEA ECUATORIAL, S.A." en anagrama (MOGE), se regirá por las disposiciones de la Ley de 17 de Julio de 1.951, el Código de Comercio y demás disposiciones vigentes; y más particularmente por los Estatutos, que firmados por los comparecientes-= me entregan para su protocolización en unión de esta matriz y su transcripción en las copias que de la presente escritura se expidan. -
II.- Que mediante Certificación del Registro General de Sociedades, que se acompañará a la primera copia, se acreditará que no existe otra Sociedad Anónima o Limitada, cuya denominación= se identifica a la proyectada o cuya extrema semejanza induzca a confusión. -
III.- Que llevando a efecto su acuerdo, - - - - - - - - - - -=
- - - - - - - - - - - - O T O R G A N - - - - - - - - - - - -=
PRIMERO.- Que Sociedad "MOBIL INTERNACIONAL" , La Sociedad "ABAYAN" y Don Christian Jacques Le Heron, dejan constituida por= fundación simultánea que llevan a cabo en este acto, la Sociedad Mercantil denominada "MOBIL OIL GUINEA ECUATORIAL, S.A."-= (MOGE), con la duración, domicilio, objeto y régimen que se determinen en los precitados Estatutos, cuyo cuerpo completo ratifican y aprueban y a cuya preceptiva desde ahora se someten. SEGUNDO.- (Emisión, Suscripción y Desembolso de Acciones.-) La Sociedad emite y pone en circulación el tipo de la par las QUI

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NUEVE Acciones, números 1 al 500, ambos inclusive, de Diez Mil (10.000,-) Francos Cfa. de valor nominal cada una, en que se -= representa y divide el capital social fundacional de CINCO MILLONES (5.000.000,-) de Francos Cfa., que queda distribuida conforme al cuadro de suscripción y desembolso siguiente: - - - -

- Mobil Internacional, suscribe para sí, CUATROCIENTAS VEINTI CUATRO Acciones, números 1 al 424, ambos inclusive por su valor nominal de (10.000,-) F. Cfa. cada una, equivalentes en CUATRO MILLONES DOSCIENTOS CUARENTA MIL (4.240.000,-) de Francos Cfa.

- Abayak, suscribe para sí, SESENTA Y CINCO Acciones, números 425 al 499, ambos inclusive por su valor nominal de (10.000,-) F. Cfa. cada una, equivalentes en SETECIENTOS CINCUENTA MIL - = (750.000,-) Francos Cfa. - - - - - - - - - - - - - - - - - - -

- Don Christian Jacques Le Heron, suscribe para sí, una Acción, 500, ambos inclusive por su valor nominal de (10.000,-) F. Cfa. cada una equivalentes en (10.000,-) Francos Cfa. .-.-.

- Manifiestan los comparecientes, que las acciones por cada uno de ellos suscritas, han quedado desembolsado e ingresado-= mente en efectivo metálico en la Caja Social. - - - - - -

TERCERO.- (Nombramiento de Cargos Sociales).- Los socios fundadores, constituidos en este acto en Junta General de Accionistas de la Compañía, acuerdan por unanimidad nombrar por un período de cinco (5) años los siguientes Cargos: - - - - - - - -

- PRESIDENTE Y DIRECTOR-GENERAL, Don Christian Jacques Le Heron

- DIRECTOR-GENERAL ADJUNTO, Don Charles Ndanji. - - - - - - -

- CONSEJEROS, Doña Constancia Mangue Nsue, Don Francois Rémi Riou y Don Merry Wark. -

--- Se nombra Censor de Cuenta a Cabinete DEMIST Y YOUNG CAMEROUN por un período de tres (3) años. - - - - - - - - - - - - - - -

--- Los nombrados, aceptan el cargo y prometen desempeñarlo bien

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y fielmente, manifestando no hallarse en causa alguna de incompatibilidad legal, en especial las señaladas en la Ley de - = 25/1.983, en fecha 26 de Diciembre. - - - - - - - - - - - - - -

--- Hago a los señores comparecientes, las reservas y advertencias legales, entre ellas las de caracter fiscal y la prohibición de ocupar cargos en la compañía a las personas declaradas= incompatibles por la [illegible], en especial las señaladas por la Ley de 25/1.983, de fecha 26 de Diciembre, lo permito la lectura de esta escritura por su elección, después de advertido de la opción del Artículo 193 del Reglamento Notarial; hacen constar su consentimiento y la firman conmigo, el Notario, que -

- - - - - - - - - - A U T O R I Z O - - - - - - - - - - - - - -

este instrumento público y doy fé de su autenticidad de fondo y [illegible] observancia en la forma de todas las prescripciones le[illegible]

[illegible] - - - - - - - - - - - - - - - - - - -

[emblem]
REPUBLIC OF EQUATORIAL GUINEA
Ministry of Justice and Religion
General Department of Registration and Notary Offices
Register of Property and Commerce
of Malabo *Region* Insular

CONCISE CERTIFICATE

Dr. **SOTERO SI ONDO NTUTUMU, ATTORNEY,**
Registrar of Property and Commerce of the Insular Region.

I CERTIFY: THAT, on page 259 book 54 of Companies of this Section of Bioko, there is recorded the Commercial Company named **"MOBIL OIL GUINEA ECUATORIAL, S.A.,"** incorporated at the Notary Office of this Insular Region on February 16 of this year before Acting Notary Federico Ela Owono under number 91 of his protocol, which document was entered in this Commercial Register at 10:55 AM today, entry number 10 folio 443 logbook 5. The tax was paid. Malabo, February seventeen, nineteen hundred ninety-eight.

FOR THE RECORD AND FOR THE APPROPRIATE EFFECTS, AT THE PETITION OF THE INTERESTED PARTY, I ISSUE THIS CONCISE CERTIFICATE AND I SIGN, SEAL, AND INITIAL IT IN THE CITY OF MALABO ON FEBRUARY SEVENTEEN, NINETEEN HUNDRED NINETY-EIGHT.

COMMERCIAL REGISTRAR

[seal and signature]

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[emblem]
REPUBLIC OF EQUATORIAL GUINEA

MINISTRY OF JUSTICE AND RELIGION

No. 91

AUTHORIZED COPY

OF

THE INCORPORATION OF A COMMERCIAL COMPANY

ISSUED BY

"MOBIL OIL GUINEA ECUATORIAL, S.A." (MOGE)

IN FAVOR OF

ITSELF

AUTHORIZED BY

FEDERICO ELA OWONO.

NOTARY RESIDING IN MALABO

INSULAR REGION

Date FEBRUARY SIXTEEN, 1998

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[stamp, appears on next 4 pages]
REPUBLIC OF EQUATORIAL GUINEA
[illegible] OF THE INSULAR REGION OF MALABO

[handwritten note, appears on next page as well] 17 10'55 February
10 443 5th
February 17, 1997

NUMBER NINETY-ONE

In the city of Malabo, on the sixteenth day of February, nineteen hundred ninety-eight.

Before me, FEDERICO ELA OWONO, Attorney, Acting Notary of the Continental Region, domiciled and residing in Malabo.

NUMBER NINETY-ONE

In the city of Malabo, on the sixteenth day of February, nineteen hundred ninety-eight.

Before me, FEDERICO ELA OWONO, Attorney, Acting Notary of the Continental Region, domiciled and residing in Malabo.

THERE APPEAR

MR. CHRISTIAN JACQUES LE HERON, of legal age, married, Corporate Director, residing in Douala-Cameroon, bearer of Passport Number 95AE79587.

MRS. CONSTANCIA MAUGUE NSUE, nationality Equatorial Guinean, of legal age, married, an Industrialist, domiciled in Malabo, [illegible] Number

I certify that I know the deponents.

INTERVENORS a) Mr. Christian Jacques Le Heron, on his own behalf and account, and representing the Commercial Company "MOBIL INTERNACIONAL," 150 East 42nd Street, New York, United States of America. He is authorized for this instrument under the powers of attorney granted to him by the Incorporating Board, dated November 21, 1997, signed by the company in reference, the copy of which I have seen and I consider sufficient for the purposes of this instrument; and b) Mrs. Maugue Nsue, in behalf and representation of the Company ABAYAN, domiciled in Malabo. She is authorized for this instrument by Bulletin signed by said Company on February 4, 1998, the copy of which I have seen and consider sufficient for the

purposes of this instrument.

I consider that they have the necessary legal capacity to execute this instrument of INCORPORATION OF COMMERCIAL COMPANY, and

THEY STATE

I.- That the deponents have decided to come together in a Company, creating a Commercial Joint-Stock Company, of Equatorial Guinean nationality, under the name "MOBIL OIL GUINEA ECUATORIAL, S.A.," initials (MOGE), to be governed by the provisions of the Law of July 17, 1951, the Commercial Code and other current provisions; and more particularly by the Bylaws, which after being signed by the deponents they deliver to me for registration together with this original and its transcription in the copies of this instrument to be issued.

II.- By Certification from the General Register of Companies, enclosed with the first copy, it will be proven that there is no other Joint-Stock Company or Limited Company whose name is identical to that planned, or whose extreme similarity may lead to confusion.

III.- That implementing their agreement,

THEY EXECUTE

ONE.- The Company "MOBIL INTERNACIONAL," the Company "ABAYAN" and Mr. Christian Jacques Le Heron incorporate, by simultaneous foundation carried out in this act, the Commercial Company named "MOBIL OIL GUINEA ECUATORIAL, S.A." (MOGE), with the term, domicile, object, and status determined in said Bylaws, whose complete text they confirm and approve and to the provisions of which they submit as of now.

TWO.- (Issue, Subscription, and Payment of Shares.-) The Company issues and places in circulation, at par,

FIVE HUNDRED shares, numbers 1 to 500, both inclusive, with a par value of Ten Thousand (10,000) CFA each, representing the founding capital of FIVE MILLION (5,000,000) CFA, which is distributed according to the following subscription and payment table:----------

- Mobil Internacional subscribes for itself FOUR HUNDRED TWENTY-FOUR shares, numbers 1 to 424, both inclusive, at their par value of (10,000) CFA each, equivalent to FOUR MILLION TWO HUNDRED FORTY THOUSAND (4,240,000) CFA

- Abayak, subscribes for itself, SEVENTY-FIVE shares, numbers 425 to 499, both inclusive, at their par value of (10,000) CFA each, equivalent to SEVEN HUNDRED FIFTY THOUSAND (750,000) CFA.----------

- Mr. Christian Jacques Le Heron subscribes for himself one share, number 500, both inclusive [sic], at the par value of (10,000) CFA, equivalent to (10,000) CFA.---.

The deponents declare that the shares subscribed by each of them were paid up and settled in cash with the corporate treasury.

THREE. – (Appointment in Corporate Positions).- The founding shareholders constituted in this act in General Shareholders' Meeting of the Company, unanimously agree to fill for a term of five (5) years the following positions:----------

- CHAIRMAN AND GENERAL DIRECTOR, Mr. Christian Jacques Le Heron;

- ASSISTANT GENERAL DIRECTOR, Mr. Charles Ndanji.

- DIRECTORS, Mrs. Constancia Nangue Nsue, Mr. François Réne Riou, and Kerry Warh.

---They appoint as Auditor the firm ERNST Y YOUNG CAMEROUN for a term of three (3) years.

---The persons appointed accept the position and promise to carry it out correctly

and loyally, declaring that they do not fall under any cause of legal incompatibility, specifically those indicated in Law 25/1.983 dated December 26.------

---I indicate to the deponents the legal reservations and warnings, including those of a tax nature and the prohibition of filling a position in the company for persons declared incompatible by [illegible], especially those indicated in Law 25/1.983, of December 26. I let them read this instrument at their choice, after warning them of the option under Article 193 of the Notary Regulation; they approve it and they sign it with me, the Notary, who----------

----------CERTIFIES----------

this public instrument and attests its authenticity of substance [illegible] all registrations [illegible]

----------**DOCUMENTS ENCLOSED:**----------

BYLAWS OF THE COMMERCIAL COMPANY "MOBIL OIL GUINEA EQUATORIAL, S.A. (MOGE).

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The White House, President George W. Bush

Click to print this

For Immediate Release
Office of the Press Secretary
June 10, 2004

Fighting Corruption/Improving Transparency

Last year in Evian we committed ourselves to act together, and with developing country partners and the international community, to fight corruption and improve transparency. We will do still more to help cut away the burden of corruption on economic growth. What follows is a report on follow-up to the commitments we made in Evian.

Country-led Transparency Compacts Launched

G-8 governments are working with a number of developing countries with a view toward building voluntary partnerships to assist their efforts to increase transparency and thereby to use public resources wisely. These efforts will focus on transparency in public budgets, including revenues and expenditures, government procurement, the letting of public concessions and the granting of licenses. Special emphasis will be given to cooperation with countries with large extractive industries sectors. These partnerships will be put in place through voluntary compacts that lay out commitments on both sides in support of country-owned strategies and in full complementarity with ongoing initiatives and programs.

- The Governments of Georgia, Nicaragua, Nigeria and Peru have come forward with the first such compacts to achieve these important goals. Other interested countries are actively pursuing compacts. We task our relevant ministries to develop in partnership with these countries implementation plans.
- Partner governments have specified, in concrete terms, what they intend to do to bring greater transparency and accountability to the management of public resources.
- Participating G-8 countries will support them by providing bilateral technical assistance and political support. With each compact partner, participants will develop action plans that set forth our joint efforts to achieve measurable improvements in these areas.
- Participating G-8 governments will work with partner countries to enlist the support and engagement of private companies, organizations and civil society, as well as international institutions.
- For partner countries rich in oil, natural gas, and mineral resources, the compacts will pay particular attention to the transparency of revenue flows and payments in these sectors, while protecting the necessary confidentiality of business operations. Our shared goal is to help combat the harmful effects on development when national resources and revenues are misused. Complementary efforts to promote transparency are also taken forward by countries participating in the Extractives Industry Transparency Initiative.

Compact to Promote Transparency and Combat Corruption:
A New Partnership Between the G8 and Nigeria

Nigeria and the members of the G8 announce today their intention to cooperate in a "Compact to Promote Transparency and Combat Corruption." Nigeria and the G8 share the view that corruption is a threat to democratic institutions, economic development and to the integrity of the international system of trade and investment. Nigeria and the members of the G8 recognize that promoting transparency and integrity and fighting corruption require commitment and action on all sides. Outlined below are the intentions and policy commitments of the G8 and Nigeria as they pursue cooperation through the Compact in a spirit of partnership and mutual respect.

Statement of the Government of Nigeria

The Government of Nigeria wishes to commit to partnership and cooperation with the G8 in the continuing implementation of the comprehensive national anti-corruption strategy as a pivotal step for accelerating the rebuilding of our National Integrity Systems. The anti-corruption strategy is situated within the framework of a whole set of structural reforms (detailed measures of which are available on the website – www.fmf.gov.ng) designed to lay a foundation for sustained economic growth and development for the country. These reforms are anchored around:
(a) Maintenance of Macro Economic Stability;
(b) Public Expenditure/Budget Reforms and Public Revenue Reforms;
(c) Public Sector/Reforms
(d) Accelerated Privatization and Liberalization
(e) Anti-corruption, Transparency and Accountability Reforms.

OUR POLICY COMMITMENTS

We have in response to the malignance of corruption to our development designed and are currently implementing a broad and systemic anti-corruption strategy as a flagship of our economic, political and social reforms. The anti-corruption program of the Government includes concrete measures -- preventive as well as punitive -- that address issues of accountability, transparency and efficiency by fundamentally tackling the problems of our institutional, economic, political and social structures.
The range of the anti-corruption, transparency and good governance programs of our Government includes budgetary and fiscal transparency, procurement reforms, strengthening anti-corruption and economic crimes institutions for effective law enforcement and sanction of corruption and money laundering, privatisation transparency, public sector/bureaucratic reforms, judicial and justice sector reforms, tracing, freezing and recovery of corruption proceeds and general re-orientation of the public.
More specifically, the following underpin the priority efforts of our Government to enthrone transparency, accountability, efficiency and effectiveness in governance of both public financial resources and governance of the political and social infrastructure of our country:

BUDGET AND FISCAL TRANSPARENCY:

The Budget formulation process, presentation, consultation, implementation and monitoring is being done with clear rules, roles and responsibilities.

- Beginning with the 2004 budget, a Fiscal Strategy Paper laying out the broad directions and priorities of the budget is first discussed with the Executive and then the Legislature. It is then shared with stakeholders groups among the public to catalyze public debates on the policy objectives, macroeconomic framework and the parameters on which the budget is based;
- Following the crafting and passage of the Budget, the public is provided with full information on the past, current and projected fiscal activity of government and the presentation is done in a way that facilitates independent analysis and enhances demands for accountability;
- To make the budget more accessible to the public and demystify it, a publication on "Understanding the ABCs of the Budget" has commenced. It is to be followed by a more detailed, but still basic, citizen's guide to the budget. Both the ABCs of the budget and the budget document itself are available on the Ministry of Finance Web site- www.fmf.gov.ng ;

- Publication of monthly revenue allocations to all three tiers of government (Federal, State and Local) began in January 2004. The data is available on the Ministry's web site and monthly in local newspapers after the Federation Account meetings. Publication of monthly warrants showing allocation to Federal Ministries and Agencies for recurrent costs, and quarterly warrants showing allocations for capital costs has also begun. The data is available on both the Ministry as well as the Budget Office websites- www.budgetoffice.gov.ng;
- Very rudimentary quantitative and qualitative performance indicators have been developed by major spending ministries and agencies to link allocations in the budget to results on the ground. These performance indicators for Budget 2004 can be found in the ministry's website;
- Quarterly budget performance monitoring, mid year review and presentation of performance or implementation status to the Legislature and the public have been introduced;
- Transparent management of additional petroleum receipts over and above budgeted price. Petroleum receipts over the budget benchmark price of $25 a barrel are held in an "excess crude account" at the Central Bank for purposes of saving and managing oil price volatility and its impact on the economy. The balance on petroleum proceeds in this account is shared with the public;
- Procedures for the execution and monitoring of approved expenditure have been harmonized and strengthened through the establishment of the Cash Management Committee headed by the Minister of Finance with membership drawn from the Budget Office, the Nigerian National Petroleum Corporation (NNPC), FIRS, Accountant-General, Central Bank and the Procurement Regulatory Office;
- The Revenue Framework is being redesigned to provide clearer details of revenues collected by all revenue-collecting agencies in a reporting format that is clear and concise;
- The inauguration of a coalition group of civil society and private sector representatives to independently monitor program implementation under the Economic Reform program;
- A program for capacity enhancement of the Office of the Auditor-General of the Federation for more effective synergy with the Public Accountability Committee of the Senate;
- A program of "Running Operational Reviews" of major government spending activities by the Ministry of Finance to ascertain operational and financial efficiency and effectiveness of major spending.

PUBLIC PROCUREMENT LEGISLATION, POLICY AND ADMINISTRATION

To ensure good use of financial resources and enhance competition, the GON has introduced stringent and enforced guidelines for public contracting.

- The Procedure for the award of contracts has been redesigned to conform to the standards of internationally competitive bid, with emphasis on openness, competition and value for money under the transitional Due Process Regime; a reform effort that has already resulted in the savings of $800 million dollars in prevented overpricing of federal contracts. Through the Due Process certification process which is a mandatory requirement for all public treasury funded projects, we now cancel all contracts that are poorly packaged and non-compliant with internationally acceptable standards of a competitive process and value-for-money.
- Attract new domestic and foreign entrants into the market for public works, goods and services by continuing to adhere to newly established standards of openness and competition and ultimately achieve costs of contracts that are comparable with international practice;
- The publication of Federal Procurement Journal available nationwide and containing notices of procurement opportunities and the information on cost and winners of public contracts commences in August 2004;
- A bill for the establishment of a Federal Public Procurement Regulatory Agency is being concluded for submission to the Legislature to set out the process for contract awards, administration and redress/dispute resolution.

EXTRACTIVE INDUSTRY TRANSPARENCY INITIATIVE

- A standing multi-stakeholders group of twenty- seven drawn from the private sector, civil society and public sector has been set up to implement transparency of revenue from oil, gas and solid minerals;
- The result of independent financial and technical audits of revenue and costs reported by the government to have been received/incurred from/by the oil sector, and payments to have been made to the government or

costs incurred as reported by the oil sector, shall with effect from September 2004 become a quarterly revenue/costs reporting instrument;

- Technical capacity and institution and human resource re-organization in the principal oil and gas cost/revenue regulating or collecting agencies, including the Inland Revenue Service and the Office of the Accountant General of the Federation;
- Back up the requirement for quarterly revenue reporting with relevant piece of Legislation within the next twelve months;
- Establishment of an Oil and Gas Accounts Unit in Federal Ministry of Finance for purposes of improved modeling/forward accounting of expenditures and revenues in the Oil and Gas sectors. Provide additional back up to the Extractive Industries Transparency Initiative (EITI).

ANTI-CORRUPTION INSTITUTIONS BUILD-UP

Cognizant of the importance of institutions that enforce anti-corruption laws to an effective anti-corruption strategy, the GON has strengthened a number of the core institutions statutorily empowered to investigate, prosecute and sanction corruption.

- Our independent anti-corruption agency known as ICPC is being strengthened through legislative amendment, technical and human capacity building and appropriate funding to enhance its capacity for the sanction of corrupt conduct;
- The Code of Conduct Bureau is being strengthened to monitor effectively the asset declaration and ethical conduct of public officials, legislators and judges;
- The Economic and Financial Crimes Commission recently established to enforce economic crimes laws and punish criminals has commenced investigation and prosecution of over two hundred economic criminals, especially the fraudsters perpetrating international scams. Results: $300 million equivalent recovered, $52 million to the Treasury. Continued efforts to track, trace and recover looted funds. Communications campaign on 419 internally and very soon externally. Anti-money laundering legislation approved.
- The EFCC plans by August 2004 to conclude action to establish a Financial Intelligence Unit (FIU) to deepen its capacity for monitoring and enforcing laws against money laundering and other economic crimes;
- A Cyber-Crime Commission has been set up to stem the tide of Internet and ICT related crimes emanating from Nigeria ;
- An integrated legal and police reform strategy that is linked to the broader institutional strategy for effective sanction of corruption has become a catalyst for on-going judicial reform efforts by the Judiciary, a separate arm of government.

PUBLIC SERVICE REFORM

- The strengthening of the Management information system and public sector accounting capacity;
- Payroll computerization has begun to curb incidents of "Ghost Workers" that caused inflated corruption-induced wage bills;
- Monetization of benefits in kind has began to curb the abuse of open ended privileges and entitlements of public officials that distorted the recurrent-to-capital expenditure ratio;
- The Legislation-backed Contributory pension scheme recently established aims to build confidence in the public work force of a more secure future and enhance productivity and curb economic security driven corruption.
- National Health Care Insurance System.
- Selection of several key pilot ministries for the rightsizing of the public service by attracting new core competencies in policy articulation and implementation and redeployment of excess un-needed skills to private enterprise.
- Institute a competency driven and incentive/sanction-based procedure for hiring, promotion, training, rotating and firing public officials to create a new public sector culture.

JOINT ACTIONS WITH G8 PARTNERS

We invite the G8 to work with us in further broadening and deepening these various programs already under implementation through a collaborative process of identifying any gaps that may exist in our Strategy. The map of our various programs detailing objectives, responsibility for action, expected impact, timelines and possible partners clearly elaborates the areas of priority for our national integrity renewal.
We wish to reiterate our unreserved commitment to continuing to pursue the transparency program of our Government, as the results have already began to show.
We urge our G8 Partners to match our commitment to the transparency program so that together, we can accelerate the pace at which our country rebuilds its national integrity and plays the pivotal role that it is positioned to play both in Africa and the rest of the world.

Statement of the G8 Governments
General Statement of Policy Commitments

For their part, G8 countries committed at Evian and Sea Island to act together to fight corruption and increase transparency. At Sea Island , the G8 agreed to pursue specific actions to follow up their Evian commitments. As set forth in more detail in their Declarations in Evian and Sea Island , the G8 intend to:

- Become parties to the UN Convention Against Corruption and call for rapid signature and completion of all necessary steps to ratify and implement the Convention, and support the convening in Vienna of a multilateral "Friends of the Convention" process for promoting active and effective implementation.
- Translate the words of the UN Convention into effective actions and assist third countries, particularly developing countries, in accomplishing the objectives of the Convention.
- Implement a new G8 partnership to detect, recover and return illicitly acquired proceeds of corruption.
- Put in place new methods to coordinate G8 asset recovery actions, including by:
- Establishing G8 accelerated response teams
- Enhancing G8 asset recovery case coordination; and
- Holding G8 asset recovery workshops.
- Adopting rules and measures or creating best practices to track and recover assets in corruption cases.
- Seek in accordance with national laws to deny safe haven to public officials guilty of corruption, by denying them entry, when appropriate, and by using extradition and mutual legal assistance laws and mechanisms more effectively.
- Work with the international financial institutions (IFIs) and UN agencies to encourage anti-corruption and transparency actions by developing countries. The G8 intend to:
- Encourage countries to meet the high disclosure and transparency standards set by the IFIs.
- Support World Bank and related programs to help developing countries achieve accountability in public finance and expenditure and procurement.
- Seek agreement to disclose country assistance strategies, performance evaluations and reports on country budget procedures from the World Bank, International Monetary Fund and regional development banks.
- Invite developing countries to prepare anti-corruption action plans to implement their commitments in regional and international conventions.
- Adhere rigorously to an updated peer review schedule for the OECD Anti-Bribery Convention and honor our pledges to serve as lead examiners to monitor our enforcement of anti-bribery laws. Send prosecutors and other law enforcement officials to participate in peer reviews.
- Encourage efforts of our private sectors to develop and implement corporate compliance programs to promote adherence to laws that criminalize the bribery of foreign public officials.
- Implement the Financial Action Task Force (FATF) revised 40 recommendations and promote implementation of the UN Transnational Organized Crime Convention (TOC).
- Work towards including in G8 regional and bilateral trade agreements provisions requiring transparency in government procurement and the awarding of concessions, as well as provisions on trade facilitation.

Proposed Actions to Launch a Nigeria Transparency Compact

A number of G8 countries are prepared to work to find ways to support the efforts of Nigeria to enhance transparency, use public resources wisely and fight corruption. Participating G8 countries intend to join in a

voluntary and cooperative partnership with Nigeria to help improve transparency in the specific areas identified as national priorities by the Government of Nigeria. The future work plan for the transparency compact is expected to focus on efforts to promote transparency and prevent corruption in the following areas:

- Public budgets and financial management, including revenues and expenditures;
- Government procurement; and
- Letting of public concessions.

These are the key channels for public resource management and use.
Participating G8 countries intend to work in consultation with the Government of Nigeria to consider, within their budgetary possibilities, country-specific technical assistance, political support and policy guidance in areas where Nigeria identifies a need for capacity building to enhance transparency. G8 partners may help to support efforts by the Nigerian authorities to make information available to the public, to develop appropriate rules and regulations and to build support for pro-transparency reform among domestic constituencies. Assistance from participating G8 partners may include stepped-up coordination with the international financial institutions to ensure that new assistance complements existing and future transparency work with Nigeria in those institutions.

Next Steps

Representatives of the Government of Nigeria and of participating G8 countries intend to meet soon to carry the compact forward to the next operational stage. The participating partner countries intend to work together to develop a technical plan of action. The technical plans would be based upon Nigeria 's stated priorities to build on its current efforts and actions in the realm of transparency and public financial management and accountability.
Participating G8 countries and the Government of Nigeria further intend to adopt a procedure to measure and evaluate progress as the pilot compact moves forward.

DFID Department for International Development

MARCH 2004

EITI Newsletter

The latest from the Extractive Industries Transparency Initiative

WELCOME to the first newsletter from the Extractive Industries Transparency Initiative (EITI). This newsletter is intended to keep you up to date with EITI as it develops in different countries, as well as with the different partners who are supporting the initiative.

We hope that future editions of this newsletter will write themselves as people involved in EITI send us contributions on the different EITI programmes which they are involved in. This edition, for example, contains contributions from countries, civil society organisations, companies, investors, and the World Bank. As this is the first edition, we would also be grateful for your feedback on the content and style of the newsletter. If you have any comments or contributions to make for the next edition then please email us at **eiti@dfid.gov.uk**

What is EITI?

The Extractive Industries Transparency Initiative was announced by UK Prime Minister Tony Blair at the World Summit on Sustainable Development in Johannesburg, September 2002. Its aim is to increase transparency over payments by oil, gas, and mining companies to governments and transparency of revenues received by those governments.

SUMMARY

Nigeria establishes working group to guide development of EITI

Publish What You Pay (PWYP) coalition established in Nigeria

Ghana's Minerals Commission publishes results

Azerbaijan establishes government working group to consider EITI

World Bank endorses EITI

Multi-donor EITI Trust Fund established

Investors with $7 trillion under management support EITI

Attachment 8

POLICY DIVISION

Nigeria establishes working group to guide development of EITI

Nigerian President Obasanjo announced in November 2003 that the Government would publish its revenues from oil and will require companies to do likewise. The World Bank and DFID are supporting President Obasanjo's Ministerial team in implementation. This should help ensure that the initiative complements and supports wider transparency, anti-corruption and public financial management efforts.

"I personally have no doubt that Africa's era to be clean, open, transparent and accountable is now. I rejoice greatly that Nigeria is and will continue to be at the forefront of the continent's new transparent dawn."

President Obasanjo, at Petroleum Revenue Management Workshop, Abuja, 19 February

On 16 February, President Obasanjo announced the formation of a 27-member **Stakeholder Working Group** to guide the development of EITI in Nigeria. This was followed by a two day Petroleum Revenue Management Workshop in Abuja. This event, sponsored by FGN, The World Bank and DFID, was co-ordinated by the senior special assistant to the president Oby Ezekwesili, and received strong support from the President himself and Minister of Finance Ngozi Okonjo-Iweala. Intense interest was expressed from all participants – including federal and state government, international oil corporations, donors, NGOs and the media – in improving transparency in the oil industry, strengthening public financial management, and curbing corruption. For further information please contact Ben Mellor **(b-mellor@dfid.gov.uk)**

Publish What You Pay (PWYP) coalition established in Nigeria

A coalition of over 45 **Civil Society Organisations** from across Nigeria met in Port Harcourt, 16-17 February 2004, to launch the Publish What You Pay campaign in Nigeria and to discuss EITI. Civil society representatives expressed broad support for the EITI in Nigeria and warmly welcomed President Obasanjo's commitment, in particular to the disclosure of individual company payments. The coalition seeks to contribute to the implementation of EITI by closely engaging with the national and international stakeholders involved in its development and by playing an independent monitoring role over the process. For further information please contact PWYP Nigeria **(nigeria@publishwhatyoupay.org)**

Ghana's Minerals Commission publishes results

Ghana announced its intention to pilot EITI in June 2003. In September 2003, the Minerals Commission released its half-year revenues. The Chamber of Mines hopes that it will be ready to formally publish all payments made by its members to the Government in early 2004. A working group is being established to ensure that in future the reports are issued simultaneously and that civil society are involved. For further information please contact Mike Ellis **(m-ellis@dfid.gov.uk)**

Azerbaijan establishes government working group to consider EITI

A government commission to consider EITI was established in December 2003. The commission will be chaired by State Oil Fund of Azerbaijan (SOFAZ) executive director Samir Sharifov. For further information please contact Sefton Darby **(s-darby@dfid.gov.uk)**

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Other Countries

Some countries such as Timor Leste are undertaking similar work, and others such as Trinidad and Tobago are actively considering the EITI approach. In **Kazakhstan** the UK government has co-sponsored two conferences on the issue of transparency in the oil and gas sector. The EITI team has been working with these countries to help them implement their plans. We welcome their leadership and their commitment to move ahead on improving transparency in the extractive industries. Many other countries are also taking forward transparency-related reforms, and it is hoped they will also wish to develop the EITI model for their own countries.

World Bank endorses EITI

On 9 December 2003 **The World Bank** indicated its readiness to play a major role in the implementation of EITI. The Bank Group has the expertise, reputation and contacts to make a real impact on delivering reforms on transparency. We anticipate that their leading role in the implementation of EITI will include: discussing transparency with client countries; conditionality, where appropriate, on sector loans; using the Bank's convening power to bring together key stakeholders; and hosting a multi-donor Technical Assistance Trust Fund.
For further information please contact Charles McPherson **(cmcpherson@worldbank.org)**

Multi-donor EITI Trust Fund established

Action is now in hand to establish the Trust Fund in the World Bank. The UK has committed an initial £1m for technical assistance, and Norway has committed NoK 750,000. The Trust Fund has been established to help provide funding and technical assistance to developing country governments to take forward EITI programmes. We strongly encourage other contributions from governments or companies, particularly in G8 countries, which committed themselves to improving transparency over payments and revenues in the extractives sector at the **Evian Summit** last year. Further contributions to the Trust Fund will strengthen the reach of the initiative, and will help better reflect the multi-stakeholder, multi-donor nature of the EITI.

World Bank/IMF Workshop

The World Bank and the IMF hosted a discussion on the roles and responsibilities of Governments, National Oil Companies and International Oil Companies with respect to oil revenue management and governance in sub-Saharan oil exporting countries. The workshop took place on 3 and 4 February in Libreville, Gabon, and brought together high level representatives from governments and national oil companies from Cameroon, Chad, the Democratic Republic of the Congo, the Republic of Congo, Equatorial Guinea, Gabon, Nigeria and Sao Tome and Principe. The outcomes have been documented in a paper prepared by the World Bank/IMF. Of particular note for EITI was the support expressed by participants to the principles of transparency – including transparency of oil revenues. For further information please contact Robert Bacon **(rbacon@worldbank.org)** or Alan Detheridge **(alan.detheridge@shell.com)**

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Institutional investors with £7 trillion under management support EITI

On 25 February, Sir David Manning – the UK ambassador to the US – hosted a group of US institutional investors at the British Embassy in Washington DC. The investors had been invited to learn about EITI in order to encourage them to become signatories to the **Investors Statement on Transparency in the Extractives Sector**, the financial sector's statement of support for EITI issued at the June 2003 conference. Since then, the numbers of signatories has risen to nearly 60 investment institutions, led by ISIS Asset Management and including UBS, Merrill Lynch, Fidelity, State Street Global Advisers, Deutsche, and ING. These investors have been joined by some of the world's largest pension funds, including TIAA-CRED, CalPERS, New York State and PGGM, as well as the pension fund of Rio Tinto.

Speaking at the event, Peter Clapman – from TIAA-CREF – emphasised the benefits that investors stood to reap from improved transparency standards in resource-rich markets, citing both the lower business risks for existing operators and the expanded investment opportunities that would ensue as a result of the improved business climate. He encouraged other US investors to endorse the Investor's Statement. For further information please contact Karina Litvack (**Karina.Litvack@isisam.com**)

Guidelines

Reporting Guidelines and templates for annual disclosure of company payments and government revenues have been developed, and are now available from DFID's website: **www.dfid.gov.uk**. As requested last June, we have also developed guidelines relating specifically to the mining sector and we are exploring the need to develop further guidelines for revenues generated by the transit of oil and gas across states. We expect these guidelines to evolve as they are tested in individual countries.

The Team

This is a critical time for EITI, as it moves from awareness raising and mobilising of partners, to implementation in pilot countries. The EITI team in London has been expanded to meet the strong demand for follow-up. We remain committed to hosting a follow-up conference to review progress since June and to forge new partnerships. This conference is likely to take place in early 2005. In the meantime, we will keep you informed of further progress through this newsletter.

"We've made real progress over the last six months. Through our collective resolve this work will continue, ensuring that the wealth of natural resources in developing countries is well accounted for, and helps to drive the reduction of poverty."
HILARY BENN, Secretary of State for International Development

Contact us: Work is being led by Ben Mellor (**b-mellor@dfid.gov.uk**), tel: +44-(0)20 7023 1211; and Sefton Darby in DFID (**s-darby@dfid.gov.uk**), tel: +44-(0)20 7023 1210).
Further information is available on **www.dfid.gov.uk** or by e-mailing us on **eiti@dfid.gov.uk**
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RESPONSES TO SUPPLEMENTAL QUESTIONS FOR THE RECORD
SUBMITTED TO
MARATHON OIL COMPANY

1. Since Marathon first learned that Abayak (a company controlled by the President of EG or his wife) may have a substantial interest in GEOGAM, what has Marathon done to determine whether Abayak does, in fact, have an interest in GEOGAM and, if so, the exact amount of that interest?

   As we stated in our prior responses, all information available to Marathon when it acquired CMS' Equatoguinean interests in January 2002 indicated that GEOGAM was a wholly owned State entity. As we recall, it was not until the summer of 2002 that we first became aware that GEOGAM might be partially, privately owed. As we stated in our July 13, 2004, responses, in January of 2003 a GEOGAM representative told Marathon that GEOGAM was 75% owned by Abayak and 25% by the Government.

   a. When does Marathon expect to obtain an answer to these questions? When Marathon receives an answer to these questions, please provide the information to the Subcommittee.

      Marathon met with Equatoguinean Government officials on July 19, July 30, August 3, August 5, August 9, and August 13, 2004, to discuss, inter alia and in general, transparency and government-financed social development programs. The status of GEOGAM's ownership was specifically discussed at four of these meetings. Based on what we were told at those meetings, it now appears that Abayak has at least a 75% interest in GEOGAM, and that interest has been held by Abayak since GEOGAM's inception. We believe the Government representatives with whom we met understand that the GEOGAM Alba Plant LLC (the LPG (liquid petroleum gas) plant) and AMPCO (the methanol plant) interests should be held by the State or by an entity that is wholly-owned by the State. At Marathon's urging, the Government is in the process of reviewing this matter and determining what actions need to be taken. We will continue to pursue this matter with the Equatoguinean Government and will keep this Subcommittee updated.

   b. Why has Marathon decided to continue to remain in partnership with GEOGAM in the liquefied petroleum gas plant and the methanol facility in light of the fact that Abayak may have a substantial interest in GEOGAM?

      Marathon is not in a partnership with GEOGAM. The LPG plant is owned by Alba Plant LLC. Two companies own the shares of Alba Plant LLC; Alba Associates LLC owns 80% of the shares of Alba Plant LLC and GEOGAM owns the remaining 20% of the shares. Marathon, in turn, owns 65.2125% of the shares in Alba Associates LLC. The methanol plant is owned by Atlantic Methanol Production Company LLC (AMPCO). AMPCO also has two shareholders, Atlantic Methanol Associates LLC, which owns 90% of the AMPCO shares, and GEOGAM, which owns the remaining 10% of the AMPCO shares. Marathon in turn owns 50% of the shares of Atlantic Methanol Associates LLC. In summary, with respect

Permanent Subcommittee on Investigations
EXHIBIT #55a

to both the LPG plant and the methanol plant, Marathon owns shares in a company that owns shares in a company in which GEOGAM also owns shares.

As we stated in our earlier responses, there was nothing in the materials we reviewed, including the underlying contracts, or in our discussions with CMS prior to our acquisition of CMS' Equatoguinean interests, that indicated that GEOGAM was not 100% state owned. To the contrary, all indications were otherwise. Indeed, the 1998 agreement between the Government and AMPCO under which the State authorized the construction of the methanol plant specifically states that GEOGAM is a wholly-owned entity of the State. At the time we completed our acquisition of CMS's interests, we believed that GEOGAM was a wholly-owned entity of the State.

It was well after we acquired CMS' interests in Equatorial Guinea that we first received an indication that GEOGAM may have a private owner. As Marathon learned that GEOGAM may have a private owner, Marathon has operated as if the indication that GEOGAM had a private owner was true and as if that private owner was a government official. We have endeavored to make sure that all of Marathon's, Alba Plant LLC's and AMPCO's dealings with GEOGAM are at arm's length. The dealings of Marathon, Alba Plant LLC and AMPCO with GEOGAM have been based on the terms of existing, commercial arrangements. Moreover, all dealings of Marathon, Alba Plant LLC and AMPCO with GEOGAM have been fully and accurately recorded on the books of these companies.

Please see our response to 1.a. with regard to the actions we are currently pursuing with the Equatoguinean Government to address this issue.

c. Who was the highest ranking Marathon official to approve the decision to continue to remain in partnership with GEOGAM?

See the response to 1.b., above. No affirmative decision was made to continue the arrangement.

d. Please provide a copy of any Marathon document approving the decision to remain in partnership with GEOGAM.

See the responses to 1.b. and 1.c, above.

e. Please provide a copy of all materials related to the formation, ownership, and control of GEOGAM.

We do not have an ownership interest in GEOGAM and therefore do not have these documents.

2. Please provide a copy of all analyses that address whether the Marathon's partnership with GEOGAM in the liquefied petroleum gas plant and the methanol facility complies with the

Foreign Corrupt Practices Act and all Marathon policies related to the FCPA, in light of the fact that Abayak (a company controlled by the President of EG or his wife) may have a substantial interest in GEOGAM. If no such analyses exist, please describe the basis for Marathon's determining that its partnership with GEOGAM in the liquefied petroleum gas plant and the methanol facility complied with the FCPA and all of Marathon's policies related to the FCPA.

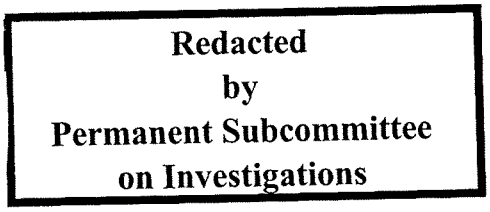
See our response to 1.b. with respect to the characterization of a "partnership" with GEOGAM. As Marathon learned that GEOGAM might have a private owner, the situation was reviewed with regard to FCPA compliance with legal counsel. There are, however, no written analyses relating to this situation.

Even though it is now apparent that a government official owns an interest in GEOGAM, that government official did not receive the interest from Marathon. Therefore, that interest could not have been given, and was not given, by Marathon as a quid pro quo for any action by a government official, including any action related to the acquisition or retention of business. No government official ever suggested to Marathon that Marathon's acquisition of or continued participation in any business opportunity in Equatorial Guinea, or any other advantage in Equatorial Guinea, was conditioned on a government official's ownership of an interest in any part of Marathon's operations. Likewise, Marathon has never offered participation in any of its operations to a government official.

As Marathon learned that GEOGAM might have a private owner, Marathon has endeavored to make sure that all of the dealings of Marathon, Alba Plant LLC and AMPCO with GEOGAM were at arm's length. As a shareholder in Alba Plant LLC and AMPCO, GEOGAM only receives what it is entitled to under the governing documents. Moreover, as previously indicated, all dealings of Marathon, Alba Plant LLC and AMPCO with GEOGAM have been fully and accurately recorded on the books of these companies.

With regard to Marathon's Anti-Corruption Compliance Guidelines, this situation-- inheriting an already existing arrangement-- is not directly addressed. Consistent with our guidelines, however, and as noted above, as Marathon learned that GEOGAM might have a private owner, we carefully conducted our business at arms length as if such private owner was a government official.

3.



Redacted by Permanent Subcommittee on Investigations

4. What is the estimated value of GEOGAM's share of the liquefied petroleum gas plant and the methanol facility?

Under the governing documents for both Alba Plant LLC and AMPCO, the interests currently owned by GEOGAM were carried by Alba Plant Associates LLC and Atlantic Methanol Associates LLC for certain construction costs. The carried amounts, plus interest, are recovered out of 75% of the dividends otherwise payable to GEOGAM. Based on the amount of the carry, the interest rate under the formation documents, and our projections of operating and capital costs, inflation, throughput and commodity prices, we estimate that the interest currently owned by GEOGAM in the LPG plant has a net present value of $ 75 million to $ 95 million and the interest currently owned by GEOGAM in the AMPCO Plant has a net present value of $ 15 million to $ 20 million. It is important to note that these estimates of net present value are based on projections of future dividends. GEOGAM will only realize this value in the future if it remains an owner of these plants. Again, we would caution that actual values may vary significantly from these estimates. Actual values are highly dependent upon variables that are hard to predict, such as, operating and maintenance costs, plant reliability, availability of supplies to the plant, inflation, and commodity prices. Commodity prices in particular are highly volatile with annual swings commonly on the order of 25-40%.

As noted above, the carried amounts, plus interest, are recovered out of 75% of the dividends otherwise payable to GEOGAM. In addition, GEOGAM has traditionally paid for LPG supplies it receives from Alba Plant LLC out of the remaining dividends paid or to be paid to GEOGAM. The commercial arrangements for this were and are as follows. GEOGAM operates a small LPG retail distribution business on Bioko Island, for which it obtains LPG supplies from Alba Plant LLC. No written contract was in place for these sales when Marathon acquired CMS' interests in Equatorial Guinea. However, since the construction of the LPG plant in 1997, GEOGAM has purchased LPG supplies from Alba Plant LLC. Alba Plant LLC charges GEOGAM the same price Alba Plant LLC receives for export volumes, which are the only other sales from the plant. GEOGAM has paid for the product (at the export price mentioned above) through deductions from Alba Plant dividends. With the Phase 2B LPG plant expansion, dividends have not been declared since June 2002. As a result, Alba Plant LLC currently has a receivable from GEOGAM of $452,176.10. We project that the Phase 2B expansion will be completed in 2005, that dividends will be declared in 2005, and that the account receivable will be liquidated by the end of 2005. Marathon has been attempting to put in place a written contract since shortly after it acquired CMS' interest in 2002, but as yet no written contract has been signed. Part of the difficulty in finalizing a written contract has been Marathon's insistence that the price be not less than the export price. To our knowledge, GEOGAM is the only supplier of LPG to the residents of Bioko Island, making termination of this

arrangement impractical.

5. Has there ever been any suggestion or implication made to Marathon (or its predecessor – CMS) that its ability to do business in EG was conditioned on allowing the president of EG (or a company controlled by him or a member of his immediate family) to become a partner in any of Marathon's operations in EG, or was conditioned upon providing business to or making purchases from EG government officials, their family members or companies controlled by the officials or their family members?

   With regard to Marathon, absolutely not. With regard to CMS, we are not aware of anything which would indicate that such is the case. As noted in Mr. Wegman's letter dated August 6, 2004, to this Subcommittee, Marathon did not acquire CMS, but rather only acquired CMS's interests in Equatorial Guinea.

6. Please describe the actions taken by Marathon:

   a. To participate in the Extractive Industries Transparency Initiative (EITI), including concrete steps taken to implement the EITI in any jurisdiction;

      - **Marathon has endorsed the EITI. On April 21, 2004, Marathon's President and Chief Executive Officer notified the UK's Department for International Development (DFID) of Marathon's support for the Extractive Industries Transparency Initiative (EITI). A written statement in support of the EITI was attached. Marathon's support was recognized in the EITI Newsletter Issue No. 2, date June 2004. A copy of the DFID EITI Newsletter is attached.**

      - **In May, 2004, Marathon publicly announced its support of the EITI in an interview on the BBC "Focus on Africa" program. The interview was part of a program titled "Equatorial Guinea – Transparency for the Oil Industry." The program aired twice on May 25 in the U.K.**

      - **Marathon has met with the United Kingdom's Department for International Development EITI team on numerous occasions to obtain advice on how to implement the EITI as well as advice on how to best engage specific governments – recognizing this is a government led initiative.**

      - **In August, 2004, Marathon was invited by the U.K. EITI team to participate in the planning activities for the March 2005 EITI Conference which will be held in London.**

      - **Marathon's President and Chief Executive Officer wrote a letter in May, 2004 to President Obiang of Equatorial Guinea applauding the Equatoguinean government's endorsement of the EITI and other transparency based initiatives. Marathon attached a copy of its position paper filed with the U.K. government, and offered assistance to help Equatorial Guinea move forward on achieving transparency.**

- **Marathon's Washington office continues to suggest that the U.S. State Department promote transparency in its meetings with President Obiang, and provide technical assistance to Equatorial Guinea on transparency efforts.**

- **Marathon attended the June 17, 2003, Lancaster House Multi- Stakeholder Conference on the EITI.**

- **Marathon's Washington office worked very closely with the U.S. State Department in 2003 on the drafting of the final EITI position, which was ultimately adopted by the U.K. Government.**

b. To participate in the G8 Anti-Corruption and Transparency Initiative, including concrete steps taken to help implement this initiative in any jurisdiction; and

- **Marathon worked through the American Petroleum Institute in expressing support of the G8 initiative announcement at the G8 Sea Island Summit.**

c. To bring greater transparency to its own business dealings with foreign governments, their political leaders, and family members.

- **Marathon notified the Equatoguinean government of its endorsement of the EITI, and encouraged the Equatoguinean government to move forward on implementing transparency, and offered assistance on this effort.**

- **Marathon has led an Equatorial Guinea Capacity Building initiative with U.S. oil companies, aimed at providing a framework for the Equatoguinean government making substantive investments in its social and economic infrastructure. The first meeting was held in April 2004; a second meeting is being held in October. Marathon views this effort as an important step forward toward furthering the transparency of Equatorial Guinea's revenue stream.**

- **Marathon has discussed the need for transparency with Equatoguinean governmental officials, including Pastor Micha Ondo Bile, the External Affairs Minister, and Gabriel Nguema Lima, the Vice Minister of Mines, Industries and Energy.**

- **In August 2004, Marathon senior executives met with an Equatoguinean Minister in Malabo, Equatorial Guinea, to encourage movement on transparency, and also to encourage the government to take specific action towards the needs of the country.**

- **Marathon has facilitated discussions between U.S. government officials and Equatoguinean government officials to discuss transparency and other reform initiatives, including:**
    - **An April 29, 2004, discussion between U.S. government and industry personnel with External Affairs Minister Pastor Micha Ondo Bile.**
    - **A June 18, 2004, discussion between U.S. government personnel and President Obiang Nguema Mbsago, and Vice Minister Gabriel Nguema Lima.**
    - **An August 5, 2004, discussion held between U.S. government and External Affairs Minister Pastor Micha Ondo Bile.**

- **Since 2002, Marathon has assisted U.S. government officials and representatives of multilateral finance institutions on visits to Equatorial Guinea. This has included facilitating roundtable discussions with industry representatives to discuss transparency and capacity building initiatives, and to push for more technical assistance for Equatorial Guinea.**
    - **In August 2003, assisted a State Department & Export - Import Bank visit**
    - **In August 2003, cooperated fully with a CBS "60 Minutes" news crew in Equatorial Guinea**
    - **In August 2003, assisted a visit by Alex Vines, head of Human Rights Watch**
    - **In February 2004, assisted a visit by officials from the Department of Energy**
    - **Summer 2004, assisted a visit by Business for Social Responsibility, which has a contract from the U.S. State Department to do a social needs assessment of Equatorial Guinea, which could be used as a roadmap for infrastructure development.**

7. Equatorial Guinea has stated publicly that it is willing to participate in the Extractive Industries Transparency Initiative (EITI). Please describe any plans or specific discussions undertaken between Marathon and the government of Equatorial Guinea related to implementing the EITI. If none, please indicate whether Marathon is willing to initiate a dialogue with Equatorial Guinea regarding implementing EITI and, if so, whether Marathon will report to the Subcommittee in 60 days regarding the prospects for EITI in that country.

    - **In addition to the actions and discussions described previously, Marathon has initiated dialogue with the government of Equatorial Guinea on the issue of transparency. In April, Marathon expressed its encouragement in writing to President Obiang for the government's declarations of support for the EITI. Marathon also offered assistance in identifying means for implementing the EITI.**

- **Marathon has discussed the need for transparency with Equatoguinean governmental officials, including Pastor Micha Ondo Bile, the External Affairs Minister, Gabriel Nguema Lima, the Vice Minister of Mines, Industries and Energy, and other Equatoguinean officials.**

- **Capacity building workshops led by Marathon have been held with other oil companies active in Equatorial Guinea. The first workshop was held in April 2004 and the second workshop is scheduled for October 2004. The workshops focus on the capacity needs of Equatorial Guinea; identifying means of support; and finding a path forward on Equatorial Guinea's stated commitment to the EITI.**

- **Marathon plans to work further with the U.S. and U.K. governments on transparency issues. The U.K. Government is urging interested countries to request assistance from sponsors of the process. Marathon has requested technical assistance from the U.S. government for Equatorial Guinea.**

- **Marathon has been in contact with the International Monetary Fund on promoting transparency in Equatorial Guinea.**

- **Marathon has discussed capacity assistance for Equatorial Guinea with the U.S. Agency for International Development.**

- **Marathon has worked with the United Nations Development Program (UNDP) on capacity building initiatives.**

- **In May 2004, Marathon met with several Non-Governmental Organizations (NGOs) to discuss its operations in Equatorial Guinea, and ways to work together to promote a civil society. The meeting was held under Chatham House Rules. The government of Equatorial Guinea was informed that this meeting took place.**

- **On July 17, 2004, Marathon's senior executives met privately with the new US Ambassador to Cameroon and Equatorial Guinea, Ambassador R. Niels Marquardt. The Ambassador was urged to provide US technical assistance to Equatorial Guinea on transparency, along with capacity building initiatives.**

DFID Department for International Development

JUNE 2004

EITI Newsletter

The latest from the Extractive Industries Transparency Initiative

Welcome to the second edition of the Extractive Industries Transparency Initiative (EITI) newsletter. Thank you to those who commented on the first edition of the newsletter - we have tried to reflect your feedback in this edition. Thank you also to those who have sent contributions: in this edition we lead off with an update from the Federal Government of Nigeria on EITI Nigeria. The newsletter also contains articles on another leading EITI country, Azerbaijan, as well the Kyrgyz Republic which is the most recent country to commit to take forward the initiative. We also provide highlights of some recent transparency related publications, and the recent endorsements of EITI from the European Bank for Reconstruction and Development and Marathon Oil.

This is an exciting time for EITI as more and more countries are working to improve transparency in the management of their natural resources; more companies are associating themselves with the process; and civil society becomes increasingly engaged. Although each country and sector will have different experiences, it is important that we share the lessons of implementation to give ideas and support to each other. We hope that this newsletter will be a useful tool for this lesson learning.

SUMMARY

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Progress in Nigeria

President Olusegun Obasanjo launched the EITI in Nigeria at a workshop on the 19-20 February 2004. The National Stakeholders Working Group (NSWG) is the platform from which the Federal Government of Nigeria plans to implement the initiative.

EITI Nigeria is currently advertising in the Nigerian press for a consultant to help select an auditor to carry out an independent financial and operational/technical (value for money) audit of Nigeria's extractive industry. EITI-Nigeria intends to follow through with the audit and implement recommendations based on the findings. A focal group is being set up for the design and oversight of a variety of coordinated training programs, inward secondments of expertise and infrastructure support for selected government agencies.

EITI Nigeria intends to publish all information and data on payments and revenues through a grass-root based communication strategy and the engagement of rural communities and regional civil society groups. This will help us change the perception of the extractive industries and build ownership amongst wider stakeholders.

EITI Nigeria is laying the foundations for an open and transparent extractives sector that will make the needed changes irreversible. In line with the reform efforts embarked upon by Nigeria's second administration, EITI Nigeria has quickly moved from rhetoric to implementation. For more information contact Stan Rewi at the EITI Nigeria Secretariat – info@eiti-nigeria.org

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EBRD endorsement

The European Bank for Reconstruction and Development (EBRD) has announced their intention to work together with the EITI on practical ways to promote its principles. The EBRD and the EITI share the core values of transparency and sound business practice in the natural resources sector. EBRD First Vice President Noreen Doyle said that the EBRD is experienced in encouraging principles that fight corruption and promote equitable development through its own investments. The Bank will encourage its investment partners and clients to adopt EITI principles. Contact Alan Bevan BevanA@ebrd.com or Enrico Grassi – GrassiE@ebrd.com

Azerbaijan consults on EITI reporting framework

Progress on implementation of EITI in Azerbaijan continues apace, with the launching of an NGO coalition on the issue, and ongoing discussions between the Azeri government's National Commission on EITI and domestic and international stakeholders.

EITI NGO coalition launched in Baku

A coalition of over 40 NGOs, 'Strengthening of Extractive Industries Transparency', was established during a conference held in Baku on 13 May. The new coalition has been established to unite NGOs participating in EITI in Azerbaijan. The coalition's aims include not only ensuring representation of the views of Azeri civil society in implementation of EITI in Azerbaijan, but also increasing public awareness of the issues surrounding revenues from Azerbaijan's oil resources. Sabit Bagirov - President of the Entrepreneurship Development Foundation – was later elected Coordinator of the new coalition. Contact – sb@azerin.com

National Commission on EITI in Azerbaijan consults with industry and civil society in Baku and London

The Commission - chaired by Azerbaijan State Oil Fund (SOFAZ) Executive Director Samir Sharifov - has held a series of meetings since February with industry and civil society organisations in Baku, to discuss how to take the initiative forward. Oil companies consulted include BP, Commonwealth, Conoco Phillips, ExxonMobil, Itochu, Lukoil, Salyan, SOCAR, TPAO and Unocal. More than 30 representatives of national and international NGOs attended a meeting with the Commission and oil companies in April. Discussions have also been held with audit companies working in Azerbaijan on technical aspects of how the collation process might work.

A seminar on EITI in Azerbaijan was also held in London on 20 April. The seminar was the first example of an EITI country promoting their experience outside of their own country. Mr Sharifov briefed representatives of the UK and Norwegian governments, oil companies, international financial institutions, and NGOs on how EITI was being implemented in Azerbaijan. George Soros - who attended the seminar - commended the Government of Azerbaijan on their recent progress, as did other NGOs present. Mr Sharifov also met with the UK Parliamentary Under-Secretary for Foreign Affairs, Bill Rammell, during his visit. Contact Sefton Darby – s-darby@dfid.gov.uk

EITI Conference set for Central Africa

The Government of Cameroon has invited fellow members of the Communauté Économique et Monétaire de l'Afrique Centrale (CEMAC) group of states - Central African Republic, Congo (Brazzaville), Gabon, Equatorial Guinea and Chad - to a conference on EITI in Yaounde from mid June. The conference is expected to provide an opportunity for CEMAC states to endorse the principles of EITI and discuss practical issues of implementation. Oil companies, state owned enterprises, trade associations and civil society organisations will also be invited. For further information, please contact Michael Ellis – m-ellis@dfid.gov.uk

Kyrgyz Republic commits to EITI

The Kyrgyz Republic is the latest country that has declared its intention to take forward EITI. The Kyrgyz Republic is a major producer of gold, with income from the Kumtor mine dominating export revenues. In a resolution passed by the Kyrgyz parliament on 14 May, Prime Minister Tanaev announced the government's intention to establish an EITI committee under the chairmanship of First Deputy Minister of Finance Toromyrzaev. The committee will be advised by a board, chaired by the Prime Minister, with members from government, companies, civil society, and the donor community. Contact s-darby@dfid.gov.uk

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Angola – moving towards transparency

On 13 May, the Angolan Government disclosed details of payments it will receive from ChevronTexaco. The payments, totalling $300 million, are to be made in connection with a 20-year extension of the concession on Block Zero in the northern Cabinda province. At the signing event, the Chairman of the Board of Sonangol, Manuel Vicente, referred to the agreement as "an important step for the reconstruction of post-war Angola", adding that the Government of Angola is aware that "good governance is the foundation of good business". Dave O'Reilly, ChevronTexaco's chairman and chief executive officer, said: "ChevronTexaco is fully supportive of the bold move to tackle such a difficult issue as transparency and good governance. The disclosure of the Block zero signing bonuses is fully in line with what we have long believed and called for: that the effort to address the management of oil revenues should be led by affected governments, not imposed on them by others. We are pleased that President Dos Santos and his administration have taken this step, and we stand by to support their transparency efforts."

Global Witness Report - Time for Transparency

A report from Global Witness charts the vast scale of corruption surrounding natural resources. Oil, mining and gas are important sources of revenue in sixty countries which are also home to two-thirds of the world's poorest people. Far from proving a blessing to impoverished populations, oil often worsens their lives by entrenching authoritarian leaders. The report argues that revenue transparency is fundamental for poverty reduction and democratisation, and that governments and companies should be forced to reveal the precise financial arrangements surrounding their deals on natural resource extraction. Many governments and companies do not provide even basic information about their revenues or payments.

The report specifically investigates activities in Kazakhstan, Congo Brazzaville, Angola, Equatorial Guinea, and Nauru. It then moves on to make a range of recommendations to donors, companies, and the international financial institutions. While supportive of EITI, the report states a preference to move to a more "mandatory" solution, that would force companies to publish what they pay in all countries in which they operate. Contact ghayman@globalwitness.org

Extractive Industries Review

"The World Bank Group should partner with the EITI and PWYP [Publish What You Pay] campaign to promote revenue transparency" is one of the key conclusions of the World Bank's Extractive Industries Review (EIR). The EIR was commissioned by World Bank President Jim Wolfensohn in 2001 in response to NGO criticism of the Bank's support for oil, gas and mining projects, some of which have had negative impacts on affected communities.

The EIR encompasses a range of issues, including good governance, environmental concerns and respect for human rights. Ensuring revenue transparency is highlighted as one of the main ways in which the Bank can ascertain whether the projects it supports will really bring benefits to the poor in developing countries. The World Bank management response to the EIR is due later this month.

Marathon oil endorses EITI

Clarence P Cazalot Jr, CEO of top 5 US oil company, Marathon Oil, wrote to the EITI Team in April to express Marathon's support for EITI in line with their opposition to corruption in any form. He noted that for EITI to become effective it will be critical for it to be driven by the governments of developing countries to ensure that no local laws are violated or contractual obligations are breached.

Copenhagen consensus paper on conflict

A recent paper by Paul Collier and Anke Hoeffler estimates the impact of increased transparency from EITI with regard to the impact of natural resource rents on the probability of civil wars. There are two effects: an indirect effect because high natural resource rents lead to lower growth and lower growth increases the risk of civil war; and a direct effect, because disputes about natural resource rents increase the likelihood of civil war. The savings involved are large: in discounted terms these amount to $12.1 billion and $77 billion respectively, a total gain of $89 billion. Collier notes that the numbers are "highly speculative", but states that "they are not necessarily over-estimates". While the assumptions on the degree of impact that EITI would have on these two factors is open to debate, the simple point is that EITI has the potential to – if implemented extensively –generate economic growth and savings from averted conflict.

Transparency International Corruption Report

Transparency International's Global Corruption Report for 2004 focuses on political corruption, and complements this with a series of forty-one global, regional and country reports, as well as with summaries of corruption research being conducted by academic, commercial, civil society and official bodies around the world. The extractive industries, and especially oil, feature at several points in the report. As the executive summary states, "The larger the oil sector relative to a country's economy, the greater the potential for political corruption." Nicholas Shaxson, in an article on the Elf trial refers back to Anthony Sampson's 1975 history of the oil industry, *The Seven Sisters*, in which he wrote that to many the oil industry "appeared to be part of World Government ... financing whole nations, fuelling wars ... an enduring subject of suspicion and investigation." The EITI process now brings together governments and international official bodies with companies and civil society in an attempt to reduce the problem. Will the desired results be seen overnight? No. Will corruption be totally eradicated? Shaxson says, "... only tempered, in a permanent struggle". Contact: info@transparency.org.uk

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Newsletter information

The Extractive Industries Transparency Initiative (EITI) is a global multi-stakeholder initiative that brings together developing country governments, donors, companies, investors, civil society organisations, and the international financial institutions to increase transparency in the extractives sector in developing countries. To subscribe or to unsubscribe to this newsletter, or to send us comments or potential contributions, please email us at eiti@dfid.gov.uk

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September 21, 2004

Mr. Robert L. Roach
Chief Investigator and Counsel
Senate Permanent Subcommittee on Investigations
Russell Senate Office Building, Room 199
United States Senate
Washington, D.C. 20510

Dear Bob:

In Marathon Oil Company's responses to the Follow Up Questions that we provided to you on July 13, 2004, and in the Company's responses to the Supplemental Questions for the Record that we provided to you on August 19, 2004, Marathon stated the Company had been told by a GEOGAM representative that GEOGAM was 75% owned by Abayak and 25% owned by the Government (please see the July 13, 2004 response to Question 1 and the August 19, 2004 response to Question 1). Marathon has just recently been informed by EG Government officials that this information is incorrect.

As you recall from our recent meeting in your office, I advised you that two officials from Marathon's office in Houston planned to meet in the near future with MMIE Minister Ntugunsa and with other officials of the Equatoguinean Government in Malabo. Those meetings are now underway, and in the course of the meetings Marathon has been advised by EG Government officials that GEOGAM is in fact 25% owned by Abayak and 75% owned by the Government, not the other way around. Furthermore, Marathon has been advised by EG Government officials that this ownership arrangement has been in place since GEOGAM was originally organized in October, 1997, and that no changes in the ownership structure of GEOGAM have occurred since that time.

I am enclosing a copy of GEOGAM's organizational papers, dated October 21, 1997 (original version, in Spanish), that EG Government officials made available to Marathon during the recent meetings in Malabo. Article Second of the Articles of Incorporation (*Escritura de Constitucion*) states that 25% of the stock has been subscribed and paid for by Abayak, S.A., and that 75% of the stock has been subscribed and paid for by the EG Ministry of Mines and Energy.

An approximate English language paraphrase of the relevant sections of Article Second is as follows:

Permanent Subcommittee on Investigations
EXHIBIT #55b

(a) Abayak, S.A. subscribes for 25% of the capital stock, numbers 1 through 25 inclusive, having a total cumulative par value of 1,250,000 Central African Francs, and

(b) The Ministry of Mines and Energy subscribes for 75% of the capital stock, numbers 26 through 100 inclusive, having a total cumulative par value of 3,750,000 Central African Francs.

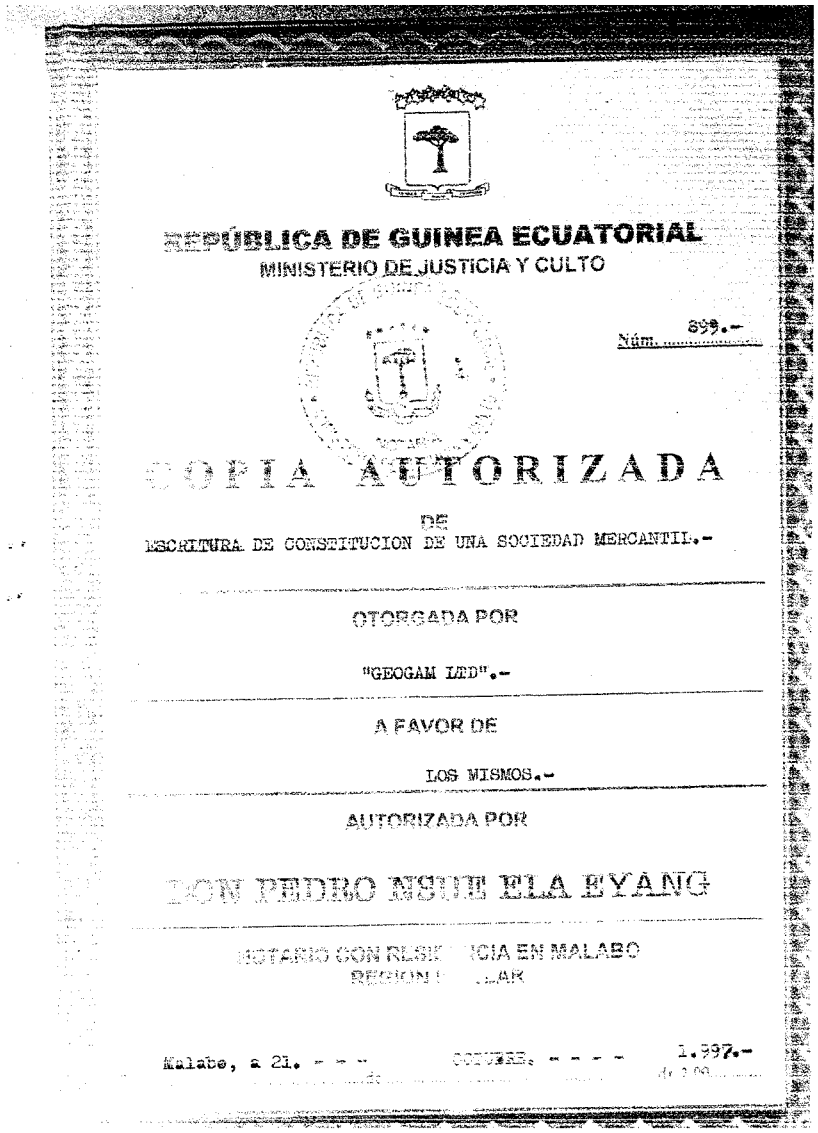
The parties who have thus subscribed to the capital stock have shown that they have paid for such stock in full in cash prior to the issuance of these Articles of Incorporation.

I hope this information is helpful to you. We would appreciate your correcting the hearing record to reflect the fact that these documents confirm that the EG Government owns 75% of GEOGAM. As we discussed, I will provide you with an update on Marathon's continuing conversations with EG officials concerning the ownership of GEOGAM. In the meantime, however, if you have any questions, please don't hesitate to call.

Sincerely,

Richard A. Wegman
Counsel for Marathon Oil Company

RAW:cl
Enclosure



REPÚBLICA DE GUINEA ECUATORIAL

MINISTERIO DE JUSTICIA Y CULTO

Núm. 899.-

COPIA AUTORIZADA

DE

ESCRITURA DE CONSTITUCION DE UNA SOCIEDAD MERCANTIL.-

OTORGADA POR

"GEOGAM LTD".-

A FAVOR DE

LOS MISMOS.-

AUTORIZADA POR

DON PEDRO NSUE ELA EYANG

NOTARIO CON RESIDENCIA EN MALABO
REGION INSULAR

Malabo, a 21. - - - - CONTRS. - - - - - 1.997.-



NUMERO OCHOCIENTOS NOVENTA Y NUEVE.--------

En la Ciudad de Malabo, a veintiuno de Octubre de 1.997.------

Ante mí, **PEDRO NSUE ELA EYANG,** Abogado, Notario de la Región Insular, con vecindad y residencia en esta Capital.---

COMPARECEN:

DON JUAN OLO MBA NSENG, guineano, mayor de edad, con domicilio en esta Capital.----------

DOÑA CONSTANCIA MANGUE DE OBIANG, guineana, mayor de edad, casada, con domicilio en esta Capital.----------

Doy fe de conocer a los comparecientes.----------

INTERVIENEN: a) Don Juan OLO MBA NSENG, en su calidad de Ministro de Minas y Energía, cargo que por notoriedad me consta, ejerce en la actualidad y se halla investido de facultades para el presente otorgamiento, b) Doña Constancia MANGUE DE OBIANG, lo hace en nombre y representación de la Sociedad Mercantil denominada ABAYAK, S.A., con amplias facultades para el presente otorgamiento.----------

Les juzgo, según intervienen, con la capacidad legal necesaria para formalizar la presente escritura de CONSTITUCION DE SOCIEDAD MERCANTIL, y.----------

EXPONEN:

I.- Que tienen decididos unirse en Compañía, constituyendo una Sociedad Mercantil de Responsabilidad Limitada, de nacionalidad ecuatoguineana, que bajo la denominación de **GUINEA ECUATORIAL OIL AND GAS MARKETING, LTD.,** en anagrama **"GEOGAM LTD."** se regirá por las

disposiciones de la Ley de 17 de Julio de 1953, el código de Comercio y demás Legislación Vigente y más particularmente por los Estatutos, que firmados por los comparecientes me entregan para su protocolización en unión de ésta matriz, y su transcripción en las copias de la presente escritura se expidan, extendidos en 7 folios de papel común.----------

II.- Mediante certificación del Registro de Sociedades que se acompañará a la primera copia, se acreditará que no existe otra Sociedad Anónima o Limitada cuya denominación sea idéntica a la proyectada o cuya extrema semejanza induzca a confusión.----------

III.- Que llevando a afecto su acuerdo,----------

O T O R G A N:

PRIMERO.- (Constitución).- Los señores comparecientes según concurren, dejan constituida por fundación simultánea que llevan a cabo en este acto, la Sociedad Mercantil denominada, **GUINEA ECUATORIAL OIL AND GAS MARKETING, LTD.**, en anagrama **"GEOGAM LTD."** con la duración, domicilio, objeto y régimen que se determinan en los precitados ESTATUTOS SOCIALES, cuyo cuerpo completo ratifican y aprueban y a cuya preceptiva desde ahora se someten.----------

SEGUNDO.- (Emisión, Suscripción y Desembolso de Participaciones.- La Sociedad emite y pone en circulación 100 participaciones sociales, números 1 al 100 ambos inclusive, de CINCUENTA MIL (50.000) Fcfa., de valor nominal cada una, en que se representa y divide el Capital Social y fundacional de CINCO MILLONES (5.000.000) DE FRANCOS CFA., que quedan distribuidos conforme al cuadro de suscripción y desembolso siguiente.----------

a) **LA SOCIEDAD ABAYAK, S.A.**, suscribe para sí 25% participaciones sociales, números 1 al 25 ambos inclusive representativas de UN MILLON DOSCIENTOS CINCUENTA MIL (1.250.000) FCFA.----------

b) **Mº DE MINAS Y ENERGIA,** suscribe para sí 75% participaciones sociales, números 26 al 100 ambos

inclusive representativas de TRES MILLONES SETECIENTOS CINCUENTA MIL (3.750.000) FCFA.----

Manifiestan los comparecientes que las participaciones suscritas han quedado desembolsadas en su totalidad e ingresado su importe en efectivo metálico antes de este acto en la Caja Social.----------

TERCERO.- (Nombramiento de Cargos Socialcs).- Los Socios Fundadores, constituidos en Junta General de socios, acuerdan por unanimidad nombrar cargos a la sociedad con las facultades que les confieren los estatutos sociales, que está integrados por los señores que a continuación se expresan y que estarán en su seno los siguientes cargos:----------

Presidente: Don Juan OLO MBA NSEG.----------

Director-Secretario: Don Miguel ABIA BITEO.----------

Asesor Técnico: Don Cristóbal MAÑANA ELA.----------

Asesor Económico: Don Marcelino OWONO EDU.----------

Asesor Jurídico: Don Antonio NZAMBI NLONGA.----------

Los nombrados, cuyas circunstancias personales y reglamentarias constan en la comparecencia, aceptan los cargos y prometen desempeñarlos bien y fielmente manifestando no hallarse en causa alguna de incompatibilidad legal, en especial las señaladas en la Ley 25/1983, de fecha 28 de Diciembre.----------

TERCERO.- Se solicita la inscripción de la presente escritura en el Registro Mercantil correspondiente.----------

Hago a los señores comparecientes, las reservas y advertencias legales, entre ellas las de carácter fiscal y la prohibición de ocupar cargos en la Sociedad a las personas declaradas incompatibles por la Legislación Vigente y en especial las señaladas por la Ley 25/1.983, de fecha 26 de Diciembre; les

permito la lectura de esta escritura por su elección, después de advertido de la opción del Artículo 193 del Reglamento Notarial, hacen constar su consentimiento, y la firman conmigo, el Notario que,----------

A U T O R I Z O:

Este instrumento público y doy fe de su autenticidad de fondo y de la observancia en la forma de todas las prescripciones legales, dejándolo extendido en 4 folios de papel común.- Están las firmas de los comparecientes.- Signado.- P. Nsue Ela Eyang.- Rubricado:- Está el sello de la Notaría.----------

DOCUMENTO UNIDO:

E S T A T U T O S:



ESTATUTOS DE LA SOCIEDAD MERCANTIL DENOMINADA "GUINEA ECUATORIAL OIL AND GAS MARKETING, LTD, EN ANAGRAMA "GEOGAM LTD"

ARTICULO PRIMERO-DENOMINACION.----------

Con la denominación de GUINEA ECUATORIAL OIL AND GAS MARKETING, LTD., en anagrama "GEOGAM, LTD" se constituye una Sociedad de Responsabilidad Limitada con arreglo a los presentes Estatutos, y a lo dispuesto en las normas de OHADA.—

ARTICULO SEGUNDO.- OBJETO SOCIAL.----------

La Sociedad tiene por objeto: Actividades petroleras DOWN STREAM, actividades petroleras UP STREAM, manejo y procedimiento de productos y derivados del petróleo, exportación, venta, pudiendo extenderse a otras actividades que tengan relación directa o indirectamente con el objeto social----------

El domicilio social se fija en Malabo República de Guinea Ecuatorial, Calle Avda. la Independencia, quedando facultado en

Consejo de Administración para establecer sus propias oficinas, sucursales, agencias, reparaciones, delegaciones o dependencias cualquier clase y en cualquier lugar de Guinea Ecuatorial o del extranjero.----------

ARTICULO TERCERO.- PLAZO DE DURACIÓN.----------

La duración será de 99 años, pudiendo disolverse en cualquier momento si se acuerda válidamente y dará comienzo a sus operaciones el día de su constitución. Los ejercicios sociales coincidirán con el año natural.----------

ARTICULO CUARTO.- CAPITAL SOCIAL.----------

El Capital Social se fija de CINCO MILLONES (5.000.000) DE FRANCOS CFA, suscrito y desembolsado por los socios en el acto de la constitución, representados en (100) participaciones de (50.000) FRANCOS CFA de valor inicial cada una.----------

ARTICULO QUINTO.- TRANSMISIÓN DE LAS PARTICIONES.---

Las participaciones representativas del Capital Social podrán ser transmitidas por cualquiera de los medios admitidos en derecho, cuando la transmisión se realice a favor de cualquier otro socio de la Sociedad.----------

Para transmitir las participaciones a favor de personas extrañas a los restantes socios, será requisito previo el ofrecimiento de las mismas a la Junta General por el precio límite que éste señale al efecto, cada anualidad, a la vista del último balance. La Junta deberá contestar aceptando o rechazando la oferta en el plazo máximo de treinta días siguientes a su presentación, y el silencio equivaldrá a rechazo. Las participaciones adquiridas por la Junta serán repartidas por éste entre los socios que lo deseen, en proporción a sus participaciones respectivas.----------

ARTICULO SEXTO.- AUMENTO O REDUCCIONES DE CAPITAL SOCIAL.----------

El Capital Social podrá aumentarse o reducirse a propuesta de la Junta General y siempre en los términos que establece la Ley. En el caso de acordarse su aumento, éste se llevará a cabo verificando una emisión de nuevas participaciones representativas de la cantidad que se haya fijado, reconociéndole a los que sean socios de preferencia para la suscripción de dichas participaciones.----------

ARTICULO SEPTIMO.- ORGANOS DE LA SOCIEDAD.----------

La Sociedad será regida, administrada y representada por la Junta General de Socios y por un Director Gerente.----------

ARTICULO OCTAVO.- JUNTA GENERAL DE SOCIOS.----------

La Junta General de Socios podrá ser ordinarias o extraordinarias se celebrarán todos los años dentro de la segunda quincena del mes de julio; y las extraordinarias habrán de convocarse cuando lo acuerde la Junta por si o a petición escrita de un número de socios que según la Ley puedan hacerlo.----------

ARTICULO NOVENO.- ATRIBUTOS.----------

Son atribuciones de la Junta General Ordinaria:----------

a) Proceder a la renovación de la Junta y cubrir definitivamente las vacantes que en el mismo ocurran.----------

b) Examinar y aprobar el balance anual de la Sociedad.--

c) Deliberar y resolver sobre todas las proposiciones que le sean sometidas.----------

d) Deliberar y resolver sobre cualquier proposición que suscriban tres o más socios.----------

Son atribuciones de la Junta General Extraordinaria:----------

a) El traslado del domicilio social a otra ciudad y la creación de agencias o sucursales.----------

b) El aumento o reducción del Capital Social.----------

c) La disolución de la compañía y su función con otras sociedades.----------

d) La modificación de los Estatutos.----------

e) Y todos los demás asuntos de importancia que afecten a la Sociedad y acuerde someter a Ella el Consejo de Administración.----------

ARTICULO DECIMO.- CONVOCATORIAS.----------

Las convocatorias para las Juntas Generales serán acordadas en la sesión precedente a las siguientes.----------

ARTICULO UNDECIMO.- ACUERDOS.----------

Cada participación da derecho a un voto, tomándose todos los acuerdos por mayoría. Todos los socios tendrán voz y voto, pero deberán acreditar las participaciones que poseen mediante resguardo de su depósito en la Caja de la Sociedad o en cualquier establecimiento de crédito.----------

ARTICULO DUODECIMO TERCERO.- ACTAS Y OBLIGACIONES.----------

Los acuerdos de las Juntas Generales se harán constar en acta, que firmarán el Presidente y el Secretario nombrados, siendo

dichos acuerdos ejecutivos y obligaciones para todos los socios, sin necesidad de que recaiga aprobación del acta en junta posterior.----------

ARTICULO DECIMO TERCERO.- DIRECTORES-GERENTES.----

La Dirección y Administración activa de la Sociedad serán confiadas a un Director-Gerente y un Director Técnico nombrados por la Junta General de Socios, que podrán también destituir libremente, en el caso de que, a su juicio, dieran lugar a ello --------

ARTICULO DECIMO CUARTO.- DISOLUCIÓN Y LIQUIDACIÓN.-

En todo caso en que proceda la disolución de la Sociedad, la Junta General regulará la forma de liquidación, nombrando uno o más liquidadores, a los que se les conferirán los oportunos poderes.----------

ARTICULO DECIMO QUINTO.- RECURSO PREVIO.----------

Todo cuanto no estuviere previsto en los presentes Estatutos deberá ser resuelto de conformidad con los preceptos de las normas de la CNMV.----------

Nada hay en lo omitido que restrinja, limita o condicione lo transcrito. De todo lo cual, yo el Notario doy fe de todo lo consignado en este instrumento público, dejándolo extendido en 11 folios de papel común.- Están las firmas de los comparecientes.- Signado P. Nsue Ela Eyang.- Rubricado.- Está el sello de la Notaría.----------

CONCUERDA FIELMENTE con su original a que me remito y para la Sociedad Mercantil, expido la presente copia en 11 folios de papel común y la signo, firmo y rubrico en el lugar y fecha de su otorgamiento.- DOY FE.----------



RESPONSES TO SUPPLEMENTAL QUESTIONS FOR THE RECORD
SUBMITTED TO
OFFICE OF THE COMPTROLLER OF THE CURRENCY (OCC)

1. Please confirm that the OCC will include in its electronic database, Examiner View, the conclusion memorandum and supporting workpapers related to its targeted examination of the Pinochet accounts at Riggs Bank.

The OCC's workpapers pertaining to the initial discovery of the Pinochet accounts during the April 2002 BSA examination of Riggs Bank were included in our electronic database, Examiner View (EV), at the time of that examination. These April 2002 workpapers included the following:

(1) The Bank's "know your customer" profiles and account information on Pinochet and his two private investment companies (Althorp Investment Ltd. and the Ashburton Company);
(2) Documentation supporting the issuance of ten sequential $50,000 cashiers checks payable to Pinochet from the proceeds of the $500,000 Ashburton Company certificate of deposit;
(3) Correspondence between the Bank and its law firm; and
(4) Various media reports concerning Pinochet.

The conclusion memorandum and supporting workpapers related to the July 2002 targeted examination of the Pinochet accounts were not included in EV at that time. Instead, they were incorporated by reference through an EV entry that was included in the April 2002 BSA examination file folder. This particular EV entry was included in the April 2002 BSA examination file folder which suggests that the July 2002 targeted examination was treated as an extension of the April 2002 BSA examination. This EV entry specifically noted that:

> "[a]s a result of information found during [the] review of international private banking's cashiers' check log, a separate targeted examination for accounts related to Mr. Augusto Pinochet was conducted in June and July 2002. All results and documentation relating to the targeted examination are maintained in the OCCs Washington/National Capital Area Field Office (located in the OCC's national headquarters)."

The OCC has recently included the conclusion memorandum and certain additional supporting workpapers related to the July 2002 targeted examination of the Pinochet accounts in EV. We eliminated the April 2002 cross reference that identified the physical location of these workpapers, and instead created a separate EV file folder for the July 2002 targeted review of the Pinochet accounts. Additional supporting workpapers related to our July 2002 targeted examination of the Pinochet accounts will also be included in EV, and we will rely upon the guidance set forth in the OCC's 2003 Examiner View Users Guide in determining specifically which workpapers to include in EV, which workpapers to link in EV and which workpapers to incorporate by reference.

The EV entries pertaining to the April 2002 BSA examination, the initial documents that were included in EV at that time, and the supporting workpapers pertaining to the July 2002 targeted

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examination of the Pinochet accounts (that were cross referenced in the EV) were all provided to Subcommittee Staff.

2.

Redacted by Permanent Subcommittee on Investigations

3. Please provide a date certain by which the OCC will revise its examination manual to provide guidance on bank implementation of Section 312 of the Patriot Act.

As described in our testimony, the OCC together with the other federal banking agencies developed examination procedures for several key sections of the USA PATRIOT Act. With the exception of section 312, all these procedures were issued to the industry and to our examiners subsequent to the completion of the final regulation. These procedures will be incorporated in a revised version of our BSA Handbook. While I cannot provide a date certain for issuance of the revised Handbook since it is being drafted on an interagency basis, we expect that it will be issued by the end of the year.

With regard to Section 312 of the USA PATRIOT Act, the Department of the Treasury has been tasked with drafting the final regulation implementing section 312, and the OCC does not have control over the timing of its issuance. Once this regulation is finalized and issued, I can assure you that the OCC with the other federal banking agencies, will immediately finalize and issue examination procedures for section 312. In the interim, our examiners are using "draft" examination procedures for section 312 that are based upon the interim final rule.

4. 12 U.S.C. § 1818(s) states that if a bank "has failed to establish and maintain" anti-money laundering procedures or "has failed to correct any problem with the procedures . . . which was previously reported" to the bank by the OCC, "the agency shall issue" an order requiring the bank "to cease and desist from its violation." Please indicate whether the OCC interprets this provision to require issuance of a cease and desist order for a bank which the OCC has determined has one or more repeat deficiencies in its anti-money laundering procedures and, if not, under what circumstances the OCC may determine that no cease and desist order for that bank is required.

The OCC interprets the above referenced provision in section 1818(s) to require the issuance of a cease and desist order for a bank which the OCC has determined has failed to correct a previously cited BSA program deficiency. The OCC is currently revising its policies to clarify that an 1818(s) action should be taken when a bank continues a history of program deficiencies, even when the deficiencies are dissimilar to those cited in the past.

5. Please provide the OCC's reaction to the recommendation that its annual Report of Examination provided to banks include, on a routine basis in a stand-alone section, an assessment of the bank's compliance with statutory and regulatory requirements for anti-money laundering controls.

The OCC will assess a bank's compliance with the statutory and regulatory requirements of the Bank Secrecy Act at every examination. Any adverse findings pertaining to this assessment will be noted in the OCC's Report of Examination that is provided to the bank's management and board of directors.

6. Please indicate whether the OCC would support legislation to impose a one-year cooling off period on a federal Examiner-in-Charge of a financial institution before that person may accept a position with a financial institution which he or she oversaw.

Yes, the OCC would support legislation to impose a one-year cooling off period on a federal Examiner-in-Charge of a financial institution before that person may accept a position with a financial institution which he or she oversaw.

7. Please provide any guidance on steps that could be taken by the United States to work with the European Union and other international bodies to enable financial institutions with U.S. and foreign affiliates to exchange client information across international lines to safeguard against money laundering and terrorist financing.

We agree with the assessment contained in the July 15, 2004 report prepared by the Minority Staff of the Permanent Subcommittee on Investigations, that the legal restrictions on disclosure of information across international lines, even within the same financial institution, present an obstacle to effective AML due diligence for banks operating in the United States and a serious impediment to international efforts to stop money laundering, drug trafficking, and terrorism.

The report specifically notes that Riggs Bank N.A. sent letters under section 314(b) of the USA PATRIOT Act to at least two banks asking them to voluntarily share information about the beneficial owners of certain accounts to which large wire transfers had been directed. Both banks declined to provide the requested information because the accounts had been opened at their foreign affiliates in Luxembourg or Spain and bank secrecy laws in those jurisdictions barred disclosure of client information by their affiliates, not only to third parties, but also to personnel within the same bank if located outside the host country.

Dealing with the issue of information sharing across geographic borders requires both international and domestic action. Internationally, the focus should be on strong efforts to define best practices, providing technical assistance to jurisdictions that are developing or implementing new privacy laws, and, in the most severe cases "naming and shaming" problem jurisdictions. Domestically, banks can shape their account opening and monitoring procedures to address the risks associated with cross-border information restrictions, while supervisors, including the OCC, can establish closer working relationships with supervisors in jurisdictions where U.S.

banks have a presence to help facilitate information flows. Much of this work has already been initiated, but continued and enhanced support of these initiatives will be critical to their future success.

Internationally, the U.S. banking supervisory community works closely with groups such as the Basel Committee on Banking Supervision and the Financial Action Task Force (FATF). The Basel Committee and, in particular, its Cross-border Banking Group, has been a strong advocate for the elimination of barriers to cross-border supervision and information flows. It has issued several papers including, most recently, the consultative paper on Consolidated KYC Risk Management that focuses on enhanced due diligence for internationally active banks. One of the key points in the paper is that "Jurisdictions should facilitate consolidated KYC risk management by providing an appropriate legal framework which allows the cross-border sharing of information. Legal restrictions that impede effective consolidated KYC risk management processes should be removed." The OCC has worked closely with the Cross-border Group, whose members come from both G-10 countries and the offshore centers, to develop this paper; it is expected to be finalized and published within the next month.

The FATF also plays an important role in encouraging changes to allow for better flows of information across borders. For example, those countries that have particularly restrictive disclosure and secrecy laws are evaluated under the international standards set forth by the FATF to identify detrimental rules and procedures which impede international cooperation in the fight against money laundering. OCC staff has participated in some of these assessments. While the focus and goal of the FATF is to secure the adoption by all financial centers of international standards to prevent, detect and punish money laundering and terrorist financing and does not specifically highlight secrecy issues, FATF Recommendation 4 provides that "[c]ountries should ensure that financial institution secrecy laws do not inhibit implementation of the FATF Recommendations."[1]

The FATF has also published reports on the issue of non-cooperative countries and territories (NCCT) in the international fight against money laundering, and identified those countries and jurisdictions that have critical deficiencies in their AML systems or a demonstrated unwillingness to cooperate in AML efforts. The criteria used by FATF for defining NCCTs specifically included "excessive secrecy provisions regarding financial institutions"[2] and "inadequate customer identification requirements for financial institutions."[3] One of the purposes noted by the FATF in publishing these reports and identifying NCCTs is to encourage those jurisdictions that have been identified as having critical deficiencies in their AML systems to implement international standards in this area.

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[1] Financial Action Task Force on Money Laundering, The Forty Recommendations (2003), *available at* http://www1.oecd.org/fatf/40Recs_en.htm

[2] Financial Action Task Force on Money Laundering, Review to Identify Non-Cooperative Countries or Territories: Increasing the Worldwide Effectiveness of Anti-Money Laundering Measures, June 22, 2000 p. 14, *available at* http://www1.oecd.org/fatf/pdf/ncct2000_en.pdf.

[3] *Id.* at p. 15.

Outside of the international context, there are clear steps that US banks and banking supervisors can take domestically to reduce the risks that come with secrecy laws. Internationally-active US banks should develop account opening and monitoring procedures that take into consideration the risk of doing business across borders. They should establish lines of communications with their account holders to better understand the nature of their business and transactions. If an account holder is unable or unwilling to do so, and the bank is unable to determine that the transactions are for a legitimate purpose, then the bank should file a SAR and consider whether to continue the account relationship. These same banks must also identify where problems may be encountered that would prevent them from meeting their obligations with respect to anti-money laundering and terrorist financing. In addition, banking supervisors can also play a role in enhancing information exchange by working with their foreign counterparts to establish closer working relationships and, in some cases, information sharing agreements. The OCC has established information sharing agreements with a number of foreign authorities, and these have been used in situations where there are supervisory concerns about an institution that extend beyond the US borders.

Another domestic tool is section 311 of the USA PATRIOT Act, which provides the Secretary of the Treasury, in consultation with the Secretary of State and the U.S. Attorney General, the authority to designate particular financial institutions, types of accounts, classes of transactions, or foreign jurisdictions as being of "primary money laundering concern." If such a designation is made, section 311 grants the Secretary of the Treasury the further authority to require U.S. financial institutions to implement various "special measures" with respect to the designated financial institutions, jurisdictions, accounts, or transactions, including, in certain circumstances, restricting or prohibiting U.S. financial institutions from opening or maintaining correspondent accounts involving the designated entity. Subjecting certain jurisdictions to such sanctions could prompt these jurisdictions to reconsider or revisit some of the more restrictive provisions of their secrecy laws.



Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

August 26, 2004

The Honorable Norm Coleman
Chairman
Permanent Subcommittee on Investigations
Committee on Governmental Affairs
U.S. Senate
Washington, D.C. 20510

Dear Mr. Chairman:

In the recent hearings concerning Riggs National Bank, questions were raised about the propriety of an OCC examiner-in-charge retiring from the OCC and, without a break in time, going to work for the bank that he or she had been supervising. As the Riggs situation itself graphically demonstrates, when an EIC makes such a move serious questions are likely to be raised about the OCC's supervision of the institution involved, and even though the supervisory conduct of the examiner involved may have been absolutely proper in all respects, there is the potential for substantial injury to be caused to the OCC, the individual, the bank and the national banking system.

I have long felt that this was a subject that needed to be addressed, but questions about the OCC's authority to promulgate a rule or formal policy on this subject have stood in the way of our doing so. For this reason I would strongly support legislation that imposed a one-year moratorium on an EIC, or an examiner with comparable responsibilities, accepting employment with the bank he or she has been in charge of. However, because I believe that this subject needs to be addressed immediately, I have today put out the enclosed statement of my own personal views on the issue. I am confident that OCC EICs, as well as national banks, will share the concerns reflected in this statement.

Sincerely,

John D. Hawke, Jr.
Comptroller of the Currency

Enclosure

Permanent Subcommittee on Investigations
EXHIBIT #57

OCC News

Posted on August 26, 2004

To: All OCC Employees
From: Jerry Hawke
Date: August 26, 2004
Subject: Post-Employment Issues

Recent events at Riggs National Bank have raised to public prominence an issue that has been a matter of great concern to me for some time, namely the situation of examiners, and especially examiners-in-charge, going to work for the banks they examine immediately after leaving the OCC.

The skills that OCC examiners develop during their service at the agency can be of great value to the banks that the OCC supervises, and I think it will frequently be in the OCC's interests to have former examiners on the staffs of banks we supervise. However, I think we must recognize that when an OCC examiner, with no break in continuity, takes employment with a bank he or she has been supervising, there are inevitably questions that will be asked and suspicions raised. Because EICs in particular have a position of unique authority and influence over the banks they supervise, the adverse appearances of such a move are particularly significant when the EIC of the bank, or an examiner having a degree of influence over the bank approaching that of an EIC, is the person changing sides. These appearances are likely to exist even if there has been a period of recusal prior to the acceptance of employment and even if the individual is barred by post-employment restrictions from contacting the OCC for some specified period of time after leaving the agency.

To be sure, a great many OCC employees are likely to have some degree of influence over the banks that OCC supervises or over matters that are of interest to those banks, and it is incumbent on all OCC employees to remain highly sensitive to the appearance of accepting employment with national banks after leaving the agency. However, examiners, and particularly those examiners exercising the kind of authority possessed by EICs, have a special relationship and a special position of influence with respect to the banks they examine, and the potential for questions to arise is significantly greater in a situation where such an individual moves from one side of the table to the other without an appreciable time lapse intervening.

In such situations questions will inevitably be raised whether the hope or expectation of employment with the bank influenced the examiner's supervision of the bank prior to any discussion or offer of employment that would trigger a recusal. We have seen such questions arise in recent years when OCC EICs,

having complied with all the appropriate notification, recusal, and disclosure requirements, having completed a questionnaire documenting exactly when they first entered into employment discussions, and having undergone a thorough internal review of their workpapers during the prior year to ensure that they contain no evidence of bias, are nonetheless regarded with suspicion because they have taken employment with a bank over which they exercised supervisory authority just before accepting employment with the bank.

The urgency of providing a solution to this situation has only been heightened by recent and highly publicized events regarding Riggs National Bank, where the fact that a former EIC went to work for the bank immediately upon his retirement from the OCC gave rise to intense speculation that his previous supervision of the bank may have been influenced by the prospect of future employment. This situation has also caused significant problems both for the bank and the individual involved.

This kind of speculation has led to questions in the press, in Congress, and elsewhere about the OCC's objectivity and ability to conduct its bank supervisory mission. Indeed, as part of a recent staff report of the Senate Permanent Subcommittee on Investigations, it was recommended that legislation be enacted to impose a one-year cooling-off period for federal EICs of a financial institution before they can accept a position with the financial institution they oversaw.

I would strongly support such legislation. Even in the absence of such legislation, however, I believe most OCC examiners and outside observers would share my opinion that where an EIC – or an examiner with comparable responsibilities, such as a large bank team leader or a functional EIC -- accepts employment with a national bank or bank affiliate before a meaningful period of time has elapsed after they last performed supervisory responsibilities over the bank, there is a potential for causing serious injury to the reputation of both the OCC and the individual involved, and consequently to the national banking system. While it does not appear that the OCC may, on its own, adopt a policy prohibiting post-employment conduct, it is my opinion that examiners interested in protecting the reputation of the OCC, as well as their own reputations, would want to avoid such situations. I further believe that a one-year cooling-off period before joining a bank that he or she has been in charge of, such as suggested by the Senate Subcommittee staff, could be of critical importance in providing such protections.

By heeding these considerations in their own contemplation of post-OCC employment, OCC EICs, functional EICs, and team leaders would help to ensure that the OCC's reputation for conducting its bank examinations impartially and objectively is maintained. Moreover, this type of prudent measure would protect all OCC EICs and other examiners from unwarranted suggestions that impugn the integrity with which they perform their duties. I would stress that these concerns are applicable where the examiner moves without a break to join a bank that he or she has been examining. They are not applicable where the examiner chooses to

join one of the many hundreds of other banks that the OCC supervises.

These issues also are important to the national banks we examine and supervise. Accordingly, I intend to share these views with all national banks so that they too can understand the concerns we face and the fact that those concerns can reflect negatively on the bank as well as the OCC.

OCC examiners have in the past observed the highest standards of conduct, and there is no reason to believe that they will not do so in the future. It is also clear, however, that even where no improper conduct is involved, the questions and suspicions that are likely to be raised can have damaging effects on the OCC, as well as the individual and the bank involved. The purpose of this message is to help ensure that the OCC and its examiners continue to enjoy an exemplary reputation for observing the highest standards of conduct.

Order Code RL30117

CRS Report for Congress

Pinochet Extradition Case: Selected Legal Issues

Updated March 3, 2000

David M. Ackerman
Legislative Attorney
American Law Division



Congressional Research Service • The Library of Congress

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 31



ABSTRACT

On March 2, 2000, British Home Secretary Jack Straw terminated proceedings to extradite General Pinochet of Chile to Spain for trial on alleged human rights offenses on the grounds Pinochet was no longer mentally fit to stand trial. Pinochet immediately returned to Chile. Notwithstanding the absence of a trial on the merits, the case resulted in an unprecedented ruling by Britain's highest court that Pinochet had no immunity as a former head of state from arrest and extradition to Spain for trial on human rights atrocities allegedly committed in Chile. This report reviews the tangled and unprecedented proceedings against Pinochet and will no longer be updated.

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Pinochet Extradition Case: Selected Legal Issues

Summary

On March 2, 2000, Britain's Home Secretary Jack Straw terminated the unprecedented proceeding to extradite General Pinochet of Chile to Spain for trial on alleged human rights violations committed while he was in power in Chile and allowed him to return home. The reason cited by the Home Secretary was that several strokes suffered by Pinochet in the fall of 1999 had rendered him "mentally [in]capable of meaningful participation in a trial."

The proceeding stemmed from two requests for Pinochet's extradition made by Spanish authorities in mid-October, 1998, when they discovered Pinochet was in England for back surgery and other purposes. Both requests alleged Pinochet's culpability for numerous human rights violations committed during his time in power. A trial court initially held him to be absolutely immune as a former head of state from arrest and extradition. But in a seminal decision on November 25, 1998, a panel of the Lords of Appeal of the House of Lords held, 3-2, that the international law of human rights has evolved to the point that it overrides the long-standing doctrine of immunity. On December 17, 1998, however, that decision was set aside on the grounds one of the judges in the majority had failed to disclose that he had a continuing association with Amnesty International, a private organization which had been permitted to intervene in the case.

As a consequence, a differently constituted panel of Law Lords, after twelve days of oral argument, issued a new decision on March 24, 1999. That decision substantially narrowed the charges against Pinochet to just a few instances of torture allegedly committed after September 29, 1988, because prior to that time neither England nor Chile had ratified the Torture Convention. But the court again held that Pinochet possessed no immunity as a former head of state from the charges of torture. Because its limitation of the charges for which Pinochet might be extradited and its ruling on immunity constituted a "substantial change in circumstances," however, the court in that decision invited the Home Secretary to exercise the statutory power he has over extradition requests and to reconsider whether Spain's extradition request ought to move forward.

The Home Secretary did so; and on April 15, 1999, he concluded that the extradition proceedings ought to be allowed to continue. On October 8, 1999, a British magistrate ruled that Spain's extradition request met the standard of dual criminality set forth in the European Convention on Extradition and England's implementing statute and that, therefore, Pinochet should be extradited to Spain. In early January 2000, however, the Home Secretary reported that he was "minded" to terminate the extradition proceeding because of recent deterioration in Pinochet's mental health. Spain, Belgium, France, Switzerland and several human rights organizations protested. But on March 2 the Home Secretary issued a statement detailing his reasons and terminated the proceeding. General Pinochet immediately boarded a Chilean plane and returned to Chile.

This report summarizes these complex and precedent-setting proceedings. It will not be updated.

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Pinochet Extradition Case: Selected Legal Issues

Introduction

In mid-October, 1998, Spanish authorities formally petitioned their counterparts in England to arrest General Augusto Pinochet of Chile, who was then in a hospital in London, and to extradite him to Spain for trial on charges that he participated in extensive violations of human rights during his time in power. The petitions sought his extradition not only for a few crimes he allegedly committed against **Spanish** citizens in both Chile and Spain but also for numerous crimes of murder, torture, hostage-taking and terrorism he allegedly committed against **Chilean** nationals. These petitions set in motion an unprecedented legal drama in England which, *inter alia*, posed a number of fundamental questions about international law. Does a sitting head of state have absolute immunity under international law from proceedings in the courts of other states for his actions? If so, does that immunity still apply after he has left office, *i.e.*, to a former head of state? Has the traditional doctrine of head-of-state immunity been eroded by the development of the international law of human rights? Does that law now countenance the exercise of universal jurisdiction over human rights violations, so that any country can put alleged violators of human rights on trial even though the crimes were committed outside that country's territory against persons who are not its own nationals?

The English extradition proceedings were complicated not only by these difficult issues of international law and the political turmoil the Spanish request precipitated but also by allegations of a conflict of interest by one of the British judges involved in the case and by the recurring involvement of the British Home Secretary pursuant to the terms of England's extradition statute. On March 2, 2000, the Home Secretary exercised his discretion and terminated the extradition proceeding on the grounds Pinochet was no longer mentally fit to stand trial; and Pinochet returned to Chile. But prior to that decision Britain's highest court had ruled that Pinochet had no immunity as a former head of state from charges that he committed human rights violations while in power and that he could be tried for those violations in a country other than Chile. Notwithstanding the absence of a trial on the merits, this ruling was unprecedented and marked a dramatic expansion in the international law of human rights.

This report summarizes the various proceedings in the case in chronological order. It will not be updated.

Background

General Augusto Pinochet came to power in Chile in a military coup in September, 1973. That coup displaced the socialist government of Salvador Allende that had been elected in 1970 and resulted in numerous deaths, including Allende's.

Pinochet remained in power until March, 1990, when a democratically elected government took control, and remained head of the army until 1998, when he became a Senator for life. In 1990-91 a Chilean Commission for Truth and Reconciliation investigated human rights violations allegedly committed between 1973 and 1990 and concluded, *inter alia,* that there had been at least 3197 cases of murder and "disappearances" under Pinochet's rule.[1] The Commission did not investigate allegations that thousands of persons had also been tortured during that time.

Although a number of private suits were filed against Pinochet after he relinquished power, he had not been charged or tried in Chile for any of the human rights atrocities allegedly committed during his reign. In 1978 the Chilean legislature, in the interest of "general tranquility, peace and order," had granted a general amnesty to all persons involved in criminal acts (with certain exceptions) between 1973 and 1978; and Pinochet also reportedly negotiated a guarantee of immunity from prosecution in Chile before he relinquished power in 1990.

Baltasar Garzon, a judicial magistrate in Spain, had for some time been investigating alleged human rights violations in both Chile and Argentina during that time period. Discovering that Pinochet was in England in the fall of 1998, Garzon made two requests for his extradition. The first request alleged Pinochet's responsibility for the murder of Spanish citizens in Chile between 1973 and 1983 and resulted in Pinochet's provisional arrest on October 16, 1998, at the clinic where he was recuperating from back surgery. The second request two days later alleged Pinochet's responsibility for torture, hostage-taking, genocide, and murder in various periods between 1976 and 1992. The alleged crimes in the latter request were not limited to those against Spanish citizens but included atrocities against Chilean nationals and others. The requests sought Pinochet's extradition to Spain for trial there on these charges.[2]

Decision of the Divisional Court

On October 28, 1998, a Divisional Court of the Queen's Bench quashed both warrants for Pinochet's arrest that had been issued in response to Spain's request. The court found the first warrant deficient for the reason that the murder of a British citizen outside of England by a person who is not a British citizen is not a crime under British law. Thus, even though the murder of a Spanish citizen outside of Spain by a person who is not a Spanish citizen was a crime under Spanish law, the court found that Spain's extradition request lacked the essential element of duality required by the European Convention on Extradition, *i.e.*, the crimes charged were not crimes under the laws of both Spain and England.

The Divisional Court quashed the second warrant on the grounds Pinochet had absolute immunity from arrest and prosecution outside Chile as a former head of state.

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[1] For further background on Chile and U.S.-Chilean relations, see Chile: Political/Economic Conditions and U.S. Relations, CRS Report RL30035, by Mark P. Sullivan.

[2] It might be noted that Belgium, France, and Switzerland subsequently filed requests for Pinochet's extradition as well; but these were held in abeyance pending disposition of Spain's request.

But it stayed the decisions pending an appeal to the Lords of Appeal, the highest appellate court in England, on the issue of Pinochet's immunity.

November 25, 1998, Decision of the Lords of Appeal

In an unprecedented ruling, a five-member panel of the Lords of Appeal of the House of Lords on November 25, 1998, ruled, 3-2, that Pinochet had no immunity as a former head of state from Spain's request for extradition.[3] The question before the court in *Regina v. Bartle* was not Pinochet's guilt or whether he should be extradited but solely whether Pinochet was entitled to immunity from arrest and extradition proceedings in the United Kingdom with respect to acts committed while he was head of state.

Lords Nicholls, Steyn, and **Hoffmann** recognized that customary international law has long afforded heads of state absolute immunity from trial in the courts of other states for their actions while in office. But they concluded that the international law of human rights has evolved to the point that acts of torture, hostage-taking, and murder on a large scale can no longer be considered legitimate functions of government and that, therefore, no former head of state ought to be able any more to claim the immunity traditionally afforded. They also concluded that English statutes implementing the Torture Convention and the Convention Against the Taking of Hostages superseded the doctrines of non-justiciability and act of state.

Lord Nicholls noted in his opinion[4] that international law customarily has afforded a former head of state immunity "with respect to acts performed by him in the exercise of his functions as a head of state." The question, he said, is "whether the acts of torture and hostage-taking alleged against Senator Pinochet were done in the exercise of his functions as head of state." That question he answered in the negative:

> [I]nternational law has made plain that certain types of conduct, including torture and hostage-taking, are not acceptable conduct on the part of anyone. This applies as much to heads of state, or even more so, as it does to everyone else ....

At least from the time of the Nuremberg Tribunal in 1945, he said, "no head of state could have been in any doubt about his potential liability if he participated in acts regarded by international law as crimes against humanity." Such acts are simply not legitimate functions of a head of state, he asserted. Thus, he concluded, Pinochet was not entitled to immunity from arrest and extradition as a former head of state

Lord Steyn stressed the gravity of the charges against Pinochet in the extradition request, namely, that he allegedly ordered a systematic campaign of repression and terror that employed murder, hostage-taking, and torture against opponents of his regime, primarily in Chile but also elsewhere. Under England's State

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[3] This decision and the subsequent one of a different panel of Law Lords on 3/24/99 are entitled Regina v. Bartle and the Commissioner of Police for the Metropolis and Other Ex Parte Pinochet accessed at www.parliament.the-stationery-office.co.uk/pa/ldhome.html

[4] The Law Lords still adhere to the practice that each judge files his own opinion.

Immunity Act of 1978 and the Diplomatic Privileges Act of 1964, he said, a former head of state is immune from criminal prosecution in England only for "his official acts performed in the exercise of his functions as Head of State." But what are properly deemed "official acts" must be determined, he claimed, in light of international law; and, he asserted, international law no longer deems the acts of which Pinochet was accused to be proper functions of a head of state. Thus, he concluded, Pinochet had no immunity under English law or international law for the crimes charged.

In the deciding opinion, **Lord Hoffmann** briefly stated that he, too, concluded that Pinochet had no immunity from the arrest and extradition proceedings, citing in justification the reasons given in Lord Nicholls' opinion.

Lords Slynn and **Hadley** in the minority, on the other hand, contended that the international law of human rights has not yet evolved to the point where the traditional rule of immunity afforded heads of state from proceedings in the courts of other states should be deemed to be overridden. The judges contended as well that such acts ought to be deemed nonjusticiable in English courts.

Lord Slynn reasoned that under England's Diplomatic Privileges Act of 1964 and the State Immunity Act of 1978, the immunity of "a sovereign or other head of State" in England is governed by the Vienna Convention on Diplomatic Relations of 1961, subject to "any necessary modifications." Because the Vienna Convention bars the arrest or detention of any diplomatic agent and makes such agents immune from the criminal jurisdiction of the receiving state even after leaving office for their official acts (Articles 29, 31(1), and 39), Lord Slynn argued that Pinochet is statutorily immune from the criminal jurisdiction of England for his official acts.

Taking a "cautious approach" on the international law question, Lord Slynn contended that the immunity traditionally afforded former heads of state from the jurisdiction of other states has not as yet been eroded by developments in the international law of human rights. He argued that a limitation on such immunity should only be prospective, not retroactive, and should be accomplished through an international convention that clearly defines the international crime, grants national courts universal jurisdiction over the crime, provides that heads of state are not immune, and has been given the force of law both in the state asserting immunity and the state seeking to deny it. Existing international law, he claimed, did not meet that standard.

To buttress his view, Lord Slynn parsed various instruments of human rights law. The charters of the international tribunals created to try violations of human rights laws — the Nuremberg Tribunal and the Tokyo Tribunal after World War II, the Yugoslav and Rwanda tribunals now in existence, and the provisions of the Rome Statute of the International Criminal Court concluded in the summer of 1998 — all provided that position as a head of state or other public official would be no defense, he noted. But none of these charters, he stated, conferred universal jurisdiction on national courts. In contrast, he observed, the Torture Convention of 1984 does confer universal jurisdiction on national courts and requires offenders either to be prosecuted or extradited; but, he said, the Torture Convention explicitly eliminates immunity only for "public officials" and not for heads of state. The Genocide

Convention, Lord Slynn asserted, makes "constitutionally responsible rulers" liable but authorizes prosecution only in the state in which the act was committed or in an international tribunal. In addition, he contended, the Taking of Hostages Convention provides for universal jurisdiction but does not explicitly abrogate the immunity of a head of state. Thus, none of the human rights instruments adopted or entities established in the past half century, he said, clearly met the standards necessary to abrogate Pinochet's immunity for the crimes charged.

Finally, Lord Slynn stated that the act of state doctrine counseled judicial restraint in this area of the law. In British and American courts, he said, that doctrine generally has meant that the courts will not sit in judgment on the validity or legality of the official acts of other sovereign states taken within their own territory, both for reasons of comity and in order not to interfere with the conduct of foreign relations.

Lord Lloyd traced much of the same legal reasoning. Customary international law, he stated, affords immunity to heads of state and to former heads of state for their official acts (but not acts for their private benefit) "unless immunity is waived by the current government of the state of which he was once the head." Lord Lloyd rejected the argument that the "horrific" nature of the crimes alleged against Pinochet requires that an exception be read into the customary international law principle of immunity: "[I]t would be unjustifiable in theory, and unworkable in practice, to impose any restriction on head of state immunity by reference to the number or gravity of the alleged crimes." He also concluded that head of state immunity has not been abrogated either in the specific provisions of the International Convention Against the Taking of Hostages or the Torture Convention or in state practice. If there were a general international legal obligation to prosecute or extradite in cases of torture or hostage-taking, he argued, the amnesties that have been granted by numerous states for past violations of human rights would not be valid or binding. Moreover, he said, the provisions abrogating head of state immunity in the charters of the various tribunals that have been established to try human rights violations show that such crimes "cannot be tried in the ordinary courts of other states," because otherwise there would be little need for such international tribunals.

Finally, as an alternative ground for decision, Lord Lloyd asserted that the courts should apply the principle of non-justiciability. Because of its profound political implications, he said, the courts of the United Kingdom "are simply not competent to adjudicate" the matter and "should exercise judicial restraint by declining jurisdiction."

December 9, 1998, Decision of the Home Secretary

With the issue of Pinochet's immunity seemingly resolved, the question of whether his extradition ought to be allowed to proceed became a matter of decision for the Home Secretary, Jack Straw. Under England's Extradition Act of 1989 the Home Secretary must make both an initial determination of whether an extradition request should be allowed to proceed and a final determination, after all judicial proceedings have concluded, on whether the person ought to be surrendered to the requesting country. In both determinations the Home Secretary can consider both legal and non-legal matters. On December 9, 1998, Mr. Straw concluded that extradition proceedings against Pinochet could go forward and issued an "Authority to Proceed." He rejected arguments based on Pinochet's health, the political

implications of the matter, and the possible bias of one of the Law Lords. He did rule, however, that genocide is not an extraditable offense under English law.[5]

December 17, 1998, Decision of the Law Lords

But on December 17, 1998, a different judicial panel of the House of Lords, for one of the few times in the history of the Law Lords, unanimously set aside the November 25 decision holding Pinochet to have no immunity from arrest and extradition on the grounds one of the judges in the majority – Lord Hoffmann – had had an undisclosed conflict of interest in the matter. Amnesty International (AI), a private human rights organization, had been permitted to intervene in the case and had participated in the earlier argument, but Lord Hoffmann had failed to disclose that he was a director of a charitable wing associated with the group.

In a subsequent opinion on January 15, 1999, the Law Lords explained their reasons.[6] **Lord Brown-Wilkinson** noted that Lord Hoffmann was a director and chairperson of Amnesty International Charity Limited (AICL) and that AICL carried out research on human rights violations and also provided assistance to victims. One of its reports, he said, had concerned human rights violations in Chile. Thus, he concluded, Lord Hoffman had a personal interest in the case and was, in effect, serving as a judge in his own cause. Consequently, he said, Lord Hoffmann should have been automatically disqualified:

> In such a case, once it is shown that the judge is himself a party to the cause, or has a relevant interest in its subject matter, he is disqualified without any investigation into whether there was a likelihood or suspicion of bias. The mere fact of his interest is sufficient to disqualify him unless he had made sufficient disclosure.

The other opinions concurred in Lord Brown-Wilkinson's reasoning. **Lord Goff** concluded:

> Lord Hoffmann, as chairperson of one member of that organization, AICL, is so closely associated with another member of that organization, AI, that he can properly be said to have an interest in the outcome of proceedings to which AI has become party ... and so was disqualified from sitting as a judge in these proceedings.

Lord Nolan, emphasizing that "the appearance of the matter is just as important as the reality," simply concurred with Lord Brown-Wilkinson without further opinion. **Lord Hope of Craighead** opined that Lord Hoffmann had run afoul of the cardinal rule that "[w]here a judge is performing a judicial duty, he must not only bring to the discharge of that duty an unbiased and impartial mind, he must be seen to be

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[5] It might also be noted that on December 5 Baltasar Garzon formally issued a 287-page indictment of Pinochet "for the crimes of genocide, terrorism, and torture."

[6] The panel's explanation is entitled Judgment — In Re Pinochet (Jan. 15, 1999) and can be found on the home page of the House of Lords — www.parliament.the-stationery-office.co.uk/pa/ldhome.html

impartial." Finally, **Lord Hutton** stated that the links between AI and Lord Hoffmann "were so strong that public confidence in the integrity of the administration of justice would be shaken if his decision were allowed to stand."

March 24, 1999, Decision of the Law Lords

Nonetheless, General Pinochet remained under house arrest in an estate near London. Beginning on January 18, 1999, a differently constituted panel of seven Law Lords heard twelve days of oral argument on Pinochet's immunity as a former head of state and whether the crimes charged were extraditable offenses. On March 24, 1999, the court ruled as follows:

- By a 6-1 margin the court held the charges against Pinochet in Spain's petition for crimes allegedly committed prior to September 29, 1988, not to be valid bases for extradition, because they did not satisfy the dual criminality rule.
- Unanimously, the court held three charges of torture and conspiracy to commit torture in Chile **after** September 29, 1988, and a single charge of murder and conspiracy to commit murder in Spain in 1975-1976 to satisfy the dual criminality test and to be valid bases for extradition.
- By a 5-2 margin the court held Pinochet to be entitled to claim immunity with respect to the charge of murder and conspiracy to commit murder in Spain in 1975-76.
- By a 6-1 margin the court held Pinochet **not** to be entitled to claim immunity with respect to the three remaining charges of torture and conspiracy to torture allegedly committed after September 29, 1988.

Thus, the court substantially narrowed the scope of the extradition case against Pinochet to three charges of torture and conspiracy to commit torture in Chile after September 29, 1988. For that reason six of the Law Lords suggested that the Home Secretary should consider anew whether to allow Spain's extradition request to continue to move forward in the English courts.

As noted above, the dual criminality test means that the crimes alleged in an extradition request must be criminal under the laws of both the requesting and the requested state — Spain and England in this case. **Lord Hope** set forth the primary analysis on this matter for the court and found that most of the charges in the Spanish request did not meet that test or were otherwise defective. He concluded as follows:

- The petition's allegation of an instance of hostage-taking did not, in fact, describe the crime of hostage-taking and, thus, was substantively defective.
- The charges of murder and conspiracy to murder outside of Chile were not valid with respect to offenses allegedly committed in 1975-1976 in France, the United States, Portugal, and Italy, because the English courts did not gain jurisdiction over such extra-territorial crimes until England's adoption of the Suppression of Terrorism Act on August 21, 1978.

- The charges of murder and conspiracy to murder outside of Chile did meet the dual criminality test with respect to a single act of murder and conspiracy to murder allegedly committed by Pinochet in Spain in 1975-1976, because such offenses by a non-national would have been crimes in England at that time if they had been committed in England. (But Pinochet retained his immunity from that charge.)
- Most of the allegations of torture and conspiracy to torture in Chile and elsewhere failed to satisfy the dual criminality test. While the torture of non-Spanish citizens outside of Spain had long been a crime in Spain, the torture of non-English citizens outside of England only became a crime in England on September 29, 1988, when England adopted § 134 of the Criminal Justice Act. That section implemented the Torture Convention of 1984 and gave the English courts jurisdiction over the crime of torture and related crimes wherever committed and by persons of whatever nationality. As a consequence, the crimes of torture and conspiracy to torture allegedly committed by Pinochet prior to that date (which constituted the bulk of the alleged atrocities) did not meet the test of dual criminality.[7]
- The charges of torture and conspiracy to commit torture did satisfy the dual criminality requirement only with respect to three instances alleged to have been committed at Pinochet's direction in Chile after September 29, 1988, because after that date England as well as Spain had extraterritorial jurisdiction over such crimes.

Lords Brown-Wilkinson, Goff, Hutton, Saville, and **Phillips** concurred in this analysis. **Lord Millett** also agreed but contended that English courts could have exercised universal jurisdiction over the crime of torture under customary international law as early as 1973, even absent a statute. Thus, he said, all of the torture crimes alleged met the test of dual criminality.

The decision on Pinochet's immunity as a former head of state involved the interplay of English statutory law and international law regarding torture. All of the Law Lords agreed that customary international law affords a **sitting** head of state absolute immunity from the jurisdiction of the courts of foreign states. But the immunity of a **former** head of state, the majority said, is controlled in England by the State Immunity Act of 1978. That Act does not explicitly address the immunity of a former head of state but provides that heads of state have immunity, subject to "any necessary modifications," equivalent to that afforded diplomats under the Vienna Convention on Diplomatic Relations. The Vienna Convention, in turn, affords diplomats absolute immunity while they are in their posts but limits their immunity once they leave their posts to "acts performed by such person in the exercise of his

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[7] It might be noted that there was some confusion in the decision about the date on which the extraterritorial crime of torture became triable in England. Section 134 of the Criminal Justice Act was adopted on September 29, 1988, and Judge Hope consistently use that date as the demarcation point between torture offenses that met the requirement of dual criminality and those that did not. But he also noted in his opinion that § 134 did not come into force until two months after its adoption. That would make the critical date November 29, 1988.

functions as a member of the mission," *i.e.*, to their official acts while in office. Thus, the majority concluded, under English law former heads of state have immunity only for acts they perform in their official capacities while in office and not for acts that are for their personal benefit or that are deemed not to be official functions.

The key question, thus, as it was for the first panel of Law Lords, was whether torture and murder could be deemed official functions of government for which immunity could legitimately be claimed. All of the Law Lords concluded that international law now places torture outside of the realm of the legitimate functions of states but they differed on when torture achieved that status and whether the Torture Convention of 1984 waives the immunity of former heads of state. Several of the Law Lords cited the inclusion of torture as a crime against humanity in the charters of the Nuremberg, Tokyo, Yugoslavia, and Rwanda tribunals and the recent Rome Statute of the International Criminal Court; the General Assembly resolution in 1946 endorsing the Nuremberg principles; the prohibition of torture in the Universal Declaration of Human Rights and the Covenant on Civil and Political Rights; and the trials of Eichmann and other alleged Nazi war criminals in Israel as evidence of an evolution in international law with respect to torture. **Lords Brown-Wilkinson, Hope, Hutton, Saville**, and **Phillips**, however, said that the elimination of torture as a legitimate function of government became certain only after the negotiation of the Torture Convention in 1984. Thus, they said, the heads of particular states could no longer claim immunity for allegedly "official" acts of torture once their countries had ratified the Torture Convention. Because Chile did so on October 30, 1988, and England did so on December 8, 1988, these Law Lords agreed that at least by the latter date Pinochet could no longer claim immunity for the crimes of torture and conspiracy to commit torture. With Lord Phillips disagreeing, however, they further agreed that the "ordinary rules of immunity" still applied with respect to the charges of murder and conspiracy to murder.

Lord Millett, in contrast, asserted that the prohibition of torture had become a *jus cogens* norm under international law at least by 1973 and that, therefore, Pinochet could claim no immunity for any of the crimes of torture charged in Spain's extradition petition, nor could he claim immunity for the crimes of murder and conspiracy to murder. **Lord Goff** dissented entirely, saying that a waiver of immunity had to be express and that there was no indication in either the text or the legislative history of the Torture Convention that it addressed, or intended to address, the issue of immunity. He concluded, therefore, that "Senator Pinochet is entitled to state immunity" with respect to all of the charges of torture and murder against him that survived the dual criminality test.

April 15, 1999, Decision of the Home Secretary

On April 15, 1999, the Home Secretary, Jack Straw, responding to the Law Lords invitation to consider the matter anew, issued another "Authority to Proceed" authorizing the continuation of extradition proceedings against Pinochet. Stating that he had considered the matter "entirely afresh" and that the extradition petition was now limited by the Law Lords' decision to the charges of torture and conspiracy to torture allegedly committed after December 8, 1988, he rejected a number of arguments in support of quashing the petition – that Pinochet had diplomatic immunity "as the head of a special mission," that the crimes charged were of a

"political character," that the "passage of time" since the alleged crimes were committed rendered the extradition proceeding "unjust or oppressive," that the accusations were not made in good faith, that Pinochet ought more properly to be tried in Chile, and that Pinochet's age and health made him "unfit to stand trial." He also said that he had considered "the possible effect of extradition proceedings on the stability of Chile and its future democracy" and its effect "on the UK national interest." Pinochet attempted to appeal the Home Secretary's decision. But on April 17, 1999, Judge Ognall of the Law Lords ruled that judicial review at this point would be "premature" and "would needlessly disrupt the extradition process."

October 8, 1999, Decision by the Metropolitan Magistrate

Subsequent to the Law Lords' decision, Spain amended its extradition request to charge Pinochet with one count of conspiracy to torture and 34 specific incidents of torture against Chileans subsequent to 1988. On October 8, 1999, Metropolitan Magistrate David Bartle ruled that Spain's amended request for extradition met the requirements of the European Convention on Extradition and England's implementing statute.[8] The magistrate emphasized that he was not ruling on the merits of the case and that the Convention does not even require that Spain make out a *prima facie* case. All that is required, he said, is that the charges made against Pinochet be serious crimes under the laws of both England and Spain and that Pinochet be found not to be immune. On both issues, he said, the Law Lords had spoken. The magistrate also ruled that he was not limited to considering only the three instances of torture and one count of conspiracy that had previously been before the Law Lords and the Home Secretary but could consider the additional information submitted by Spain. The magistrate ordered Pinochet to be held for extradition pending further proceedings.

Pinochet's Decision To Appeal

Given the magistrate's decision, Pinochet and his lawyers had to choose between appealing the judgment to a higher court (by means of a *habeas corpus* petition) or letting it stand as a final decision. As noted above, the English extradition statute requires the Home Secretary to make the final decision with respect to any particular extradition after all legal proceedings have been concluded. The statute also allows him to take into consideration factors other than those considered by the courts, including the General's health and Chile's demand that he be returned to Chile. Thus, acceptance of the magistrate's decision as the final judgment would have put the matter in the hands of the Home Secretary immediately and allowed a rapid resolution of the matter.[9] But such a course would also have risked the possibility that the Home Secretary would not allow Pinochet to return to Chile but would affirm his extradition to Spain.

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[8] The magistrate's October 8, 1999, decision in The Kingdom of Spain v. Augusto Pinochet Ugarte can be found at http://www.open.gov.uk/lcd/magist/pinochet.htm

[9] It might be noted that once the matter is in his hands, the Home Secretary has 15 days to receive representations from both sides and, subsequently, two months to render a decision. His decision is also subject to appeal to the courts.

On October 22, 1999, Pinochet and his lawyers chose the cautious course and filed an appeal of Judge Bartle's ruling in the form of a *habeas corpus* petition in the Divisional Court. Any decision by the appeals court would have been subject to further appeal to the House of Lords.

January 11, 2000, Announcement by the Home Secretary

Notwithstanding this appeal, on January 11, 2000, the Home Secretary, Jack Straw, issued a statement stating that he had had Pinochet undergo an extensive medical examination by four clinicians and that, as a consequence, he was "minded" to terminate the extradition proceedings without waiting for a final appellate ruling and let the General return to Chile. His statement said that

> the unequivocal and unanimous conclusion of the three medical practitioners and the consultant neuropsychologist is that, following recent deterioration in the state of Senator Pinochet's health which seems to have occurred principally during September and October 1999, he is at present unfit to stand trial, and that no change to that position can be expected.

The Home Secretary invited Spain, Chile, and other interested parties (including France, Belgium, and Switzerland, who also had submitted extradition requests for Pinochet) to submit any additional information they wished him to consider on the matter within seven days.

March 2, 2000, Decision by the Home Secretary

On March 2, 2000, the Home Secretary terminated the extradition proceeding on the grounds General Pinochet was no longer mentally fit to stand trial. The Home Secretary stated that several strokes apparently suffered in September and October of 1999 had impaired Pinochet's memory for both recent and remote events, his ability to understand complex sentences and questions, and his capacity to express himself "audibly, succinctly and relevantly." The examining doctors, he said, had found "no evidence that Senator Pinochet was trying to fake disability"; nor had they found any likelihood that his condition would improve. As a consequence, he asserted, an order to extradite Pinochet would be "oppressive."

"The principle that an accused person should be mentally capable of following the proceedings, instructing his lawyers and giving coherent evidence is fundamental to the idea of a fair trial," he stated. As a consequence, he continued, trial of Pinochet in any of the countries that were party to the European Convention on Human Rights would violate Article 6 of that Convention.

The Home Secretary stated that "he is aware that the practical consequence of refusing to extradite Senator Pinochet to Spain on account of his unfitness to stand trial is that he will probably not be tried anywhere." But, he concluded, "a trial of the charges against Senator Pinochet, however desirable, is no longer possible."

The Home Secretary also announced that he would not issue an "Authority to Proceed" with respect to the requests for Pinochet's extradition by Belgium, France, and Switzerland because none of the petitions alleged crimes of torture or conspiracy

to commit torture allegedly perpetrated after September 29, 1988; and thus none of the charges met the basic requirement of dual criminality. Even if they had met that test, he said, he would have refused to issue an Authority to Proceed "because he is satisfied that Senator Pinochet is unfit to stand trial and ... there is no likelihood of significant improvement."

On March 2, 2000, General Pinochet boarded a Chilean jet and returned to Chile.

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Chile: Political and Economic Conditions and U.S. Relations

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Chile: Political and Economic Conditions And U.S. Relations

Summary

A South American nation with a population of about 15 million, Chile returned to democratic rule in 1990 after 17 years of military government. The current administration of President Ricardo Lagos, inaugurated in March 2000 to a six-year term, is Chile's third elected government since the return to civilian rule. Chile has weathered the transition to democracy well, although civil-military relations have been tense at times. The October 1998 arrest of former military ruler General Augusto Pinochet in London on human rights violations exacerbated political schisms in Chile, but in the end, Chilean democracy appears to have emerged stronger with the civilian government more firmly in charge of the military.

Chile is generally recognized as a model for the successful implementation of market-oriented economic reform measures, and there has been political consensus in the country on maintaining a liberal market economy and prudent fiscal and monetary policies. The Lagos government has continued the country's export-oriented economic strategy. The economy registered positive growth rates from the mid-1980s through 1998 but contracted in 1999 because of the Asian economic crisis. In 2000, the economy rebounded, but economic growth slowed in 2001 and in 2002 because of the global and regional economic slowdown. Economic growth is forecast to increase by 3.5% in 2003 and 4.5% in 2004, fueled by improvement in consumer and investor confidence and Chile's trade liberalization efforts.

U.S. relations with Chile, which improved considerably with the nation's return to democracy in 1990, are close, characterized by strong commercial ties and extensive consultation between the two governments on bilateral and other issues of mutual concern. Since 1994, U.S.-Chilean relations have centered on a potential free trade agreement (FTA). Negotiations for such an agreement began in December 2000 and concluded in December 2002, with the agreement signed on June 6, 2003. The U.S. Congress considered implementing legislation, H.R. 2738, under so-called fast-track procedures, with the House passing the measure July 24 by a vote of 270-156 and the Senate approving it July 31 by a vote of 66-31. The Chilean Congress is expected to vote on the agreement by late October or early November. Another issue in bilateral relations has been the sale of advanced combat fighter aircraft to Chile. A preliminary agreement was reached between the Chilean military and Lockheed Martin for the purchase of 10 F-16 fighter jets in November 2001, but the contract for the planes was not finalized until May 2003; delivery is expected in early 2006.

For more information, see: CRS Report RL31144, *A U.S.-Chile Free Trade Agreement: Economic and Trade Policy Issues*; CRS Report RS21560, *Free Trade Agreements with Singapore and Chile: Labor Issues*; CRS Electronic Briefing Book, *Agriculture*, "Agriculture in the U.S.-Chile Free Trade Agreement" at [http://www.congress.gov/brbk/html/ebagr53.html]; CRS Electronic Briefing Book, *Trade*, "Immigration Issues in the Free Trade Agreements" at [http://www.congress.gov/brbk/html/ebtra135.html]; and CRS Report 95-839, *Social Security: The Chilean Example*.

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Chile: Political and Economic Conditions And U.S. Relations

Political Situation

A South American nation with a population of about 15 million, Chile returned to democratic rule in 1990 after 17 years of military government under General Augusto Pinochet. Since then, Chile's democratic transition, civil-military relations have been tense at times. The arrest of Pinochet in London by British authorities in 1998 underscored political divisions in Chile that have endured since the general stepped down as President in 1990. Nevertheless, Chilean democracy appears to have emerged stronger, with the civilian government more firmly in charge of the military.

The current administration of President Ricardo Lagos, inaugurated in March 2000 to a six-year term after a close run-off election, is Chile's third elected government since the return to civilian rule. President Lagos, a Socialist, was the candidate of the ruling center-left Coalition of Parties for Democracy, or Concertacion, that has ruled since the country's return to democracy. In a tight race, he defeated Joaquin Lavin of the rightist Alliance for Chile, or Alianza, by a margin of 51.3 % to 48.7%. Lagos succeeded Christian Democrat Eduardo Frei who had been elected President in December 1993. Prior to that, in March 1990, Christian Democrat Patricio Alywin became the first democratically elected President inaugurated since the military violently overthrew the government of President Allende, a Socialist, in September 1973.

At the time of the 1973 coup, Chile was deeply divided. President Allende had initiated a program of nationalizing banks and private industries (including U.S.-owned copper mining companies) which ultimately led to severe economic deterioration marked by runaway inflation, food shortages, and increasing political violence by both government opponents and supporters.

In the aftermath of the coup, the military regime was responsible for widespread human rights violations, including the execution or "disappearance" of thousands of Chileans. An official Truth and Reconciliation Commission in Chile reported in 1996 that there had been 3,197 cases of murders and disappearances committed during Pinochet's rule.[1] This does not account for the thousands of cases of torture that allegedly took place under military rule. According to the Department of State's human rights report covering 2002, the Chilean government, especially the judiciary,

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[1] "Pinochet Era Toll. *Latin American Weekly Report*, September 5, 1996. p. 408; Chile Panel Issues Final Pinochet Regime Death Toll, *Charlotte Observer*, August 23, 1996, p. 20A.

has taken significant steps to allow for the investigation of human rights abuses committed under military rule. The report noted, however, that "military authorities were unwilling or unable to provide a full accounting for the fate of many of the over 3,000 persons who disappeared or were killed." Since 1992, survivors of the victims have received over $96 million in assistance (such as pensions and educational benefits) from the Chilean government, according to the human rights report.

Chile is governed under a 1980 Constitution — written by the former military government and approved by referendum — that includes provisions to protect the interests of the military. Although technically subordinate to the President, the military acts with considerable autonomy. As noted above, although Chile has weathered the transition to democracy, civil-military relations have been tense at times. In 1995, civil-military relations were strained over the imprisonment of two high-ranking military officers for the 1976 assassination in Washington, D.C., of Chilean opposition leader Orlando Letelier and his U.S. aide, Ronni Moffitt.

Pinochet's 1998 Arrest and Its Effect on Chilean Politics. The October 1998 arrest of Pinochet in London on human rights violations initially prompted sometimes violent street demonstrations by thousands of Chileans on both sides of the issue, exacerbating political schisms in Chile that had not been evident to such a degree since the country's return to democracy. Pinochet, who ruled Chile from 1973 until 1990, had resigned as military commander in March 1998, but was immediately sworn in as a lifelong senator under the Constitution. After his arrest in London, a British court eventually ruled that Pinochet, as a former head of state, was not immune from prosecution and could be extradited to Spain to face charges for human rights atrocities committed in Chile, but Pinochet was allowed to return home to Chile in March 2000 because of his deteriorated health.[2]

Within days of returning to Chile, however, Pinochet faced numerous charges against him in Chilean courts for human rights violations during his rule. In August 2000, Chile's Supreme Court stripped Pinochet of his immunity as a lifelong senator for prosecution in a 1973 case known as the Caravan of Death in which 19 persons disappeared.[3] Many observers viewed the action as victory for Chilean democracy. President Lagos stated that the indictment should be interpreted as "an expression of what is happening in the country - the strengthening of the democratic system."[4] While a Chilean court ultimately ruled in July 2001 that Pinochet was mentally unfit to stand trial, the stripping of his immunity was an important precedent for the country's political system. Pinochet ultimately resigned his position as senator-for-life in July 2002.

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[2] For background on legal proceedings in Great Britain, see CRS Report RL30117, *Pinochet Extradition Case: Selected Legal Issues*, by David M. Ackerman.

[3] U.S. Department of State. Country Reports on Human Rights Practices -2000, Chile. February 2001; Also see Patricia Verdugo, *Chile, Pinochet, and the Caravan of Death,* North-South Center Press, University of Miami, 2001.

[4] Anthony Faiola and Pascale Bonnefoy, "Pinochet Indicted for Chilean Atrocities; Ex-Dictator Put Under House Arrest for Killings, Kidnappings." *Washington Post,* December 2, 2000, p. A1.

Pinochet's absence during the country's presidential elections in December 1999 and January 2000 in a sense freed Chilean politics from the long shadow that the general had usually cast on elections since the return to democracy. The candidate of the rightist Alianza coalition, Joaquin Lavin, broke with hard-core Pinochet supporters in an attempt to appeal to centrist voters, and even went so far as to agree with his opponent that Pinochet and other military officers involved in human rights abuses should be prosecuted by Chilean courts.[5] Lavin's re-invention of the Chilean right contributed in part to his strong showing in the election and made him potentially a strong contender in the next presidential election in 2005.

Chilean Congress. Chileans went to the polls on December 16, 2001, to elect all 120 members of the Chamber of Deputies, the lower house of Chile's National Congress, and 18 of the 38 elected members of Chile's Senate. While the ruling Concertacion coalition maintained its control of the Chamber of Deputies, its representation declined from 70 to 63 seats. The big loser in Concertacion was the centrist Christian Democratic Party (PDC), whose representation fell from 38 seats to 24 seats. The opposition rightist Alianza coalition won 57 seats in the lower house. The big winner in Alianza was the Independent Democratic Union (UDI), the party of Joaquin Lavin (currently the mayor of Santiago), whose representation grew from 22 seats to 35 seats, making it the party with the largest number of seats in the Chamber of Deputies.

In 2002, a corruption scandal led to six deputies having their voting rights suspended, 5 from Concertacion and 1 from Alianza, but this did not jeopardize the ruling coalition's control of the lower chamber by a 58-56 margin. In the current Congress, the Concertacion coalition has deputies from the centrist PDC and three leftist parties: the Party for Democracy (PPD), the Socialist Party (PS) of President Lagos, and the Social Democratic Radical Party (PRSD). The rightist Alianza coalition has deputies from the UDI and the National Renovation Party (RN).

In the Senate, as a result of the elections, there is now a relative balance of power between Concertacion and the Alianza coalitions, with each having 24 seats. The now 48-member Senate consists of 38 elected seats (20 of these were chosen in the December 1997 elections, and 18 were chosen in the December 2001 elections), 9 seats that are appointed for 8-year terms, and one lifelong seat for former President Frei. As noted above, former President Pinochet had a lifelong seat but resigned this in July 2002.

Corruption Scandals. In late 2002 and early 2003, a series of corruption scandals shook the Lagos government and political parties across the spectrum. The scandals involved the theft of some $110 million from Chile's business development bank, influence peddling by Chilean legislators, and kickbacks to senior management of government agencies on government contracts.[6] As noted above, the scandals resulted in the suspension of six deputies in Congress. More significantly, the

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[5] Sebastian Rotella, "Chile Elects First Socialist Leader Since '73 Coup," *Los Angeles Times*, January 17, 2000.

[6] Jon Jeter, "Spate of Scandals Sullies Chile Squeaky-Clean Reputation," *Washington Post*, April 22, 2003.

scandal had the effect of uniting political parties to the need for political and regulatory reform. All the parties in Congress joined in a national accord with the aim of modernizing Chile's institutions and increasing transparency in government. The goal is for Congress to approve a package of 49 bills by the end of the year involving a host of state modernization, political transparency, and pro-economic growth measures.[7]

Economic Conditions

Chile is generally recognized as Latin America's best-performing market economy, and is viewed by many as a model for the successful implementation of market-oriented economic reform measures. The government of President Ricardo Lagos has continued the country's export-oriented economic strategy. The economy registered positive growth rates from the mid-1980s through 1998, averaging a real growth rate of 8% annually, but contracted in 1999 by 1.1%. This was due in large part to the Asian economic crisis that reduced demand for Chile's exports in key export markets and because of the crisis' role in lowering the world price of copper, Chile's main export commodity, which accounts for about 40% of export earnings. In 2000, the economy rebounded with a growth rate of 5.4%, but economic growth slowed to 3.1% in 2001 and 2.1% in 2002 because of the global and regional economic slowdown. Economic growth is forecast to increase by 3.5% in 2003 and 4.5% in 2004, fueled by improvement in consumer and investor confidence and Chile's trade liberalization efforts.[8]

Despite recent banking and government contract scandals, Chile's economic fundamentals remain sound, and there is a political consensus in the country to maintain a liberal market economy and prudent fiscal and monetary policies. The country's relatively high domestic savings rate, nearly 21% in 2002 (fostered in part by mandatory retirement contributions administered by private pension fund management firms[9]) is the highest in the Western Hemisphere, which reduces Chile's dependence on short-term foreign capital compared to countries with lower savings rates.

Under both military and civilian rule, Chile has pursued an export-led growth strategy. Although copper is still the dominant export, Chile has diversified its export sector, and major exports now include fish, forestry products, fruit, and wine. The economy remains somewhat vulnerable, however, because of its reliance on the export of primary products. The country ran trade deficits from 1996-1998, yet has

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[7] "Chile Outlook for 2003-04: Domestic Politics," Economist Intelligence Unit, Chile Country Report, May 2003.

[8] "Chile: Outlook for 2003-04: Economic Growth," Economist Intelligence Unit, Chile Country Report, May 2003.

[9] Chile made considerable changes to its pension system beginning in 1981, when it began phasing out a traditional pay-as-you-go pension system in favor of mandatory individual private accounts. For more information, see CRS Report 95-839, *Social Security: The Chilean Example*, by Geoffrey Kollmann.

run trade surpluses since 1999. In 2002, Chile's exports amounted to $18.3 billion while its imports amounted to $15.8 billion.[10] The government has demonstrated its commitment to an open economy by reducing its uniform import tariff over several years from 11% to a current level of 6% beginning in January 2003. Chile's foreign trade is diversified among many partners including Asia, the European Union, and Latin America in addition to the United States, which was the market for about 20% of Chile's exports and the origin of almost 15% of its imports.[11]

As part of its export growth strategy, Chile has pursued free trade negotiations with several countries in addition to that concluded with the United States in December 2002 and is an active participant in negotiations for a Free Trade Area of the Americas (FTAA). In 1996, Chile signed bilateral free trade agreements with both Canada and Mexico, and in 2002, it concluded negotiations for free trade agreements with South Korea and the European Union. In 1996, Chile signed an association agreement with the four-nation Common Market of the South (Mercosur). In 1994, Chile became a full member of the Asia Pacific Economic Cooperation group (APEC) and is working to expand trade in the Pacific Rim region.

Critics of the Pinochet regime (1973-1990) argued that the gap between rich and poor had widened under military rule because the state dismantled many public services. Since the return to civilian rule, the government has increased social spending and introduced numerous programs targeted at reducing poverty. According to the Department of State, the poverty rate decreased from 45% in 1987 to 20.6% in 2001.[12]

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[10] Economist Intelligence Unit, Chile Country Report, May 2003

[11] CRS Report RL31144, *The U.S.-Chile Free Trade Agreement: Economic and Trade Policy Issues*, by J.F. Hornbeck, p. 8.

[12] U.S. Department of State. Country Reports on Human Rights Practices -2002, Chile. March 31, 2003.

U.S.-Chilean Relations

U.S.-Chilean relations, which improved considerably with the nation's return to democracy in 1990, are close and are characterized by strong commercial ties and extensive consultation between the two governments on bilateral and other issues of mutual concern. Bilateral negotiations for a bilateral free trade agreement (FTA) began in December 2000 and were completed in December 2002. The agreement was ultimately signed on June 6, 2003, paving the way for U.S. congressional consideration of implementing legislation under so-called fast track procedures. The House approved H.R. 2738, the United States-Chile Free Trade Implementation Act, on July 24, 2003, by a vote of 270-156, and the Senate approved the measure on July 31 by a vote of 66-31. The Chilean Congress is expected to vote on the measure by late October or early November 2003.

Over the past several years there have been several presidential visits, including a 1997 visit to Washington by then President Frei who addressed a joint session of Congress, and an April 1998 visit to Chile by President Clinton before the commencement of the second Summit of the Americas hosted in Santiago. President Lagos met with President Bush in Washington in April 2001 prior to the third Summit of the Americas held in Quebec. The two leaders discussed the status of bilateral negotiations for a free trade agreement, the issue of advanced combat fighter sales to Chile, and Chile's privately administered pension system, which President Bush suggested might provide some lessons for the modernization of the U.S. Social Security system.[13]

In the aftermath of 9/11, Chile joined other Latin American nations in strongly condemning the terrorist attacks on New York and Washington.[14] At a special session on September 19, 2001, OAS members invoked the 1947 Inter-American Treaty of Reciprocal Assistance, also known as the Rio Treaty, which obligates signatories of the treaty to come to one another's defense in case of outside attack. When the United States commenced military action in Afghanistan, President Lagos firmly backed the action and reiterated "Chile's solidarity and support for the United States."[15]

During the crisis with Iraq, Chile's seat on the U.N. Security Council heightened the country's international prominence. Chile's opposition to a second U.N. Security Council resolution sponsored by the United States, the United Kingdom, and Spain authorizing the use of force to disarm Iraq brought criticism from U.S. officials. Chile had announced its decision to oppose the second resolution, which reflected the opinion of many Latin American nations, but ultimately the resolution was withdrawn before being voted upon. In other recent activities in international fora,

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[13] For background on Chile's pension system, see CRS Report 95-839, *Social Security: The Chilean Example*, by Geoffrey Kollmann.

[14] For background, see CRS Report RS21049, *Latin America: Terrorism Issues and Implications for U.S. Policy*, by Mark P. Sullivan.

[15] "Latin American Leaders Back U.S.-Led Military Strikes," *Agence France Presse*, October 8, 2001.

Chile has been on the same side as the United States. For example, it backed attempts to produce a strong resolution against the recent Cuban human rights crackdown in the U.N. Commission on Human Rights (UNCHR) and the Organization of American States (OAS). Chile has also been one of the six "Friends of Venezuela," which also includes the United States, that have been supporting the efforts of the OAS Secretary General in facilitating a resolution to the political crisis in Venezuela.

There had been concern in Chile about the negative effect of Chile's Iraq position on relations with the United States, especially over the delay in the signing the bilateral free trade agreement, which originally was to be signed in April 2003. But in the aftermath of the signing of free trade agreement in June, President Lagos described U.S.-Chilean relations as "splendid" and U.S. Secretary of State Colin Powell indicated that he did not see any lasting consequences of the disagreement over Iraq.[16]

Free Trade Agreement[17]

Since 1994, U.S.-Chilean relations have centered on a potential free trade agreement. For Chile, such an agreement is viewed as an important means to continue the country's export-oriented growth strategy. For the United States, although free trade with Chile is of relatively minor economic importance, the agreement could be a further step on the road to hemispheric free trade.

In 2002, U.S. exports to Chile amounted to $2.6 billion, making Chile the 34th largest U.S. export market; major exports included computer and office equipment; construction equipment; telecommunications equipment, and transportation equipment. U.S. imports from Chile in 2002 amounted to almost $3.8 billion, making Chile the 36th largest source of U.S. imports; major imports included copper, seafood (especially salmon), wood and wood products, fruit (especially grapes), and wine. From 1989 until 2000, the United States ran a trade surplus with Chile, with the largest surplus of $2 billion registered in 1997, but in 2001 and 2002, the United States ran a trade deficit with Chile, with the 2002 deficit approaching $1.2 billion.[18] While the United States is an important trade partner for Chile, accounting for about 20% of Chile's exports and 15% of Chile's imports, the country has other significant partners in Europe, Asia, and Latin America.[19]

Initially, Chile was invited to become part of the North American Free Trade Agreement (NAFTA) in 1994, but the Clinton Administration was unable to secure

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[16] "Chile Sees Relations with U.S. Restored," *Reuters*, June 9, 2003.

[17] For more detailed information from CRS on the FTA, see: CRS Report RL31144, *The U.S.-Chile Free Trade Agreement: Economic and Trade Policy Issues*, by J.F. Hornbeck; and CRS Report RS21560, *Free Trade Agreements with Singapore and Chile: Labor Issues*, by Mary Jane Bolle.

[18] Department of Commerce Statistics, as presented in World Trade Atlas.

[19] CRS Report RL31144, *The U.S.-Chile Free Trade Agreement: Economic and Trade Policy Issues*, by J.F. Hornbeck, p. 8

congressional approval for fast track negotiating authority. Chile indicated that it would not start negotiations without such authority. Later, in November 2000, the Clinton Administration announced that the two countries would pursue a bilateral free trade agreement, and Chile withdrew its insistence that the Administration secure fast track authority before the beginning of negotiations.

Negotiations began in December 2000, and while there was some expectation that negotiations would be completed within a year, a number of issues stretched out the negotiation process. Topics at issue in the negotiations included market access, Chile's price band system on some agricultural commodities, labor and environmental provisions and enforcement, intellectual property rights, and investor-state disputes.

After 14 rounds of negotiations, the United States and Chile ultimately concluded negotiations for a bilateral free trade agreement in December 2002. The agreement was signed on June 6, 2003 in Miami by United States Trade Representative Robert Zellick and Chilean Foreign Minister Maria Soledad Alvear Valenzuela, paving the way for the Congresses of both countries to consider the agreement. If approved, the FTA would enter into force on January 1, 2004.

At the signing of the agreement, United States Trade Representative Robert Zoellick asserted that the U.S.-Chile FTA is "an historic agreement that sets a high bench-mark for future FTAs." He maintained that the agreement "slashes tariffs and quotas, reduces barriers for services, protects leading-edge intellectual property, keeps pace with new technologies and new ways of doing business, ensures regulatory transparency, and promotes labor and environmental protections."[20] Under the agreement, more than 85% of trade in consumer and industrial products would be tariff-free immediately with most remaining tariffs lifted within 4 years. In the agriculture sector, about 75% of farm goods would be tariff-free within 4 years, with all tariffs and quotas phased out in 12 years.[21]

The International Trade Commission issued a report on the FTA in June 2003 and concluded that the "economywide effects on U.S. trade, production, and economic welfare" of the FTA's tariff reductions "are likely to be negligible to very small." In looking at specific economic sectors, the ITC report concluded that increased import competition from Chile would include dairy products; textiles, apparel, and leather products; and agricultural products such as avocados, prepared and preserved fruit, and methanol. Increased U.S. exports to Chile would include transportation equipment and machinery exports; textiles, apparel, and leather products; and coal, oil, and gas; motor vehicles' and telecommunications equipment.[22]

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[20] "United States and Chile Sign Historic Agreement," U.S. Department of State, International Information Programs, Washington File, June 6, 2003.

[21] Ibid.

[22] U.S. International Trade Commission, "U.S.-Chile Free Trade Agreement: Potential Economywide and Selected Sectoral Effects," USITC Publication 3605, June 2003.

U.S. Congressional Action. In the United States, Congress considered implementing legislation for the agreement under so-called fast-track procedures. The House approved H.R. 2738, the United States-Chile Free Trade Implementation Act, on July 24, 2003, by a vote of 270-156, and the Senate approved the measure on July 31 by a vote of 66-31.

Supporters of the U.S.-Chile FTA in the United States made several policy arguments advocating the agreement. They maintained that the agreement would have a significant impact on U.S. relations with Latin America and would demonstrate that the United States is committed to the region, countering critics who have complained that the United States is neglecting the region. They also argued that the Chile FTA could increase momentum for completing negotiations for the region-wide Free Trade Area of the Americas. Supporters of the agreement also argued that the agreement would be significant for U.S. business because of the elimination of tariff barriers to the Chilean market, as well as the elimination of Chile's price band system on agricultural commodities such as wheat and flour. They maintained that the agreement would eliminate the disadvantage that U.S. companies in Chile have compared to the companies of other countries that have free trade agreements with Chile, such as Canada and the European Union. Some supporters also lauded a recent agreement by Chile to accept U.S. meat processing standards for beef, pork, and lamb; although the agreement was not part of the FTA, it was prompted by some Members of Congress who said that failure to reach such an agreement could have threatened support of the FTA in the U.S. Congress.[23] Finally, another argument made by some supporters is that the agreement would help spur more reform in Chile in such areas as transparent rules for contracting services, the protection of intellectual property rights, and enforcement of labor and environmental standards.

Critics of the free trade agreement with Chile also set forth several policy arguments. Some Members, while believing that the labor and environmental enforcement provisions of the Chile agreement were acceptable because Chile has acceptable domestic standards, feared that such provisions could be become models for free trade agreements with other countries that do not have adequate labor or environmental standards. Specifically, some opposed the use of the Chile FTA's environmental and labor provisions as a model for the U.S.-Central America Free Trade Agreement (CAFTA) currently being negotiated.[24] (Some Members who ended up voting for the U.S.-Chile FTA warned that they would not support it as a model for FTAs with other nations that do not have high labor and environmental standards.) U.S. labor organizations such as the AFL-CIO called on Congress to reject the Chile agreement because they viewed it as a step backward from the labor provisions set forth in the U.S.-Jordan Free Trade Agreement and the Generalized

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[23] "U.S.-Chile Mean Inspection Could Lead to Modest Export Gains," *Inside U.S. Trade*, June 13, 2003.

[24] See CRS Report RL31870, *The U.S.-Central America Free Trade Agreement (CAFTA): Challenges for Sub-Regional Integration*, by J.F. Hornbeck

System of Preferences.[25] They criticized the Chile FTA for only having enforceable labor provisions related to a country's enforcement of its own labor laws, not sanctions for failing to enforce labor or environmental laws in order to gain a competitive advantage or sanctions to deny trade benefits if countries are not taking steps to afford internationally recognized worker rights. Some critics of the Chile FTA also argued that the United States Trade Representative overstepped its negotiating authority by including immigration provisions in the agreement.[26] They opposed the agreements because of provisions allowing more foreign professional workers into the United States.

Chilean Action on the FTA. The Chilean Congress, which delayed its consideration of the agreement until the U.S. Congress took action, is expected to vote on the measure by late October or early November 2003. The procedure in the Chilean Congress is for the agreement to be referred to a joint special committee and then for both houses, the Chamber of Deputies and the Senate, to vote on the measure.

There appears to be broad support for the FTA in Chile. The Chilean business community has been especially supportive of the bilateral agreement and leaders in the two major political coalitions — Concertacion and Alianza — support the accord. Nevertheless, there has been some criticism from Chilean farmers, environmental groups, and some politicians. Some 30 representatives in Chile's bicameral Congress (both from the right and the left) reportedly have warned that unless some protection is afforded to traditional Chilean farmers who produce for the internal market, that they will likely vote against the agreement.[27] For some 200,000 small farmers in southern Chile who produce such products as wheat, dairy products, beef, and beets for the internal market, the trade agreement will reportedly be disastrous. Chile's Southern Agriculture Consortium (CAS), which represents farmers in southern Chile, maintains that because of the climate, the farmers do not have the option of growing alternative crops if their markets disappear.[28] Some Chilean environmental groups, such as Sustainable Chile and the Terram Foundation, criticize the free trade agreement because they believe it will result in downward pressure on Chilean environmental standards instead of providing a mechanism to elevate standards.[29]

Environmental and Labor Conditions in Chile. Although Chile faces significant environmental problems because of past insufficient attention in the country's rush toward development, the Chilean government has been working since

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[25] "Labor Trade Advisory Committee Criticizes FTAs with Chile, Singapore," *Labor Relations Week*, March 6, 2003.

[26] See "Immigration Issues in the Free Trade Agreement," by Ruth Ellen Wasem, in the CRS Electronic Briefing Book on Trade.

[27] "Grassley Vows Quick Action on Chile FTA; In Chile, Pact Faces Critics on Right and Left," *International Trade Reporter*, June 12, 2003.

[28] James Langman, "Free Trade a Dilemma for Chile; Success for Some Means Loss for Others," *Washington Times*, June 17, 2003.

[29] "Chilean Groups Say Free Trade Pact Will Exacerbate Environmental Woes," *International Environment Reporter*, June 4, 2003.

1994 to establish regulations and enforcement mechanisms.[30] The government's National Environmental Commission (Conama), established in 1990, coordinates other agencies with regard to the environment and promotes environmental policies in the country. Conama is responsible for implementation of a 1994 Environmental Framework Law, which includes setting regulations and standards and monitoring enforcement. Its priorities include air pollution and the regulation of liquid and toxic waste. Under the Environmental Framework Law, environmental impact studies are required for major projects in mining, manufacturing, forestry, and some infrastructure projects, while smaller projects require an environmental-impact declaration or statement to Conama.[31] The main environmental agenda for the government in 2003 is the beginning of a new urban transportation scheme for Santiago in order to reduce air pollution.[32]

Numerous environmental nongovernmental organizations are active in Chile, and some have succeeded in blocking several industrial and infrastructure projects in the country. For example, a U.S. company, Savia International, in August 2000 withdrew its proposal for a $200 million project to tap 103,000 hectares of natural forests, while in February 2001, another U.S. company, Boise Cascade, pulled out of a $160 million project to build a board manufacturing plant and deep-water port.[33]

In other cases, environmental groups have been active in supporting conservation projects, including the high-profile nature reserve project of U.S. businessman Douglas Tompkins. In July 2001, the Chilean government and Tompkins resolved a dispute and agreed to create the continent's largest nature sanctuary in southern Chile. For over a decade, Tompkins spent millions buying parcels of land to piece together the 700,000 acre Pumalin Park, but the project met strong opposition from some Chilean business interests and others who feared such extensive involvement in Chile by Americans. Some observers maintain that one reason the Chilean government went ahead with the project was because of its desire to reach a free trade agreement with the United States; approval of the project would demonstrate that the government is environmentally responsible.[34]

With regard to worker rights, for the most part Chile has enjoyed calm labor relations since the country's return to democracy, and the climate for collective bargaining has improved over the past decade. The government is a signatory to all

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[30] Michael Smith, "Chile Putting Muscle Into Its Environmental Laws," *Miami Herald*, February 28, 1998; For an excellent review of Chilean environmental laws and regulations, see U.S. Trade Representative, "Draft Environmental Review of the Proposed U.S.-Chile Free Trade Agreement," November 7, 2001.

[31] "Chile Regulations: Environmental Regulations," *EIU Viewswire*, October 15, 2001.

[32] "Chile: Government's Environmental Agenda Includes Santiago Transport, Emission Trading Plans," *International Environment Reporter*, January 29, 2003.

[33] "Chile Company: Environmental Concerns Hold up Trillium Project," *EIU Viewswire*, April 4, 2001; and "Chile: Greens Move to Foil Aluminum Project," *EIU Business Latin America,* November 12, 2001.

[34] Kevin G. Hall, "Chileans Clear Way for Vast Nature Preserve," *Miami Herald*, July 3 2001.

International Labor Organization (ILO) core conventions on worker rights.[35] About 10% of the country's work force is unionized. Until 2001, labor code provisions made it difficult for trade unions to organize in many sectors, but the Chilean Congress approved a major labor reform bill that went into force in December 2001 that loosened restrictions on participating in unions and collective bargaining. Chile's Unified Workers Central (CUT), which represents the country's five major labor confederations, strongly supported the legislation. The Lagos government deemed the labor reform crucial for its negotiation of a free trade agreement with the United States.

Sale of Combat Fighter Aircraft

For several years, a significant issue in bilateral relations has been the potential sale of advanced combat fighter aircraft to Chile. In August 1997, after a review of U.S. security policy in Latin America, the Clinton Administration announced that the President had decided to establish a process for case-by-case consideration of requests for advanced arms transfers to Latin American nations.[36] An earlier sign of this policy change had occurred in March 1997, when the Clinton Administration allowed U.S. aircraft companies Lockheed Martin and McDonnell Douglas (now Boeing) to provide technical data to Chile on its combat planes. The Chilean Air Force wanted to buy the fighter aircraft as part of a program to replace is current fleet of 20-30 year old planes. Because of budget cutbacks, however, Chile postponed a decision on such sales until late December 2000, when it announced that it would purchase 10-12 F-16s from Lockheed Martin in order to modernize its military aircraft.

In the next step of the process, in accordance with the terms of the Arms Export Control Act, the Administration submitted a justification of the sale to Congress in June 2001, which gave Congress the opportunity to disapprove the sale by enactment of a joint resolution. According to press reports, the Bush Administration had reached an agreement with Senate Democrats that allowed the sale to go forward as long it did not include advanced medium-range air-to-air missiles (AMRAAM), which some Senators feared would spark an arms race in the region.[37]

A preliminary agreement was reached between the Chilean military and Lockheed Martin in November 2001 for the purchase of 10 F-16 fighter jets, and in late January 2002 President Lagos decided to go ahead with the purchase, reportedly worth $660 million, with delivery of the planes in 2006.[38] Before the President made his decision, he ordered a new review of the sale to be conducted by the newly

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[35] U.S. Department of State, Chile Country Commercial Guide, FY2002, "Investment Climate Statement."

[36] For background information, see CRS Report 97-512, *Conventional Arms Transfers to Latin America: U.S. Policy*, by Richard F. Grimmett.

[37] Christopher Marquis, "Deal Reached on Sale of Jets to Chileans," *New York Times*, May 23, 2001, p. A6.

[38] Pascale Bonnefoy, "Defying Critics, Chile to Buy F-16s," *Washington Post*, January 31, 2002, p. A21.

appointed defense minister, Michelle Bachelet (the first female defense minister), who concluded that the planes were needed to modernize the armed forces. In light of economic difficulties facing Chile and the region, some in Chile called for a postponement of the sale. The rightist UDI asked the government to postpone the sale for 3 years.[39] In addition, some concern was raised by other South American countries, such as Peru, who reportedly fear a military buildup in the region. Chile's Defense Ministry responded that the purchase was not the beginning of an arms buildup in the region but a means of replacing obsolete military equipment. The purchase does not include the advanced medium-range air-to-air missiles (AMRAAM) in which Chile had expressed interest.

The contract for the planes was not finalized until May 20, 2003, when Lockheed Martin received a payment of $280 million to begin building the planes in August 2003, with delivery expected in early 2006. Lockheed had received $40 million in March 2002 for preliminary work, but the larger payment of $280 million was tied up in negotiations for an offset or compensation package for Chile in which Lockheed would make investments in the country.[40] The $320 million package for the planes does not include future items and services to be purchased such as training, ground maintenance, initial weapons supply, and spare parts.[41]

Declassification of Classified Documents

Two months after the arrest of General Pinochet in London in October1998, the Clinton Administration announced that it would begin a review of classified documents that could shed light on human rights abuses during the Pinochet era. After the review, the Administration stated it would declassify the documents and make public as much information as possible, consistent with U.S. laws and U.S. national security and law enforcement interests.[42]

Between June 1999 and November 2000, there were three releases of almost 23,000 documents covering the period of 1968-1991. The declassified documents are from a number of organizations, including the Department of State, the Department of Defense, the Federal Bureau of Investigation, and the Central Intelligence Agency. The CIA initially had resisted releasing the documents because of concerns that they would reveal too much about CIA sources and methods, but ultimately the agency agreed to release the documents after pressure from the White House.[43]

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[39] "Chilean Rightists Urge Government to Postpone Purchase of U.S. F-16s," *EFE News Service,* January 12, 2002.

[40] "Lockheed Martin Signs Final Contract for 10 F-16s to Chile," *Pressi.com*, May 23, 2003.

[41] "Lockheed Wins $279.9 Million Deal for Chile F-16s," *Reuters*, May 20, 2003.

[42] U.S. Department of State. Daily Press Briefing. December 1, 1998.

[43] Vernon Loeb, "CIA to Release Chile Documents," *Washington Post*, October 24, 2000, p. A25.

According to a press statement from the State Department at the time of the final release of documents: "One goal of the project is to put original documents before the public so that it may judge for itself the extent to which U.S. actions undercut the cause of democracy and human rights in Chile. Actions approved by the U.S. government during this period aggravated political polarization and affected Chile's long tradition of democratic elections and respect for the constitutional order and the rule of law."[44] The release of the documents has provided information that has been utilized in a number of lawsuits in Chile regarding human rights cases, including the killing of a U.S. citizen, Charles Horman, after Chile's 1973 coup.[45]

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[44] U.S. Department of State. "Chile Declassification Project: Final Release," November 13, 2000; The documents are available from the State Department on the Internet at http://www.foia.state.gov/search2.asp.

[45] Larry Rohter, "As Door Opens for Legal Actions in Chilean Coup, Kissinger Is Numbered Among the Hunted," *New York Times*, March 28, 2002, p. A13.

2004-00918

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CHILE

PINOCHET PROSECUTIONS FOR HUMAN RIGHTS VIOLATIONS:

LATEST DEVELOPMENTS

On May 28, 2004, the Santiago Court of Appeals decided to lift ex-dictator Augusto Pinochet's immunity from prosecution in the "*Operacion Condor*" case.[1] Although he resigned his immunity as senator for life in 2002, he is still protected by immunity from prosecution granted to him as ex-president from 1973 - 1990 by the Chilean Congress.[2] Without this immunity, he could face trial for the alleged human rights violations derived from operation, if the Supreme Court confirms the Court of Appeals decision.

Prior to this latest decision, in March 2000, after he returned from the U.K., a Chilean court also decided to lift his immunity from prosecution, but that decision was based on his position as senator for life, and for another case called "*Caravana de la Muerte*" (Death Caravan).[3] In this case, the lower court's decision was appealed and reached the Supreme Court, which decided in July 2002 that Pinochet could not be tried because he was physically and mentally unfit to stand trial, considering his advanced senile dementia.

In May 2004, the Santiago Court of Appeals decision in *Operacion Condor* came to a different conclusion based on the proof presented by the prosecution showing that Pinochet is not physically or mentally incapacitated since he recently granted TV interviews in which he was lucid and articulate for more than an hour. It therefore held that health incapacity could not again be considered as an impediment for Pinochet to stand trial in this case.

The defense is currently planning to appeal this decision to the Supreme Court, which will again decide as the court of last resort.

The 2002 Supreme Court decision allowed Pinochet to avoid three processes. Now, his own public appearances are showing a different picture and therefore open up new possibilities for Pinochet to be finally tried in Chile. Still, the final decision remains in the hands of the Supreme Court.

Pinochet was also prosecuted in Argentina by a Federal Court in Buenos Aires in 2001 for the murder in Argentina of the former Chilean Army Commander in Chief, General Carlos Prats and his wife

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[1] http://www.lasegunda.com/edicionimpresa/edicionesanteriores/detalle/detalle.asp?idnoticia=022805200430150030l85from=d&fecha_elegida=28/05/2004. *Operacion Condor* was a coordinated operation by the then (mid 1970s) governments of Argentina, Brazil, Chile, Uruguay, Bolivia, and Paraguay to eliminate left-wing opponents.

[2] http://impresion.clarin.com/imprimir7.jsp?pagid=767586.

[3] Seventy-five people were killed in the Death Caravan operation.

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in September 1974 as a precondition of his later extradition to Argentina. [4] Even when the Chilean courts decided to lift his immunity from prosecution, his "health condition" prevented him from being extradited to Argentina based on his unfitness to stand trial.[5]

Prepared by
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Senior Legal Specialist
June 2004

[4] http://www.elmostrador.cl/modulos/noticias/constructor/detalle_noticia.asp?id_noticia=17201.

[5] http://www.lasegunda.com/ediciononline/especiales/Afondo/desafuero/index.asp.

RIGGS

ATTACHMENT C

RIGGS & CO
KNOW YOUR CUSTOMER
CLIENT PROFILE

Date: July 9, 1998

[redacted]: Existing

KYC Input: [redacted]

SECTION 1: OFFICE OF FOREIGN ASSETS CONTROL

Date of OFAC list Checked: June 18, 1998

Verified by whom: SB (Initials)

If the customer/business appears on this list (exact match), do not proceed with account opening.

SECTION 2: CLIENT DATA

NAME/TITLE: Ashburton Company LTD

DATE ACCOUNT OPENED: May 31, 1996

Account No. 76 715 547

	NAME	RELATIONSHIP	PASSPORT	COUNTRY	DOB/PIC DATE
1.	Ashburton Co			Bahamas	MAY 15, 1996
2.					
3.					
4.					
5. (POA)					

CONFIDENTIAL ADDRESS:
c/o Deloitte & Touche
Dehands House 2nd Terrace W.
Centreville Nassau Bahamas
Phones: (242) 302-4859

MAILING ADDRESS:
Same or
P.O. Box N-7120
Nassau, Bahamas

HOLD MAIL (N) (Y/N)
NO

SPECIAL INSTRUCTIONS:
E-mail/tel/FAX/other:

	RELATED ACCOUNTS	PHONE Nos.	FAX Nos.
1	N/A	N/A	N/A
2			
3			

Approval Date: April 17, 1998
Revision Date: April 6, 1998

H:\HOME\B011613\KYC\KYCCPROF.WPT

Permanent Subcommittee on Investigations
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RIGGS

ATTACHMENT C

RIGGS & CO
KNOW YOUR CUSTOMER
CLIENT PROFILE

[redacted]
AMOUNT: $Existing Customer since 1985 SOURCE OF FUNDS: High paying position in investment income. Family wealth.
SOURCE USED TO VERIFY (i.e. will, sales receipt, contract, financial stmts., etc.)

AMOUNT OF TOTAL RELATIONSHIP $ 5.3 MM

SECTION 3: CLIENT BACKGROUND AND INFORMATION (of Ultimate beneficiary & major shareholder)

NAME OF PERSON REFERRING CLIENT: Embassy Banking Division
RELATIONSHIP OF PERSON REFERRING CLIENT: Bank to customer
ORIGINAL SOURCE OF WEALTH: Family Wealth/High paying position in Public Sector for many years
SOURCE USED TO VERIFY: Position and wealth are a matter of public knowledge
CURRENT SOURCE OF INCOME: Investment Income
ESTIMATED ANNUAL INCOME: $150 to $200 M
REASON FOR BANKING WITH RIGGS: Services offered by International Banking Division
(i.e., services offered, international services, embassy banking services, etc.)

BACKGROUND/OCCUPATION OF PERSON(S) OR CORPORATION (Attach additional sheets, as necessary)
(FOR BUSINESSES: Detail nature of business, location of business, list of suppliers/vendors, major clients, countries in which business operates, import/export business, legal status of company, and other information deemed pertinent)
(FOR INDIVIDUALS: Description with background)
Client is a private investment company domiciled in the Bahamas used as a vehicle to manage the investment needs of beneficial owner, now a retired professional, who achieved much success in his career and accumulated wealth during his lifetime for retirement in an orderly way.

BENEFICIAL OWNDER(S) OF ACCOUNT(S)? Kept in Vault [redacted]

FOR BUSINESS ACCOUNTS, attach financial statements, marketing brochures, annual reports, etc.

SECTION 4: INVESTMENT SUITABILITY

RISK PROFILE: ρ CONSERVATIVE (CDS/Bonds) X MODERATE (Stocks/Bonds) ρ AGGRESSIVE (Stocks & Emerging Markets Paper)

ALSO BANKS WITH: Not known
Accounts with Investment/Brokerage Firms:
Approximate Total Personal NETWORTH: US$ $50 to $100MM

INVESTMENTS NOT WITH RIGGS: ρ CDS$ ρ Stocks$ ρ Bonds$ ρ Other$
BRIEF DESCRIPTION OF INVESTMENTS: Not known

Approval Date: April 17, 1998
Revision Date: April 6, 1998
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RIGGS

ATTACHMENT C

RIGGS & CO
KNOW YOUR CUSTOMER
CLIENT PROFILE

PRESENTLY:
RIGGS INVESTMENTS:

CDS	([redacted])	$ 2,000,000.00	(EXPECTED)	$
BONDS	([redacted])	$	(EXPECTED)	$
STOCKS	([redacted])	$	(EXPECTED)	$
RIMCO	([redacted])	$ 4.3 MM	(EXPECTED)	$1 to 2 MM
MM FUNDS	([redacted])	$	(EXPECTED)	$
OTHER	([redacted])	$	(EXPECTED)	$

CLIENT'S INVESTMENT OBJECTIVES: Capital appreciation - moderate

SECTION 5: PRODUCT NEEDS

DEPOSITS	INVESTMENTS	CREDIT	TRUST
ρ Checking	X Discretionary	ρ Loan	ρ Int'l Trust
ρ Money Market	X Non-Discretionary	ρ Overdraft	ρ PIC
ρ Time Deposits	X Mutual Funds	ρ L/C Credit	ρ Trading Co.
ρ FX Deposits	ρ RIMCO	ρ Credit Cards	ρ Personal Trust

SECTION 6: EXPECTED ACTIVITIES/VOLUMES AND PRODUCT USAGE

A. Checking Account (# Checks Drawn/mo): Minimal (0 TO 5)
Checking Account: LARGEST amount PER CHECK to be drawn: Low $5 To 10,000
Wire Transfers: HIGHEST amount Expected per Wire Transfer: Low $50 TO 100,000
Wire Transfers: Number of Wire Transfers Anticipated/one mo. Period: Low ONE TO three
Incoming/Outgoing/Both: Low ONE To three

B. Expected Average Balances in Operating Account: $100,000.00
Method for Effecting Deposits into Account: ρ Check
ρ Wire Transfer
ρ Both

AMOUNT OF CASH expected to be deposited into account: Not known (But based on past - 1 - 3)
NUMBER OF Deposits expected in one month period: Not known (but based on past Records 1 - To - 3)
ANTICIPATED Volume of CASH Sales (Businesses only): _____

C. Expected Amount of LOANS/LETTERS OF CREDIT/OVERDRAFTS: N/A
PURPOSE of the CREDIT: _____
SOURCE of Collateral: _____

Is the expected/described activity deemed reasonable based on the type of Account, customer resources, and/or nature of business in which the client Is involved? **Refer to Section IIC of the policy discussing "typical" customer.**

X Yes ρ No

Approval Date: April 17, 1998
Revision Date: April 6, 1998

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RIGGS

ATTACHMENT C

RIGGS & CO
KNOW YOUR CUSTOMER
CLIENT PROFILE

SECTION 7: REFERENCES

A. If a client is already an existing PB/IPBD/TRUST/RIMCO customer, check here and skip the remainder of Section 7.

B. If referred by an EXISTING PB/IPBD/TRUST/RIMCO CLIENT..._____
Client/Account No.
Document verbal recommendations from existing client in Call Report.
COMMENTS:_____

C. If referred by a RIGGS BANK OFFICE(R):....._____
Location/Officer
Attach copy of Letter of Recommendation from RIGGS referral officer(s) signed by an authorized representative of Riggs or an internal memorandum.

D. Direct solicitation by Account Officer

(For Business Accounts and/or Large Accounts [as defined by business unit])
FIRST Bank Reference: _____
_____
_____

SECOND Bank Reference: _____
_____
_____

Document all corroboration of references and information provided.

E. High Profile/Visibility, Publicity Elected/Appointed Clients

Attach a brief background memorandum of recommendation signed by the Senior Vice President/Manager of International Banking, the Division Manger of Domestic Private Banking, the Executive Director of Trust, or the Executive Director of RIMCO, as applicable.

ANY ADDITIONAL COMMENTS:

RIGGS

ATTACHMENT C

RIGGS & CO
KNOW YOUR CUSTOMER
CLIENT PROFILE

KYC STATUS:

ALL CLIENTS	YES/NO	LARGE ACCOUNTS/BUSINESSES N/A	YES/NO
(All "No's" must be explained)			
Passports Verified:	Yes	Credit Bureau Report	
Address Verified:	Yes	Financial Statements	
Telephone Verified:	Yes	Annual Report	
Name of Referral on file:	Yes	List of Suppliers/Vendors	
Original Source of Wealth Verified:	Yes	Corporate Resolution(s)	
Current Activity Within Normal Range:	Yes	Marketing Materials	
Two forms of photo ID			

PERSONAL INVESTMENT CORPS N/A	YES/NO	RIMCO N/A	YES/NO
Account Data Form	Yes	W-8/W-9	
Certificate of Ownership	Yes	Governing Instrument	
W-8	Yes	10K/10Q	
Two Signature Cards	Yes	Statement of Portfolio Assets	
Riggs Corporate Resolution Form	Yes	Corporate Resolutions	
Riggs Resolution for Bank Accounts	Yes	Customer Statement – Source of Wealth	
Articles of Incorporation	Yes		
By-laws for Commonwealth Companies	Yes		
Copy of Passport -N/A PIC managed by Riggs Bahamas			

DATE OF NEXT REVIEW To be determined.

Waiver approval of any of the above must be initialed, dated and supported.

SECTION 8: NEW ACCOUNT APPROVAL

☒ Documentation Checklist complete

RECOMMENDED BY:	REVIEWED BY:	APPROVED BY:
Fernando Bagueira 7/13/98	Alexa for	7/13/98
Account Officer/Date	Managing Director/Date	Supervising Officer/Date
Sean Terry / Fernando Bagueira	S. Terry 7/14/98	

Approval Date: April 17, 1998
Revision Date: April 6, 1998

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RIGGS

STATEMENT

AUGUSTO PINOCHE UGARTE &/OR
LUCIA HIRIART RODRIGUEZ
C/O RIGGS BANK
ATTN: RAY LUND
800 17TH ST NW 9TH FL
WASHINGTON DC 20074

0

76-750-393

PAGE 1

STATEMENT PERIOD THROUGH 12-31-94

MONEY MARKET SUMMARY

OPENING BALANCE	.00	ACCOUNT #	76-750-393
+DEPOSITS	57,052.00	# OF ENCLOSURES	0
+INTEREST	79.56	AVERAGE BALANCE	57,052.00
-CHECKS AND DEBITS	.00	INTEREST PAID YTD	79.56
=NEW BALANCE	57,131.56		

MONEY MARKET ACTIVITY

DEPOSITS	DATE	AMOUNT	DEPOSITS	DATE	AMOUNT
DEPOSIT	12-19	57,052.00	REF 01	12-31	79.56

REFERENCE DESCRIPTION

REF 01 INTEREST CREDIT

MONEY MARKET BALANCES

12-19	57,052.00	12-31	57,131.56

MONEY MARKET INTEREST

FROM	THROUGH	NO DAYS	RATE	AVG COLLECTED BALANCE
12-19-94	12-19-94	1	2.900000	$57,052.00
12-20-94	12-31-94	12	3.750000	$57,052.00

ANNUAL PERCENTAGE YIELD EARNED 3.99

FOR PERSONAL ACCOUNT INQUIRIES, CALL (202) 835-6000. OUTSIDE METROPOLITAN WASHINGTON, DC, CALL 1(800) 368-5800. FOR CORPORATE ACCOUNT INQUIRIES, CALL (202) 835-6530. FOR INQUIRIES ON ELECTRONIC TRANSACTIONS, CALL (202) 835-CARD.

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 38

RNB 029595

RIGGS

8/1

DATED 16th May, 1996 xxxxxx

Augusto Pinochet Ugarte &
Maria Lucia Hiriart
[ ]
("the Settlors")

and

RIGGS BANK & TRUST COMPANY (BAHAMAS) LIMITED
("the Original Trustee")

THE [Ashburton] TRUST

REVOCABLE JOINT SETTLEMENT
NO PROTECTOR PROVISIONS
INVESTMENT ADVISOR

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 44

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THIS SETTLEMENT is made the 16th day of May, 1996

BETWEEN:

(1) [Augusto Pinochet Ugarte] and [Maria Lucia Hiriart]
of [Chile] together referred to as ("the Settlors") and any of them as Settlor.

AND

(2) RIGGS BANK & TRUST COMPANY (BAHAMAS) LIMITED of [Nassau, Bahamas]
("the Original Trustee")

WHEREAS:

(A) The Settlors wish to make such revocable settlement as is hereinafter contained;

(B) In pursuance of the above wish the Settlors have paid and transferred to the Original Trustee the property specified in Part I of the Second Schedule below to be held upon the trusts contained in this deed; and

(C) Further property money or investments, including the proceeds of any insurance policy on the life of any Settlor or any Beneficiary hereunder, may be paid or transferred to the Trustees to be held upon the trusts contained in this deed.

NOW THIS DEED WITNESSES as follows:

Definitions

1. In this deed, except where the context otherwise requires:

(a) "Beneficiaries" means the persons or class or classes of persons named specified or described in Part II of the Second Schedule below and such other persons or class or classes of persons as are nominated as Beneficiaries in accordance with the applicable provisions of this deed, subject always to the power of exclusion of Beneficiaries contained in this deed;

(b) "charity" means any organisation or institution whether corporate or otherwise wherever situated or registered which is established exclusively for purposes recognised as charitable by the proper law of this settlement;

(c) "children" and "issue" includes children and remoter issue whether legitimate illegitimate legitimated or adopted and shall include such issue en ventre sa mere at the relevant time who shall be born alive and survive for a period of thirty days;

(d) "disability" means, in relation to any person, a disability rendering that person incapable of managing his own affairs which the Trustees, in their sole discretion, determine exists at any time;

(e) "instrument" includes any document executed in the manner required by the law of The Bahamas or by the law of the place where the same was executed;

(f) "Qualifying Settlement" means any settlement, wherever established, which shall be for the benefit of all or any one or more of the Beneficiaries (notwithstanding that other persons may also benefit thereunder);

(g) "the Settlors" and "the Original Trustee" bear the meanings given above;

(h) "the Trustees" means the Original Trustee or the trustees for the time being of the settlement;

(i) "the Trust Fund" means:

(i) the property specified in Part I of the Second Schedule below and any additions to it;

(ii) all property from time to time representing the above;

(j) "the Trust Period" means the period from the date of this deed until the first to occur of the following dates:

(i) eighty years from the date hereof;

(ii) such earlier date as the Trustees may by instrument in writing declare to be the end of the Trust Period (not being a date earlier than the date of execution of such written instrument);

(k) "Trust Property" means any property comprised in the Trust Fund;

(l) (i) the singular shall include the plural and the masculine gender shall include the feminine and neuter genders and vice versa;

(ii) words importing persons shall include firms and corporations and charities;

(iii) references to writing shall include handwriting, type print, telex, facsimile transmission, lithography, photography and

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other modes of representing or reproducing words in a lasting and visible form and "written" shall be construed accordingly; and

(iv) the headings and sub-headings of this deed are included for reference only and do not affect the interpretation of this deed;

(m) This settlement shall be known as The [ ] Trust or by such other name as the Trustees may from time to time determine.

Trust for Sale

2. The Trustees shall hold the Trust Fund upon trust:

(a) as to investments or property other than money either to permit them to remain as invested or to sell or convert them into money; and

(b) as to money to invest the same in their name or under their control in any of the investments authorised by this deed or by law;

with power from time to time to vary or transpose any such investments for others so authorised all as the Trustees may, in their absolute discretion, think fit.

Trusts of Added Property

3. The Trustees shall hold the Trust Fund on the trusts and with and subject to the trusts powers and provisions contained in this deed and the Trustees may at any time or times during the Trust Period accept or refuse to accept such additional money investments or other property (including property of an onerous nature) as may be paid or transferred to them or otherwise placed under their control in any manner by the Settlors or any other person to be held upon such trusts.

Trust Income

4. (a) The Trustees may accumulate the whole or part of the income of the Trust Fund during the Trust Period. That income shall be added to the Trust Fund.

(b) The Trustees shall pay or apply the remainder of the income to or for the benefit of any Beneficiaries, as the Trustees think fit, during the Trust Period.

Distributions of Income and Capital

5. (a) During the lifetime of the Settlors

During the lifetime of the Settlors, the Trustees shall pay or apply to or for the benefit of the Settlors all or so much of the net income of the Trust Fund as the Settlors shall direct or shall distribute the same in such manner as the Settlors shall direct. If, however either Settlor is under a disability, then the Trustees shall apply so much or all of the net income as the Trustees consider advisable for the benefit of the Settlors, subject to directions of the other Settlor. In the event that both Settlors are under a disability, then the Trustees shall apply so much or all of the net income as the Trustees at their sole discretion considers advisable for the benefit of the Settlors, until the Trustees receives directions, which the Trustees, in their sole discretion, accepts. Any amount of net income not distributed shall be accumulated by the Trustees and added to capital at least annually.

In addition to the net income of the Trust Fund, the Trustees may pay or apply to or for the benefit of the Settlors, such part of all of the capital of the Trust Fund as the Trustees in their discretion, consider advisable for the support, maintenance and general welfare of the Settlors.

(b) Upon the death of the Settlors

Upon the death of either Settlor, the Trustees shall hold or distribute the Trust Fund for the sole benefit of the surviving Settlor. Upon the death of the Surviving Settlor, the Trustee shall hold or distribute the Trust Fund for the benefit of the person or persons (hereinafter called "the Beneficiary" or "the Beneficiaries") as stated in the Trust Payments Schedule attached hereto and made a part hereof.

Default trusts

6. Subject to the foregoing, the Trust Fund shall be held on trust for the Beneficiaries living or in existence at the expiry of the Trust Period in equal shares per stirpes absolutely and if there are none living, the Trust Fund shall be held on trust absolutely for the estate of the last of the individual Beneficiaries to die.

Power to exclude and add Beneficiaries

7. (a) During the Trust Period, the Settlors may by instrument in writing delivered to the Trustees revocably or irrevocably wholly or partially exclude any Beneficiary named in the Trust Payments Schedule from future benefit under the [illegible] 0000000045896

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this deed PROVIDED THAT no exclusion shall affect any interest to which such Beneficiary has previously become indefeasibly entitled. A Beneficiary may disclaim his interest in the settlement wholly or in part by instrument in writing delivered to the Trustees.

(b) During the Trust Period, the Settlors may by instrument in writing delivered to the Trustees revocably or irrevocably declare that any person or class of persons whether or not in existence or ascertained shall, from then on or for such subsequent period specified, be included as Beneficiaries. Notwithstanding any provision relating to the release of powers contained elsewhere in this deed this power shall not be capable of being released unless at the date of such release there is at least one person who is a member of the class of Beneficiaries.

Exercise of powers

8. (a) The powers of the Trustees are exercisable at their absolute discretion and at any time or times.

(b) In exercising any of the powers in this settlement which are exercisable in favour or for the benefit of more than one object of the power the person exercising that power shall be entitled to exercise the power in favour or for the benefit of one or more of such objects to the exclusion of the other or others.

Powers of the Settlor

9. The rights and powers of the Settlors conferred hereunder shall be exercised unanimously, EXCEPT in the event of the death or disability of any one of the Settlors, any power given to the Settlors hereunder, shall be exercisable by the Settlor who is not disabled or the surviving Settlor, as the case may be, excluding the power contained in Clause11 below.

Further provisions

10. The provisions set out in the First Schedule below shall have effect in addition and without prejudice to the powers conferred on the Trustees by law.

Revocation and Amendment

11. During their lifetime and provided they are under no disability, the Settlors shall have power by deed unanimously to revoke this settlement in whole or in part or to vary or add or exclude any powers or provisions of this settlement by delivering to the Trustees a duly acknowledged written instrument, PROVIDED however, that no amendment or change shall, in any way, either infringe the proper law of this settlement, increase the obligations of the Trustees or change the rights and duties of the Trustees without the consent of the Trustees.

Proper law and forum for administration

12. (a) This settlement is established under the laws of The Bahamas and, subject to the following provisions, the rights of the Beneficiaries and the rights powers and duties of the Trustees and the construction and effect of this settlement shall be governed by and construed in accordance with the laws of The Bahamas and the courts of The Bahamas shall be the forum for the administration hereof.

(b) The Trustees may move the administration of this settlement at any time to any other jurisdiction in the world.

(c) The Trustees may at any time or times during the Trust Period by instrument in writing declare that this settlement shall, as from the date of such declaration or a later date specified, be governed by and take effect subject to and in accordance with the law of another jurisdiction named in such declaration and from then on the rights of the Beneficiaries and the rights powers and duties of the Trustees and the construction and effect of this settlement shall be governed by and construed in accordance with the law of that other jurisdiction PROVIDED THAT any such declaration may contain such consequential alterations or additions to this settlement as will ensure that the trusts powers and provisions hereof shall be as valid effective and enforceable as they were under the laws of The Bahamas at the date hereof.

(d) The Trustees may at any time or times during the Trust Period by instrument in writing declare that the forum for the administration of this settlement shall, as from the date of such declaration or a later date specified, be the courts of any specified jurisdiction.

THE FIRST SCHEDULE

Administrative powers

1. The Trustees shall have the following powers:

(a) (i) The Trustees may invest Trust Property in any manner as if they were beneficial owners. In particular, the Trustees may invest in property in any part of the world and in unsecured loans.

(ii) The Trustees are under no obligation to diversify the Trust Fund.

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(iii) The Trustees may retain any Trust Property within the Trust Fund indefinitely.

(iv) The acquisition of any property not within the meaning of the word "investment" strictly construed shall be deemed to be an authorised investment of Trust Property if the Trustees shall consider the same to be for the benefit of any one or more of the Beneficiaries.

In particular but without prejudice to the generality of the foregoing the Trustees may invest all or any part of the Trust Fund in property of a speculative or high risk nature and the Trustees may acquire wasting assets or assets which yield little or no income for investment or any other purpose.

(v) Where the Trust Property includes any real property, the Trustees may hold the real property on trust to either retain or sell it.

(b) The Trustees may acquire property jointly with other persons.

(c) (i) The Trustees may effect any transaction relating to the management, administration or disposition of Trust Property as if they were the beneficial owners.

(ii) The Trustees may waive, reduce or extend the time of payment of and compromise claims in favour of or against Trust Property.

(d) (i) The Trustees may repair and maintain Trust Property.

(ii) The Trustees may develop or improve Trust Property.

(e) (i) The Trustees may pay taxes and other expenses out of income although they would otherwise be paid out of capital.

(ii) The Trustees may pay premiums of any insurance policy out of income.

(iii) The Trustees may waive the payment of income before it becomes due.

(f) The Trustees are under no duty to hold a balance between conflicting interests of Beneficiaries.

(g) The Trustees may apply Trust Property as if it were income arising in the current year. In particular, the Trustees may pay such income to a Beneficiary for the purpose of augmenting the income of that Beneficiary.

(h) The Trustees may permit a Beneficiary to occupy or enjoy the use of Trust Property on such terms as they think fit and the Trustees may acquire any interest in any property for this purpose.

(i) The Trustees may lend trust money to any person including a Beneficiary. The loan may be interest free and unsecured, or on such terms as the Trustees think fit.

(j) The Trustees may charge Trust Property as security for any debts or obligations of a Beneficiary.

(k) The Trustees may carry on a trade, in any part of the world, alone or in partnership.

(l) The Trustees may borrow money for investment or any other purpose. Money borrowed shall be treated as Trust Property.

(m) The Trustees may insure Trust Property for any amount against any risk.

(n) The Trustees may take the opinion of legal counsel where necessary or appropriate anywhere in the world concerning any matter in any way relating to this settlement or the duties of the Trustees and may act in accordance with the opinion of such counsel.

(o) Any Trustee may delegate in writing any of his functions to any person anywhere in the world.

(p) The Trustees may deposit documents relating to this settlement (including bearer securities) with any person anywhere in the world.

(q) The Trustees may vest Trust Property in any person anywhere in the world as nominee, and may place Trust Property in the possession or control of such person.

(r) The Trustees may carry on the general administration of the trusts of this settlement outside The Bahamas.

(s) The Trustees may indemnify a Trustee or any other person for any liability relating to Trust Property or this settlement.

(t) The Trustees may charge Trust Property as security for any liability incurred by them as Trustees.

(u) The Trustees without the consent of any person may appropriate Trust Property to any person or class of persons in or towards the satisfaction of their interest in the Trust Fund.

(v) The Trustees may pay out of the Trust Fund any fiscal impositions becoming payable in any part of the world in respect of any Trust Property or any Beneficiary notwithstanding that such fiscal impositions may not be enforceable through the courts of the place where this settlement is for the time being administered, where any Trustee is resident or domiciled or where any Trust Property is situated is situated and, subject to the proper law of this settlement, may make or provide information for the purpo

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of any filings with the revenue authorities of any country. The Trustees shall have absolute discretion as to the time and manner of such payment filing or provision of confirmation and the powers contained herein need not be exercises for the benefit of the beneficiaries.

(w) The Trustees may ascertain the value of any Trust Property with or without the assistance of qualified agents. Any valuation made or accepted by the Trustees shall be binding on all Beneficiaries.

(x) The Trustees may sell, for cash or on credit and publicly or privately, grant options on, exchange or lease for any term any Trust Property.

(y) The Trustees may institute or defend proceedings in any part of the world at the expense of the Trust Fund. The Trustees shall not be liable for failing to pursue any claim or litigation where the assets of the Trust Fund are insufficient to pay for the legal and other incidental costs of pursuing any such claim or litigation.

(z) The Trustees and any other person upon whom powers are conferred by this instrument may by instrument in writing release wholly or in part any of their powers so as to bind their successors notwithstanding that such powers may be fiduciary in nature.

(aa) The Trustees may pay out of the Trust Fund all costs of the preparation, execution and stamping of this deed.

(bb) Where Trust Property is to be paid or transferred to a charity, the receipt of the treasurer or appropriate officer of the charity shall be a complete discharge to the Trustees.

(cc) The Trustees may rectify any manifest errors contained in this deed.

(dd) The Trustees may do anything that is incidental or conducive to the exercise of their trusts and powers.

Minors

2. Where the Trustees hold Trust Property for the benefit of a minor:-

(a) the Trustees may pay or apply the whole or any part of that Trust Property and its income for the benefit of the minor during his minority;

(b) any income of that Trust Property which is not so paid or applied may be accumulated and added to that Trust Property or shall be retained upon trust for the minor absolutely;

(c) for investment and other administrative purposes that Trust Property (and any retained income) shall be treated as part of the Trust Fund;

(d) the Trustees may pay the whole or any part of that Trust Property to the minor's parent or guardian on behalf of the minor, or to the minor if he has attained the age of 18. The Trustees are under no duty to enquire into the use of the property unless they have knowledge of circumstances which call for enquiry.

Apportionment

3. Income and expenditure shall be treated as arising when payable, and not from day to day, so that no apportionment shall take place.

Self-Dealing

4. The following provisions relating to self-dealing shall apply in the administration of the settlement:-

(a) The Trustees or any of them (including a sole trustee) may exercise any power or discretion hereunder to enter into and carry into effect any transaction authorised hereunder or by the general law notwithstanding that they or any one or more of them may have some different or conflicting interest in the mode or result of exercising the power or the discretion or the transaction (whether a personal interest or an interest in the capacity of sole trustee or as one of the trustees of some other settlement) and shall not be accountable for any profit made or derived by them in such capacity as a result thereof but any Trustee may if he so wishes (but shall be under no obligation to) abstain from acting except as a merely formal party in any matter in which he may have a different or conflicting interest and may allow his co-trustees or co-trustee to act alone in relation to any such matter;

(b) None of the Trustees nor any director, officer, nominee, agent or employee of a Trustee shall be accountable for any reasonable remuneration or other reasonable benefit gained as a director, officer, nominee, employee, agent or adviser of any [illegible] connected with the Trust Fund notwithstanding that his situation or office may have been obtained or may be held or retained in right or by means or by reason of his position as one of the Trustees hereof or of any shares, stock, property, rights or powers whatsoever belonging to or connected with the Trust Fund.

Appointment of Trustees

5. The statutory powers of appointing new and additional trustees shall apply subject to the following provisions:-

(a) The statutory powers shall be exercisable by the Trustees.

(b) A Trustee may retire by giving 60 days notice in writing to the co-trustees (if any) or upon appointing a new trustee or trustees.

(c) The statutory power of appointing a new trustee shall not become exercisable by reason only that a trustee remains out of The Bahamas for more than twelve months.

(d) The statutory power of appointing additional trustees shall be exercisable notwithstanding that one of the trustees for the time being is a trust corporation and the number of Trustees shall be unlimited.

Records and accounts

6. The Trustees shall keep accurate records of their trusteeship and may, at the expense of the Trust Fund, keep full accounts of all receipts and disbursements to and from the Trust Fund and may have them audited at the expense of the Trust Fund by a firm of chartered accountants selected by the Trustees.

Remuneration of Trustees

7. (a) A Trustee carrying on a business which consists of or includes the management of trusts or advising trustees may charge for work done by him or his firm in connection with this settlement including work which a layman could have done personally. Any such charge may include fees or commissions in connection with the investment and re-investment of any part of the Trust Fund and the collection of income and other sums.

(b) Any Trustee may receive reimbursement from the Trust Fund of any expenses incurred by him purely by reason of his duties relating to this Trust. In particular, any fees charged by any legal or other professional advisors to the Trustees shall be charged against the Trust Fund.

(c) Any Trustee which is a corporate body shall be entitled to act and be remunerated as a trustee hereof on its published terms and conditions in force at this date as if such terms and conditions were set out herein PROVIDED ALWAYS that if new terms and conditions (including charging rates) are subsequently published the Trustee shall be entitled to remuneration in accordance with such new terms and conditions.

(d) Any Trustee, or any affiliate of the Trustee, which is a corporate body may act as banker and perform any service on behalf of the trusts hereof on the same terms as would be made with a customer without accounting for any resultant profit. The Trustees may establish accounts and contracts for services with any affiliate of the Trustees and any principle or rule of law restricting those dealings because of conflict of interest is waived and all Beneficiaries shall be bound by this waiver.

(e) The Trustees may make arrangements to remunerate themselves for work done for a company connected with the Trust Fund.

Exercise of trustees powers

8. The functions of the Trustees shall be exercisable by a majority of them but no Trustee shall be rendered liable for any act or thing done or omitted without his consent by reason of the provisions of this clause or for any act in which he joins for conformity only.

Exclusion of community property

9. (a) No benefit accruing to any Beneficiary shall form or constitute a portion of any communal or joint estate of such Beneficiary but shall remain the sole and exclusive property of the Beneficiary. Any such benefit shall be free from any interference, control or marital power of any spouse of such Beneficiary.

(b) The interest of any person in the capital or income of the Trust Fund shall not be alienated or assigned by such person and shall not be subject to any legal process, bankruptcy proceeding or the interference or control of creditors of any beneficiary hereunder.

(c) No interest of any Beneficiary in the income from or capital of the Trust Fund or any trust hereunder shall be subject to pledge, sale or transfer in any manner, nor shall any such Beneficiary have the power in any manner to anticipate, charge or encumber his or her said interest, nor shall said interest of any such Beneficiary be liable or subject in any manner while in the possession of the Trustees for the debts, contracts, liabilities, engagements or torts of such Beneficiary.

Establishment and supervision of companies

10. (a) The Trustees may establish any company or other entity or any partnership in any jurisdiction.

(b) The Trustees may consent to and participate in any structural change of any kind proposed in relation to any company or other entity or partnership in which the Trustees hold an interest.

(c) The Trustees are under no duty to enquire into the conduct of, or obtain any information regarding, a company in which they are interested from the persons involved in the conduct of the company or from shareholders or other persons

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interested therein and, unless they have actual knowledge to the contrary, they shall assume at all times that the business of any such company is being conducted diligently in their best interests and that all information received is accurate and truthful and the Trustees shall not be bound at any time to take any steps at all to ascertain whether or not the information is accurate and truthful.

(d) The Trustees shall not be bound to exercise any control they may have over or to become involved in the conduct of the business of any company and in particular (but without prejudice to the generality of the foregoing) the Trustees shall not be bound or required to exercise any voting powers or rights of representation or intervention or to appoint elect or remove any trustee, director, officer or nominee of the Trustees or other director to or from the board of any company. The Trustees may leave the conduct of such business to the persons authorised to take part in the conduct thereof and shall not be bound to supervise them as long as the Trustees have no actual knowledge of any dishonesty relating to such business on the part of any of them.

(e) The Trustees shall also assume until such time as they have actual knowledge to the contrary that persons appearing to be or who act as the directors, officers and other persons authorised to take part in the aforesaid conduct are duly appointed and authorised.

(f) The Trustees shall not be bound or required at any time to take any steps at all to ascertain whether or not the assumptions contained in sub-clauses (c) and (e) are correct;

(g) The Trustees are under no duty to procure distributions from a company in which they are interested.

Liability of trustees

11. (a) No Trustee shall be liable for any loss to the Trust Fund arising out of the depreciation of any investment made in good faith or by reason of any act or omission made in good faith, unless that loss was caused by his own wilful default.

(b) The Trustee shall not be liable to any party except to the extent of the Trust Fund and each Trustee shall be indemnified out of the Trust Fund in respect of any loss, cost or expense (including legal expenses) suffered by him in connection with his acting in good faith as trustee hereof, except where such loss is incurred as a result of his own wilful default.

(c) A Trustee shall not be liable for acting in accordance with the advice of qualified professional advisers with respect to this settlement unless when he does so:-

(i) he knows or has reasonable cause to suspect that the advice was given in ignorance of material facts; or

(ii) proceedings are pending to obtain the decision of the court on the matter.

(d) A Trustee shall not be responsible for the default of a person to whom his powers are delegated (even if the delegation of this power was not strictly necessary or expedient) provided that he took reasonable care in his selection and supervision. (d)

(e) The Trustees shall not be liable for any act or omission by any company in which the Trustees hold any shares rights or other interests or for any consequence of such act or omission or for any act or omission or consequence thereof of any director officer manager or agent of such company.

(f) The Trustees may act upon any directions or instructions whatsoever which purport to come from the Settlors or either of them, as the case may be, without responsibility for errors in delivery, transmission or receipt and without satisfying themselves that those instructions are given in good faith. The Trustees are authorised to take any action they believe appropriate if they are unable to obtain instructions from the Settlors or either of them, as the case may be, in due time and action is believed to be required by law or practice. The Trustees shall not be liable for any damage or loss to the Trust Fund occasioned by acting in accordance with any instructions or direction given to them by the Settlors or either of them, as the case may be, in accordance with the powers reserved to them hereunder or resulting from the delay or failure to act in accordance with sdch instructions or directions.

Indemnity of Outgoing Trustee

(g) (i) An Outgoing Trustee, its directors, officers, servants and agents is entitled to require from any continuing or new trustee (in the event of the Trustee's resignation, retirement or removal), from the Settlor (in the event of the trust's revocation) or from any beneficiary (in the event of a final distribution to such beneficiary) a release and indemnity holding harmless the Outgoing Trustee, its directors, officers, servants or agents from and against any and all claims, demands, actions, proceedings, damages, costs, charges and expenses whatsoever for, or arising out of, or in relation to, any act or omission of the Outgoing Trustee or of any such directors, officers, servants or agents in respect of the administration of the trust by the Outgoing Trustee.

(ii) An Outgoing Trustee shall be entitled to withhold such Trust property as the Outgoing Trustee in good faith considers necessary to pay outstanding liabilities, whether present, future, contingent or otherwise or to satisfy the aforesaid indemnity.

BTD

Disclosure

12. Without prejudice to any obligations of confidentiality imposed by law and subject to the order of any court of competent jurisdiction the Trustees shall not be bound to disclose to any person nor permit any person to inspect:

(i) any document setting forth or recording the deliberations of the Trustees or the respective nominees, agents or delegates of any of them as to the manner in which they should exercise their powers and discretions or the reasons for any particular exercise of the same; or

(ii) any other document relating to the exercise or proposed exercise of any such power or discretion including legal advice obtained by the Trustees in connection with the exercise by them of any discretion.

(iii) any memorandum or letter of wishes issued by the Settlors or any other person to the Trustees or any other document recording any wishes of the Settlors.

Investment Advisor

13. Without prejudice to the powers conferred upon them elsewhere in this deed and by law during his lifetime and provided he is under no disability, the Settlors may appoint by instrument in writing such investment advisor or advisors, including himself, as he thinks fit ("the Investment Advisor") to give investment directions ("Investment Directions") to the Trustees in respect of the investment and reinvestment of the Trust Fund. The Settlors may also remove by instrument in writing any Investment Advisor and appoint one or more successor Investment Advisors on a specified date or on the happening of a specified event. The Investment Directions shall be in writing. The Trustees without being liable for any consequent loss shall comply with Investment Directions received from the Investment Advisor. In the event that Investment Directions are required by the Trustees as a result of a change in circumstances or on the maturity or otherwise in relation to any investment of the trust, the Trustees shall request Investment Directions from the Investment Advisor and, in the event that such Investment Directions are not forthcoming within 72 hours, the Trustees shall deal with such investments as the Trustees shall in their absolute discretion think fit. The expenses of the Investment Advisor shall be paid by the Trustees from the Trust Fund. The Trustees shall not be bound to enquire into nor be in any manner responsible for any changes in the legal status of the Investment Advisor. The Trustees shall incur no liability for any loss or damage to the Trust Fund resulting from the appointment of the Investment Advisor or for any action taken pursuant to or for otherwise implementing any Investment Direction however communicated.

SECOND SCHEDULE

PART I

Initial Trust Fund

US$100

PART II

The Beneficiaries

(i) The Settlors

(ii) The persons named as Successor Beneficiary and Primary Beneficiaries on the Trust Payments Schedule attached hereto.

Trust Payments Schedule

Trust Payments Schedule Relating to the " " Trust.

A. CONTINUING TRUST (** insert name, or rule through, as required)

If _____ ** (the "Successor Beneficiary") survives the last of the Settlors to die, the net income of the Trust Fund will be paid to him/her for the rest of his/her life. In addition to the net income of the Trust Fund, the Trustee may pay or apply to or for the benefit of the Successor Beneficiary such part or all of the capital of the Trust Fund as the Trustees, in their sole discretion, considers advisable for the support, maintenance or general welfare of the Successor Beneficiary.

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B. TERMINATION

On the death of the Successor Beneficiary (or on the death of the last of the Settlors to die, if no Successor Beneficiary) within a reasonable time thereafter, the Trust Fund will be distributed outright to the following persons then living ("Primary Beneficiaries") in accordance with their instructions.

	Names of Primary Beneficiaries	Date of Birth	Relationship to Settlor(s)	% Share
A.	Ines Lucia Pinochet Hiriart		CHILD	20%
B.	Augusto Pinochet Hiriart		CHILD	20%
C.	Marilia Veronica Pinochet Hiriart		CHILD	20%
D.	Mario Antonio Pinochet Hiriart		CHILD	20%
E.	Jacqueline Marie Pinochet Hiriart		CHILD	20%
F.				
G.				
				100%

The shares of Primary Beneficiaries who are not then living will be distributed to his or her living issue (in any degree) per stirpes or if there is no issue, shall be rateably distributed to the other surviving Primary Beneficiaries stated above.

Signature of Settlor(s) X 1 _____ Date

X 2 Maria Lucia Hiriart R. Date

Signature of Trustees _____ _____ Date

EXECUTED as a Deed by [ ] and [ ] in the presence of:

[ ]

_____

[ ]

_____

Witness

EXECUTED as a Deed by J.R. Evans and for and on behalf of RIGGS BANK & TRUST (BAHAMAS) LIMITED in the presence of:

RIGGS BANK & TRUST (BAHAMAS) LIMITED

Per: _____

Per: _____

_____ X

Witness

B12

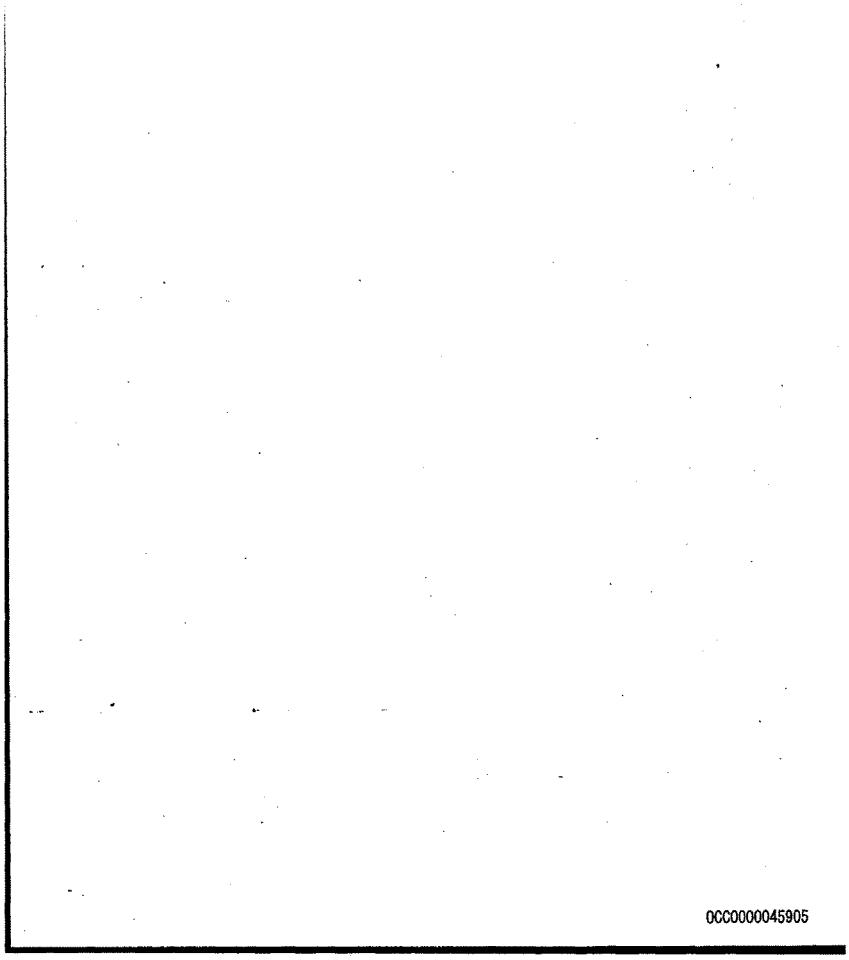
RIGGS

Riggs Bank and Trust Company (Bahamas) Limited

Dehands House • P.O. Box N7120 • Nassau, N.P., Bahamas
Telex: 20269 Telephone: (242) 302-4300

A wholly owned subsidiary of Riggs Bank N.A.

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RIGGS

MANAGEMENT AGREEMENT FOR PRIVATE INVESTMENT COMPANY

RIGGS BANK AND TRUST COMPANY (BAHAMAS) LIMITED

B14

THIS AGREEMENT made the 26th of April in the year one thousand nine hundred and 96

BETWEEN Augusto Pinochet Ugarte and Lucia Hiriart de Pinochet AND Riggs Bank and Trust Company (Bahamas) Limited, a company incorporated in accordance with the laws of the Commonwealth of the Bahamas and carrying on business therein as a trust company (hereinafter referred to as "the Manager")

WHEREAS the Client requests the Manager to provide certain management services for ASHBURTON COMPANY LIMITED, a company incorporated and existing under the laws of the Commonwealth of the Bahamas (hereinafter referred to as "the Company") and the Manager has agreed to provide such services subject to the terms, conditions, and provisions set forth.

IT IS AGREED as follows:

1. The Manager shall from today on provide the following management services for the Company:
   (a) maintain the Company's registered office or
   (b) maintain an office in the Bahamas at the Manager's offices;
   (c) maintain all corporate records, hold and minute all meetings required by law or by the company's Articles of Association;
   (d) prepare and file all statements, certificates, and returns and pay all fees necessary to keep the Company in good standing statutorily;
   (e) provide nominee shareholders, directors, and officers for the Company. PROVIDED, HOWEVER, that in the case of a company formed in a country other than the Commonwealth of the Bahamas, the Manager may sub-delegate the appointment of officers and directors of such company without being liable for any of their acts or omissions whether or not they be fraudulent or negligent acts or omissions;

In addition, the Manager may provide the following services outlined in subclauses (f), (g), and (h), if requested in writing by the Client to do so, thereby entitling the Manager to additional fees over and above its minimum annual fee:
   (f) maintain the books of account and prepare a yearly balance sheet and profit and loss account;
   (g) conduct all correspondence and invoicing pertinent to the Company's affairs; and
   (h) such other services as may be requested in writing by the Client and agreed to by the Manager.

2. All instructions and directions shall be in writing, but if communicated to the Manager by word of mouth, cable, telex, telefax, telecopier, or telephone shall be confirmed by the Client in writing as soon as reasonably possible thereafter provided, however, that the Manager may or may not at its absolute discretion act upon oral instructions or directions, but if the Manager does accept them, it shall be empowered to rely thereon and shall be exonerated from any liability arising from its good faith interpretation thereof. The Manager may rely on the statement of any person it believes to be authorized to give instructions on behalf of the Client or identifying himself as being the Client or having the authority to convey instructions on behalf of the Client. With respect to oral instructions or directions confirmed in writing, should there be a contradiction between the Manager's interpretation of the oral instruction or directions and the written instruction or directions as finally received, the Manager shall be entitled to rely on the (oral) instructions or directions it first believed it had received without any liability for mistake or error. Any memorandum produced as a business record in the ordinary course of business as a result of an oral instruction or direction to the Manager shall be conclusive evidence of such instructions or directions.

3. In the absence of instructions from the Client, the Manager shall not be liable for any loss suffered by the Company or the Client due to anything done or omitted to be done by it in connection with the affairs of the Company provided the Manager acted in good faith.

4. The Manager shall manage the business affairs of the Company in accordance with its Memorandum and Articles of Association and such laws that are relevant and pursuant to the instructions and directions of the Client (as reasonably interpreted by the Manager), provided such instructions and directions are acceptable to the Manager, it being understood that it [illegible] instructions or directions which, in its absolute discretion or judgement, it considers contrary to accepted ethical standards or the policies of the Manager.

5. The Manager, at its absolute discretion, may permit any monies, bonds, stocks, share certificates, or other securities to be held in "street form" with any broker, bank, trust company, or like institution in any part of the world. The Manager may also permit any investment to be held in nominee name or with a trustee. The Manager shall not be liable or responsible for any loss unless caused by its own fraud or gross negligence.

6. The Client shall fully and absolutely indemnify the Manager, its officers, employees, agents and shareholders, directors and officers of the Company and each of them, as well as their personal representatives and successors in title, in respect of any loss, costs, expenses, actions, proceedings, claims, or other liabilities (including attorneys' fees and expenses) arising directly or indirectly from any act or omission of the Manager, its officers, employees, or agents provided the same shall not be due to fraud or gross negligence on the part of any of them, such indemnity being in addition to any indemnity provision contained in the Articles of Association of the Company and in addition to any indemnity available by law.

7. The Client further undertake(s) not to transfer any of their beneficial interest in the shares of the Company except on the condition that the transferee first enter into a covenant of indemnity satisfactory to the Manager, provided that:

(a) this indemnity shall not be available for any nominee in respect of any act or omission happening through the dishonesty of that nominee;

(b) this indemnity shall apply in favor of a nominee notwithstanding that there may be some defect in his appointment of qualification or authority as an Officer or Director of the Company;

(c) this indemnity is intended to enure for the benefit of every nominee as a trust in his favor and so as to be enforceable by him against the Client.

8. The Manager shall not be obligated to commit any acts which the Manager, in its sole discretion, deems improper or inappropriate and there shall be absolutely no liability by the Manager to the Client for not committing such acts. Also, the Manager shall not be obligated to act in any manner which may:

(a) preclude the disclosure of information under due process of law in any jurisdiction;

(b) expose the Manager to any corporate or personal liability of a civil or criminal nature or risk of prosecution in any jurisdiction;

(c) conflict with any laws (to include current Exchange Control Regulations) of the Commonwealth of the Bahamas or otherwise be illegal;

(d) conflict with any of the provisions of the Memorandum or Articles of Association of the Company;

(e) be ultra vires the Company;

(f) in the opinion of the Manager, be harmful to the good name and reputation of the Manager itself.

9. The Client shall not enter into any contract for or on its behalf without the prior written consent of the Manager, nor shall it take any action with regard to the Company or its business affairs.

10. If the Company grants a Power of Attorney to the Client, or appoints the Client its agent for any purpose whatsoever, then the Client will act strictly in accordance with the terms, conditions, powers, and provisions of such Power of Attorney or Agency Agreement. At no time may the Client exceed or attempt to exceed the scope of the powers or authorizations thereby granted unto him. In any event, neither the Manager, shareholders, directors, nor officers of the Company shall be liable for any acts or omissions committed by the Client while acting under any such Power of Attorney or Agency Agreement.

11. The Manager may act for the company as nominee, banker, broker, investment adviser, registrar and transfer agent, custodian, trustee, or otherwise and shall therefore be entitled to retain any brokerage or commission or fees received in respect of any transaction to which the Company is a party.

12. The Manager shall have the right to remuneration in accordance with its published fee schedule now in force and as amended by it from time to time, except as otherwise agreed between the Manager and the Client(s) from time to time in writing.

13. The Manager and the shareholders, officers, and directors provided by it shall for the purposes of the indemnity provisions of this Agreement and the payment of its fees and expenses hereunder have recourse to the property and assets of the Company.

14. At all times, the Client will maintain in his account a balance equal to one year's fee for services in accordance with the Manager's published fee schedule or as may be otherwise agreed between the Manager and Client(s) from time to time in writing.

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15. Should the Client consist of more than one party, then all instructions or directions given to the Manager shall require the signature of one party nominated in writing by the other parties, but failing such nomination, same shall require the joint signatures of the parties, and all obligations of the parties hereunder shall be joint and several.

16. In this Agreement, the words "Memorandum and Articles of Association" or "Articles of Association" shall mean and include any Charter, Letters, Patent, Statutes of Incorporation, Bylaws, or other document or documents howsoever described which evidence the incorporation of the Company, the scope and nature of its business, and the rules and regulations for the conduct of its affairs;

(a) In this Agreement, the expression "the Manager" shall include the Manager itself and all parent, subsidiary, associated and affiliated organizations, their partners, directors or alternate directors, their officers, their duly appointed agents, attorneys and nominees, and insofar as any individual being a member of the staff of the Manager or who is acting as an agent or is employed by an agent, including respectively their agents, legal personal representatives, or successors (whether or not appointed on the recommendation or with the consent of the Client) acting in any manner in respect of the affairs of the Company; and

(b) In this Agreement, associated and affiliated organizations shall include all organizations the majority of whose shares are held by the parent of the Manager.

17. This Agreement may be terminated by either party giving to the other not less than thirty (30) days' written notice and upon expiration of such notice, the Manager shall deliver to the Client or as he may direct, the corporate records, share certificates, and all other documents and papers of the Company against payment of all fees, charges, and out-of-pocket expenses due to or incurred by the Manager hereunder, provided, however, that the indemnity provisions of this Agreement shall survive its termination.

18. This Agreement constitutes the entire understanding of the parties with regard to the matters set forth herein and may only be amended, varied, or modified by a written document duly executed by both parties.

19. This Agreement and all of its terms, conditions, and provisions shall be construed in accordance with and governed by the laws of the Commonwealth of the Bahamas.

X _____

X M. L. Kerrart

IN WITNESS WHEREOF the Client(s) has/have hereunto set his/their hand(s) and seal(s) the day and year first hereinbefore written.

Signed, sealed, and delivered by the Client(s) in the presence of:

WITNESS

IN WITNESS WHEREOF the Manager has caused its Common Seal to be affixed the day and year first hereinbefore written.

The Common Seal of Riggs Bank and Trust Company (Bahamas) Limited was hereunto affixed by J. R. EVANS the DIRECTOR of the Company and the said J. R. EVANS subscribed his signature hereto in the presence of:

0CC0000045908

BM

RIGGS

RIGGS BANK AND TRUST COMPANY (BAHAMAS) LIMITED

Dehands House • P.O. Box N7120 • Nassau, N.P., Bahamas
Telex: 20269 Fax: (809) 328-8006 Telephone: (809) 328-8005

A wholly owned subsidiary of The Riggs National Bank of Washington, D.C.

0000000045909

RIGGS

CORPORATE RESOLUTION
FOR BANK ACCOUNTS

The Riggs National Banks of Washington, D.C., Virginia and Maryland

I, Lionel E. Haven Secretary of Althorp Investment Co., Ltd.
(exact name of corporation)

a corporation organized and existing under the law of the State/District of The Commonwealth of The Bahamas, do hereby certify to The Riggs National Banks of Washington, D.C., Virginia, and Maryland, that the following is a true copy of a resolution duly adopted, in accordance with the By-Laws, by the Board of Directors of the corporation at a meeting held, or by written consent dated, April 16, 19 98 and that the resolution is in full force and effect as of this date, has not been modified and is not inconsistent with any of the provisions of the By-Laws or the Charter of this corporation.

"RESOLVED, That The Riggs National Banks of Washington, D.C, Virginia, and Maryland ("Bank") is hereby designated a depository for the funds of this corporation, and the corporation agrees to be bound by the rules and regulations of account for the type of deposit accounts opened (including fee schedules), as amended from time to time, and that the officers and agents of the corporation are authorized to deposit funds of the corporation in any office of the Bank, and the Bank is hereby authorized and directed to pay checks and other orders for the payment of money drawn in the name of this corporation when signed by any one of the following:

See the Secretary's Certificate that is enclosed

(Note: It is suggested that titles be used rather than names.)

and the Bank is not required, in any case, to inquire respecting the application of any such instrument executed by virtue of this resolution, or of the proceeds therefrom, nor be under any obligation to see to the application of such instrument or proceeds even if drawn to the individual order of any signing person, or payable to the Bank or for the signer's account, or given in payment for the signer's personal obligation, even if the corporation account becomes overdrawn; and the corporation shall indemnify and hold harmless the Bank against any claim or liability arising out of the payment of any such instrument pursuant to this resolution."

I FURTHER CERTIFY that the following now occupy the respective offices designated in this resolution herein quoted and are duly qualified:

NAMES	TITLES OF OFFICES HELD:
J. Richard Evans	Director/President
Lionel E. Haven	Director/Secretary
Claudette D. Sands	Director/Assistant Secretary
Carlton N. Mortier	Director/Treasurer

IN WITNESS WHEREOF, I have affixed my official signature and the seal of this corporation, this 16th day of April, 19 98.

Secretary

CORPORATE SEAL

ATTEST: Employer Identification Number

FM-00383 (Rev. 3/95)

RNB 030005

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 46

CERTIFIED LIST OF DIRECTORS AND OFFICERS

To: The Riggs National Bank of Washington D. C.
London Branch
21 Great Winchester Street
London EC2N 2HH

I the undersigned, Secretary

of

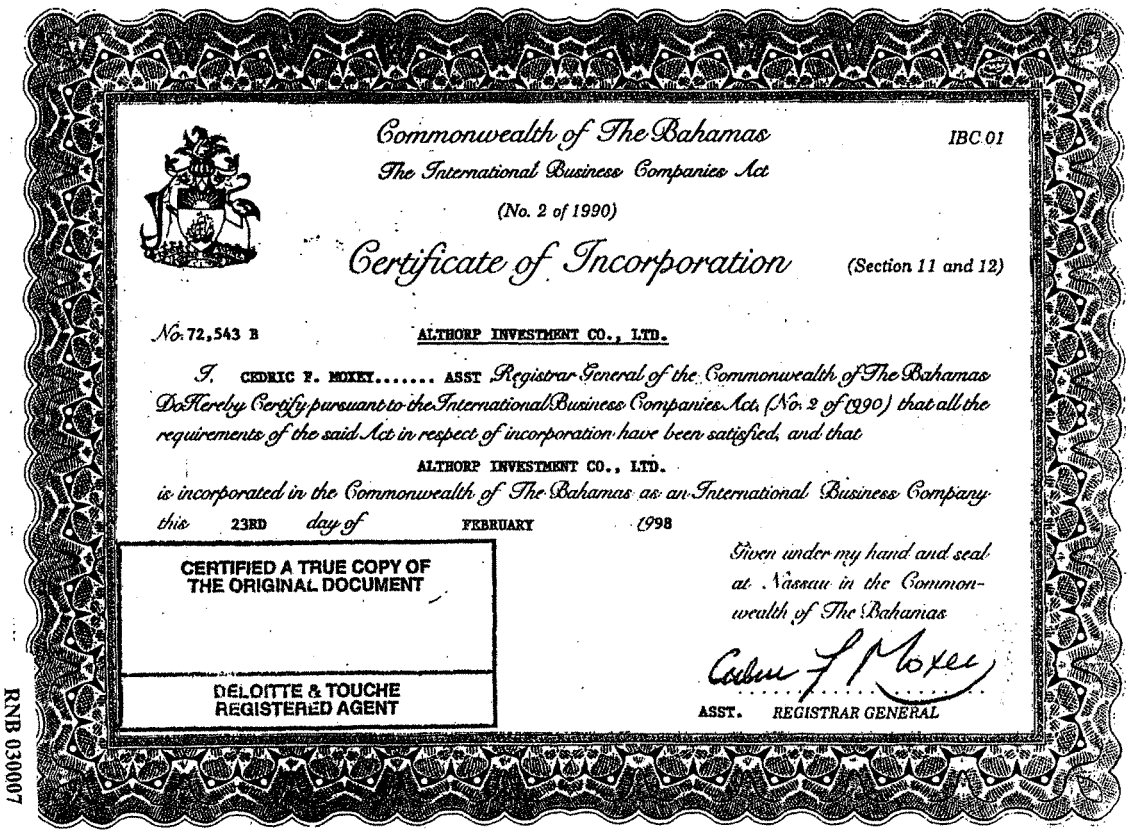
ALTHORP INVESTMENT CO., LTD.

Hereby certify that the persons named below have been duly elected or appointed and are qualified directors and officers of the Corporation, each holding the office or offices appearing opposite his/her name along with their specimen signature.

Name:	Office (s) Held
J. Richard Evans	President/Director
Lionel E. Haven	Secretary/Director
Claudette D. Sands	Assistant Secretary/Director
Carlton N. Mortier	Treasurer/Director

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Corporation this 16th day of April, 1998.

Lionel E. Haven - Secretary



Commonwealth of The Bahamas IBC 01

The International Business Companies Act

(No. 2 of 1990)

Certificate of Incorporation

(Section 11 and 12)

No. 72,543 B

ALTHORP INVESTMENT CO., LTD.

I, CEDRIC F. MOXEY..... ASST *Registrar General of the Commonwealth of The Bahamas Do Hereby Certify pursuant to the International Business Companies Act, (No. 2 of 1990) that all the requirements of the said Act in respect of incorporation have been satisfied, and that*

ALTHORP INVESTMENT CO., LTD.

is incorporated in the Commonwealth of The Bahamas as an International Business Company this 23RD *day of* FEBRUARY *1998*

CERTIFIED A TRUE COPY OF
THE ORIGINAL DOCUMENT

DELOITTE & TOUCHE
REGISTERED AGENT

Given under my hand and seal at Nassau in the Commonwealth of The Bahamas

Cedric F. Moxey

ASST. *REGISTRAR GENERAL*

RNB 030007

RIGGS

RIGGS BANK N.A.
International Private Banking Department
P.O. Box 65728
Washington, D.C. 20035-5728
(202) 835-5360 Fax: (202) 835-6749

April 20, 1998

Riggs Bank Europe Limited
21 Great Winchester Street
London
EC2N 2HH

Attn: Ian Slater

Letter of Intent Re: Althorp Investment Company, Ltd.

Please accept this letter as confirmation of our intent to ensure that prior to placing any deposit with Riggs Bank Europe Limited for the above customer, the Bank Secrecy Act Compliance Program has been complied with.

Details of any amendments made to the Bank Secrecy Act Compliance Program will be notified to you in writing.

We also undertake to advise you immediately if we become aware that the owner of any deposit we have placed with yourselves:

a) may be construed as carrying out transactions inconsistent with their transaction profile; or

b) is carrying out any activity or behavior which may warrant investigation.

We understand that you are obliged to notify the national law enforcement agencies of any suspicions of money laundering through either the deposit or the transfer and/or concealment of money derived from illicit activities.

Sincerely,

Sean Terry
Senior Vice President

ALTHORP INVESTMENT CO., LTD.

I, **CARLTON N. MORTIER** Secretary of **ALTHORP INVESTMENT CO., LTD.**, do hereby certify that the following persons have been appointed authorized signatories to act on the Company's behalf, and you are hereby authorized and requested to honor and comply with all instructions signed by any one of Group "A" along with any one of Group "B":

"A" Signatories		"B" Signatories	
J. Richard Evans		Macgregor N. Robertson	
Carlton N. Mortier		Raymond L. Winder	
Claudette D. Sands		S. Bruce Knowles	
		Montgomery L. Braithwaite	
		Anthony S. Kikivarakis	
		Geoffrey D. Andrews	
		Mark E. Munnings	

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Company this 12th of June, 2001.

Secretary

I, **J. RICHARD EVANS** Director of the Company, do hereby certify under the seal of the Company that **CARLTON N. MORTIER** is on the date hereof the duly appointed Secretary of the Company and the signature set forth above is a genuine signature.

DATED this 12th day of June, A.D., 2001.

Director

0CC000004587245

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 46

RIGGS

ATTACHMENT C

RIGGS & CO
KNOW YOUR CUSTOMER
CLIENT PROFILE

NEW:_____ KYC Input: 5/99

SECTION 1: OFFICE OF FOREIGN ASSETS CONTROL

Date of OFAC list Checked: N/A : co. created Verified by whom: ST (Initials)

If the customer/business appears on this list (exact match), do not proceed with account opening.

SECTION 2: CLIENT DATA

NAME/TITLE: Althorp Investment Ltd.
DATE ACCOUNT OPENED: 4/16/98 Account No. 840124

	NAME	RELATIONSHIP	PASSPORT	COUNTRY	DOB/PIC DATE
1.					
2.					
3.					
4.					
5. (POA)					

CONFIDENTIAL ADDRESS: Deland's House - Second Terrace West Centreville Nassau Bahamas

MAILING ADDRESS: 800 17th St NW Washington D.C.

HOLD MAIL (Y/N): (N)

SPECIAL INSTRUCTIONS:
E-mail/tel/FAX/other:

	RELATED ACCOUNTS	PHONE Nos.	FAX Nos.
1			
2			

Approval Date: April 17, 1998
Revision Date: April 6, 1998

H:\PUBLIC\POOL\TEMPLATE\KYCCPROF.WPT

RIGGS

ATTACHMENT C

RIGGS & CO
KNOW YOUR CUSTOMER
CLIENT PROFILE

3			

INITIAL DEPOSIT AMOUNT: $ £ 1,000,000

SOURCE OF FUNDS: Personal Investments
SOURCE USED TO VERIFY (i.e. will, sales receipt, contract, financial stmts., etc.)

AMOUNT OF TOTAL RELATIONSHIP $ £ 1,000,000

SECTION 3: CLIENT BACKGROUND AND INFORMATION [note: Beneficial owner has other investment company w/ Riggs]

NAME OF PERSON REFERRING CLIENT: Existing client (C. Thompson)
RELATIONSHIP OF PERSON REFERRING CLIENT:
ORIGINAL SOURCE OF WEALTH: Family + salary
SOURCE USED TO VERIFY: Personal assets
CURRENT SOURCE OF INCOME: Retirement
ESTIMATED ANNUAL INCOME: 100,000
REASON FOR BANKING WITH RIGGS: Extensive official relationship
(i.e., services offered, international services, embassy banking services, etc.)

BACKGROUND/OCCUPATION OF PERSON(S) OR CORPORATION (Attach additional sheets, as necessary)
(FOR BUSINESSES: Detail nature of business, location of business, list of suppliers/vendors, major clients, countries in which business operates, import/export business, legal status of company, and other information deemed pertinent)
(FOR INDIVIDUALS: Description with background)

The beneficial owner of A Thorp is retired. He was a senior member of his govt + had a long relationship with Riggs in this capacity. The trust was established for grandchildren

BENEFICIAL OWNER(S) OF ACCOUNT(S)?
FOR BUSINESS ACCOUNTS, attach financial statements, marketing brochures, annual reports, etc.

SECTION 4: INVESTMENT SUITABILITY

RISK PROFILE: ρ CONSERVATIVE (CDS/Bonds) ρ MODERATE (Stocks/Bonds) ρ AGGRESSIVE (Stocks & Emerging Markets Paper)

ALSO BANKS WITH: Not Certain
Accounts with Investment/Brokerage Firms:
Approximate Total Personal NETWORTH: US$ 5,000,000 not known

INVESTMENTS NOT WITH RIGGS: ρ CDS$ ρ Stocks$ ρ Bonds$ ρ Other$
BRIEF DESCRIPTION OF INVESTMENTS:

Approval Date: April 17, 1998
Revision Date: April 6, 1998

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RIGGS

ATTACHMENT C

RIGGS & CO
KNOW YOUR CUSTOMER
CLIENT PROFILE

Note: refers to Athropa only

RIGGS INVESTMENTS:

CDS	(INITIAL)	$ 1,000,000	(EXPECTED)	$ —	
BONDS	(INITIAL)	$	(EXPECTED)	$	
STOCKS	(INITIAL)	$	(EXPECTED)	$	
RIMCO	(INITIAL)	$	(EXPECTED)	$	
MM FUNDS	(INITIAL)	$	(EXPECTED)	$	
OTHER	(INITIAL)	$	(EXPECTED)	$	

CLIENT'S INVESTMENT OBJECTIVES: _____

SECTION 5: PRODUCT NEEDS

DEPOSITS	INVESTMENTS	CREDIT	TRUST
ρ Checking	ρ Discretionary	ρ Loan	ρ Int'l Trust
ρ Money Market	ρ Non-Discretionary	ρ Overdraft	ρ PIC
ρ Time Deposits	ρ Mutual Funds	ρ L/C Credit	ρ Trading Co.
ρ FX Deposits	ρ RIMCO	ρ Credit Cards	ρ Personal Trust

SECTION 6: EXPECTED ACTIVITIES/VOLUMES AND PRODUCT USAGE

A. Checking Account (# Checks Drawn/mo): 2-5
Checking Account: LARGEST amount PER CHECK to be drawn: 50,000
Wire Transfers: HIGHEST amount Expected per Wire Transfer: 5M,000
Wire Transfers: Number of Wire Transfers Anticipated/one mo. Period: 2
Incoming/Outgoing/Both: Both

B. Expected Average Balances in Operating Account: $ Fixed
Method for Effecting Deposits into Account: ρ Check
ρ Wire Transfer
ρ Both

These funds are static — just for granitubba

AMOUNT OF CASH expected to be deposited into account: —
NUMBER OF Deposits expected in one month period: —
ANTICIPATED Volume of CASH Sales (Businesses only): —

C. Expected Amount of LOANS/LETTERS OF CREDIT/OVERDRAFTS: —
PURPOSE of the CREDIT: —
SOURCE of Collateral: —

Is the expected/described activity deemed reasonable based on the type of Account, customer resources, and/or nature of business in which the client Is involved? **Refer to Section IIC of the policy discussing "typical" customer.**

X Yes ρ No

Approval Date: April 17, 1998
Revision Date: April 6, 1998

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RIGGS

ATTACHMENT C

RIGGS & CO
KNOW YOUR CUSTOMER
CLIENT PROFILE

SECTION 7: REFERENCES

A. If a client is already an existing PB/IPBD/TRUST/RIMCO customer, check here and skip the remainder of Section 7.

B. If referred by an EXISTING PB/IPBD/TRUST/RIMCO CLIENT..._____
Client/Account No.
Document verbal recommendations from existing client in Call Report.
COMMENTS:_____

C. If referred by a RIGGS BANK OFFICE(R):....._____
Location/Officer
Attach copy of Letter of Recommendation from RIGGS referral officer(s) signed by an authorized representative of Riggs or an internal memorandum.

D. Direct solicitation by Account Officer

(For Business Accounts and/or Large Accounts [as defined by business unit])
FIRST Bank Reference: _____
_____
_____

SECOND Bank Reference: _____
_____
_____

Document all corroboration of references and information provided.

E. High Profile/Visibility, Publicity Elected/Appointed Clients

Attach a brief background memorandum of recommendation signed by the Senior Vice President/Manager of International Banking, the Division Manger of Domestic Private Banking, the Executive Director of Trust, or the Executive Director of RIMCO, as applicable.

ANY ADDITIONAL COMMENTS:

RIGGS

ATTACHMENT C

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KNOW YOUR CUSTOMER
CLIENT PROFILE

KYC STATUS:

ALL CLIENTS	YES/NO	LARGE ACCOUNTS/BUSINESSES	YES/NO
(All "No's" must be explained)			
Passports Verified:	Y	Credit Bureau Report	
Address Verified:		Financial Statements	
Telephone Verified:	Y	Annual Report	
Name of Referral on file:	Y	List of Suppliers/Vendors	
Original Source of Wealth Verified:		Corporate Resolution(s)	
Current Activity Within Normal Range:	Y	Marketing Materials	
~~Two~~ forms of photo ID	Y		
ok			

PERSONAL INVESTMENT CORPS	YES/NO	RIMCO	YES/NO
Account Data Form	Y	W-8/W-9	
Certificate of Ownership	Y	Governing Instrument	
W-8	Y	10K/10Q	
Two Signature Cards	Y	Statement of Portfolio Assets	
Riggs Corporate Resolution Form	Y	Corporate Resolutions	
Riggs Resolution for Bank Accounts	Y	Customer Statement – Source of Wealth	
Articles of Incorporation	Y		
By-laws for Commonwealth Companies	Y		
Copy of Passport	n/a		

DATE OF NEXT REVIEW

Waiver approval of any of the above must be initialed, dated and supported.

SECTION 8: NEW ACCOUNT APPROVAL

Documentation Checklist complete

RECOMMENDED BY: Approved ~~REVIEWED~~ BY: Reviewed ~~APPROVED~~ BY:

Account Officer/Date: 5/3/99 Managing Director/Date: 5/3/99 Supervising Officer/Date: 5/3/99

Approval Date: April 17, 1998
Revision Date: April 6, 1998

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OCC0000045877

RIGGS

SHORT FORM TRUST AGREEMENT FOR TWO GRANTORS

A-1

RIGGS BANK AND TRUST COMPANY (BAHAMAS) LIMITED

I, Augusto Pinochet Ugarte of Santiago. Chile and

I, Lucia Hiriart de Pinochet of Santiago. Chile as Grantors

of Althorp Investment Co., Ltd. Trust hereby transfer to Riggs Bank and Trust Company (Bahamas) Limited as Trustee U.S. $10.00 with the intention that said property and all additions thereto which shall only include funds on deposit with or managed by affiliates of The Riggs National Bank of Washington, D.C. shall be held and administered by the Trustee (without any liability on the part of the Trustee to account to the Grantors or any of the Beneficiaries for any profit made thereby) upon the Trusts hereinafter expressed:

1. The Trustee shall pay to either Grantor or for either Grantor's benefit as much of the income and principal of the Trust as either may in writing request from time to time so long as the total number of requests by both Grantors does not exceed four per annum. All undistributed income shall be added to principal and shall be reinvested.

2. Upon the death or mental incapacity of the Survivor of the Grantors for a minimum period of ninety days as certified by the Grantor's physician in writing, the Trustee shall pay the balance of the Trust Property to the following Beneficiaries, in the following proportions, free of trust: Provided that such beneficiary has attained the age of 18 years.

% Share	Beneficiary	Relationship	ID #
25	Maria Jose Martinez Pinochet	Grandchild	Redacted by the Permanent Subcommittee on Investigations
25	Constansa Martinez Pinochet	Grandchild	
25	Sofia Ammategui Pinochet	Grandchild	
25	Lucia Ammategui Pinochet	Grandchild	

In the event any Beneficiary predeceases the Grantors, that Beneficiary's share of the Trust Property shall be paid as follows:

[ ] a. to the remaining Beneficiaries in proportion to the percentage shares indicated above.

[ ] b. to the then living issue of the Beneficiary *per stirpes*.

If no Beneficiaries are living, then the Trust Property shall be distributed to each Grantor's heirs-at-law under Bahamian law. Whenever any payment is required to be made to a minor, as determined by laws of his or her domicile or to any other legally incompetent person, the amount so required to be paid shall be indefeasibly vested in such person and will be paid to such person's surviving parent(s) or to a court appointed guardian for such person, as determined by the Trustee in its complete discretion, whereupon there shall be no responsibility on the part of the Trustee so far as the proper application thereof for the benefit of such person by the parent or guardian.

3. Upon payment of the net balance of the Trust Property to the Grantors, their legal representatives or the Beneficiaries named above, the Trustee shall be absolutely released and discharged from any further liability hereunder.

4. The Trustee will provide the Grantors with quarterly statements showing the market value of the holdings and cash transactions in the Trust. Failure to object to any such accounting within ninety days after it is mailed to the address furnished by the Grantor for such purpose, or, if no such address is furnished to the Trustee, ninety days after the statement becomes available for inspection at the Trustee's principal office, as to all matters and transactions stated therein shall be final and binding on the Grantors and all interested parties who became Beneficiaries by reason of the surviving Grantor's death. In the event of the mental incapacity of either Grantor, the Trustee will render quarterly statements to that Grantor's legal representative.

5. The Grantors reserve to themselves acting together so long as they are both alive and not mentally incapacitated, and to grant to either of them acting alone while only one of them is alive and not mentally incapacitated the right to revoke this trust or to amend Section 2. of this agreement, but only to the extent of choosing the alternative dispositive provision or changing the Beneficiaries and/or their respective shares in Section 2.b. by delivering to the Trustee a written instrument signed by the Grantor(s) and accepted by the Trustee during the Grantor(s) lifetime.

6. The Trustee may resign as Trustee by delivering written notice of its resignation to either of the Grantors or his duly appointed legal representative. Either of the Grantors or, in the event the Grantors are legally incapacitated, the Grantor's duly appointed legal guardian shall be entitled to appoint a successor Trustee by an instrument in writing. In the event that both Grantors are no longer then living or are living but are both mentally incapacitated, any Beneficiary who is then living and not mentally incapacitated shall be entitled to appoint a successor Trustee through the above procedure. The successor Trustee shall then execute an instrument in writing accepting such appointment and shall deliver one counterpart thereof to the retiring Trustee and one to each Beneficiary of the Trust.

7. Both Grantors jointly and severally assume full responsibility for the investment of the Trust Property. In the event of the surviving Grantor's death or mental incapacity, this responsibility may be assumed by the Trustee provided that it shall only invest in funds on deposit with or managed by affiliates of The Riggs National Bank of Washington, D.C. or in Private Investment Companies managed by affiliates of The Riggs National Bank of Washington, D.C. The Trustee shall not be liable for any loss to the Trust Fund arising by reason of any improper investment, mistake, or omission made in good faith or by reason of any other matters except willful and individual fraud or gross negligence.

8. Each Grantor jointly and severally hereby authorizes the Trustee to guarantee the obligation of the Grantor or any other Beneficiaries or any other persons or entities upon such terms as either Grantor or any such Beneficiary shall from time to time in writing approve, including securing any such guarantee by pledging, mortgaging or charging the whole or any part of the Trust Fund or interest therein.

9. The Trustee may act upon any instructions whether written, oral, by telephone, cable or telex, which purports to have come from either of the Grantor (or after the death of the surviving Grantor from a Beneficiary) without responsibility for errors in delivery, transmission or receipt and without satisfying itself that those instructions are given freely and in good faith or in fact come from the person purporting to give the same.

10. Notwithstanding any other provisions of the Agreement, where the head of International Private Banking Department of The Riggs National Bank of Washington, D.C. or whomever he so designates has reason to believe that legislative, military, political or other developments in any country may have an adverse effect on the Trustee or the Trust Property or the Grantors, or any of the other Beneficiaries, he may take any action he deems necessary including, but not limited to, relocation of the Trust by appointment of a successor Trustee in a different jurisdiction and/or the changing of the law governing the Trust.

11. Neither the income nor the principal of this trust shall be alienable by any Beneficiary, either by anticipation, assignment, or by any other method, and the same shall not be subject to attachment by his or her creditors by any process whatever, *except that* the foregoing shall not limit any beneficiary's power to withdraw any part of this trust to the extent of any such power specifically given herein or to disclaim any part of such beneficiary's interest.

12. The following definitions will apply:

"Trust" means any trust, or all of the trusts, collectively at the time subsisting hereunder.

"Trustee" shall include any successor Trustee.

"Trust Property" and "Trust Fund" both mean the sum of U.S. $10.00 and all additional property transferred into the name or placed under the control of the Trustee to be held upon the trusts declared herein, and the income and proceeds of the sale, exchange or other disposition of any of the foregoing.

#3

13. The Trustee shall be entitled to compensation in accordance with its published fee schedule as may be in force from time to time and to reimbursement of all expenses incurred by it as Trustee of this Trust, by its agents in any part of the world, or in the event of any probate, succession, estate or other death duties, fees or taxes becoming payable in respect to the Trust Fund. All such fees and expenses are to be payable from the Trust Property.

14. This Trust will be construed in accordance with and governed by the Laws of the Commonwealth of the Bahamas, which shall be the forum for the administration thereof.

In the foregoing text, the masculine shall include the feminine and the singular, the plural and vice versa.

Lucia Koiviant Rodriguez
Grantor

Grantor

The said Grantors' hands and seals have been affixed hereto in the presence of:

Witness

Riggs Bank and Trust Company (Bahamas) Limited hereby accepts appointment as Trustee this 8th day of April 19 98

By:

RIGGS BANK AND TRUST COMPANY (BAHAMAS) LIMITED
Dehands House • P.O. Box N7120 • Nassau, N.P., Bahamas
Telex: 20269 Fax: (809) 328-8006 Telephone: (809) 328-8005
A wholly owned subsidiary of The Riggs National Bank of Washington, D.C.

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RIGGS

MANAGEMENT AGREEMENT FOR PRIVATE INVESTMENT COMPANY

#6

RIGGS BANK AND TRUST COMPANY (BAHAMAS) LIMITED

THIS AGREEMENT made the _____ in the year one thousand nine hundred and _____

BETWEEN Augusto Pinochet Ugarte & Lucia Hiriart de Pinochet AND Riggs Bank and Trust Company (Bahamas) Limited, a company incorporated in accordance with the laws of the Commonwealth of the Bahamas and carrying on business therein as a trust company (hereinafter referred to as "the Manager").

WHEREAS the Client requests the Manager to provide certain management services for Althorp Investment Co., Ltd. _____ a company incorporated and existing under the laws of the Commonwealth of the Bahamas (hereinafter referred to as "the Company") and the Manager has agreed to provide such services subject to the terms, conditions, and provisions set forth.

IT IS AGREED as follows:

1. The Manager shall from today on provide the following management services for the Company:
   (a) maintain the Company's registered office or
   (b) maintain an office in the Bahamas at the Manager's offices;
   (c) maintain all corporate records, hold and minute all meetings required by law or by the company's Articles of Association;
   (d) prepare and file all statements, certificates, and returns and pay all fees necessary to keep the Company in good standing statutorily;
   (e) provide nominee shareholders, directors, and officers for the Company. PROVIDED, HOWEVER, that in the case of a company formed in a country other than the Commonwealth of the Bahamas, the Manager may sub-delegate the appointment of officers and directors of such company without being liable for any of their acts or omissions whether or not they be fraudulent or negligent acts or ommissions;

In addition, the Manager may provide the following services outlined in subclauses (f), (g), and (h), if requested in writing by the Client to do so, thereby entitling the Manager to additional fees over and above its minimum annual fee:
   (f) maintain the books of account and prepare a yearly balance sheet and profit and loss account;
   (g) conduct all correspondence and invoicing pertinent to the Company's affairs; and
   (h) such other services as may be requested in writing by the Client and agreed to by the Manager.

2. All instructions and directions shall be in writing, but if communicated to the Manager by word of mouth, cable, telex, telefax, telecopier, or telephone shall be confirmed by the Client in writing as soon as reasonably possible thereafter provided, however, that the Manager may or may not at its absolute discretion act upon oral instructions or directions, but if the Manager does accept them, it shall be empowered to rely thereon and shall be exonerated from any liability arising from its good faith interpretation thereof. The Manager may rely on the statement of any person it believes to be authorized to give instructions on behalf of the Client or identifying himself as being the Client or having the authority to convey instructions on behalf of the Client. With respect to oral instructions or directions confirmed in writing, should there be a contradiction between the Manager's interpretation of the oral instruction or directions and the written instruction or directions as finally received, the Manager shall be entitled to rely on the (oral) instructions or directions it first believed it had received without any liability for mistake or error. Any memorandum produced as a business record in the ordinary course of business as a result of an oral instruction or direction to the Manager shall be conclusive evidence of such instructions or directions.

3. In the absence of instructions from the Client, the Manager shall not be liable for any loss suffered by the Company or the Client due to anything done or omitted to be done by it in connection with the affairs of the Company provided the Manager acted in good faith.

4. The Manager shall manage the business affairs of the Company in accordance with its Memorandum and Articles of Association and such laws that are relevant and pursuant to the instructions and directions of the Client (as reasonably interpreted by the Manager), provided such instructions and directions are acceptable to the Manager, it being understood that the exercise of judgement, it consents contrary to accepted ethical standards or the policies of the Manager.

5. The Manager, at its absolute discretion, may permit any monies, bonds, stocks, share certificates, or other securities to be held in "street form" with any broker, bank, trust company, or like institution in any part of the world. The Manager may also permit any investment to be held in nominee name or with a trustee. The Manager shall not be liable or responsible for any loss unless caused by its own fraud or gross negligence.

6. The Client shall fully and absolutely indemnify the Manager, its officers, employees, agents and shareholders, directors and officers of the Company and each of them, as well as their personal representatives and successors in title, in respect of any loss, costs, expenses, actions, proceedings, claims, or other liabilities (including attorneys' fees and expenses) arising directly or indirectly from any act or omission of the Manager, its officers, employees, or agents provided the same shall not be due to fraud or gross negligence on the part of any of them, such indemnity being in addition to any indemnity provision contained in the Articles of Association of the Company and in addition to any indemnity available by law.

7. The Client further undertake(s) not to transfer any of their beneficial interest in the shares of the Company except on the condition that the transferee first enter into a covenant of indemnity satisfactory to the Manager, provided that:

(a) this indemnity shall not be available for any nominee in respect of any act or omission happening through the dishonesty of that nominee;

(b) this indemnity shall apply in favor of a nominee notwithstanding that there may be some defect in his appointment of qualification or authority as an Officer or Director of the Company;

(c) this indemnity is intended to enure for the benefit of every nominee as a trust in his favor and so as to be enforceable by him against the Client.

8. The Manager shall not be obligated to commit any acts which the Manager, in its sole discretion, deems improper or inappropriate and there shall be absolutely no liability by the Manager to the Client for not committing such acts. Also, the Manager shall not be obligated to act in any manner which may:

(a) preclude the disclosure of information under due process of law in any jurisdiction;

(b) expose the Manager to any corporate or personal liability of a civil or criminal nature or risk of prosecution in any jurisdiction;

(c) conflict with any laws (to include current Exchange Control Regulations) of the Commonwealth of the Bahamas or otherwise be illegal;

(d) conflict with any of the provisions of the Memorandum or Articles of Association of the Company;

(e) be ultra vires the Company;

(f) in the opinion of the Manager, be harmful to the good name and reputation of the Manager itself.

9. The Client shall not enter into any contract for or on its behalf without the prior written consent of the Manager, nor shall it take any action with regard to the Company or its business affairs.

10. If the Company grants a Power of Attorney to the Client, or appoints the Client its agent for any purpose whatsoever, then the Client will act strictly in accordance with the terms, conditions, powers, and provisions of such Power of Attorney or Agency Agreement. At no time may the Client exceed or attempt to exceed the scope of the powers or authorizations thereby granted unto him. In any event, neither the Manager, shareholders, directors, nor officers of the Company shall be liable for any acts or omissions committed by the Client while acting under any such Power of Attorney or Agency Agreement.

11. The Manager may act for the company as nominee, banker, broker, investment adviser, registrar and transfer agent, custodian, trustee, or otherwise and shall therefore be entitled to retain any brokerage or commission or fees received in respect of any transaction to which the Company is a party.

12. The Manager shall have the right to remuneration in accordance with its published fee schedule now in force and as amended by it from time to time, except as otherwise agreed between the Manager and the Client(s) from time to time in writing.

13. The Manager and the shareholders, officers, and directors provided by it shall for the purposes of the indemnity provisions of this Agreement and the payment of its fees and expenses hereunder have recourse to the property and assets of the Company.

14. At all times, the Client will maintain in his account a balance equal to one year's fee for services in accordance with the Manager's published fee schedule or as may be otherwise agreed between the Manager and Client(s) from time to time in writing.

15. Should the Client consist of more than one party, then all instructions or directions given to the Manager shall require the signature of one party nominated in writing by the other parties, but failing such nomination, same shall require the joint signatures of the parties, and all obligations of the parties hereunder shall be joint and several.

16. In this Agreement, the words "Memorandum and Articles of Association" or "Articles of Association" shall mean and include any Charter, Letters, Patent, Statutes of Incorporation, Bylaws, or other document or documents howsoever described which evidence the incorporation of the Company, the scope and nature of its business, and the rules and regulations for the conduct of its affairs;

(a) In this Agreement, the expression "the Manager" shall include the Manager itself and all parent, subsidiary, associated and affiliated organizations, their partners, directors or alternate directors, their officers, their duly appointed agents, attorneys and nominees, and insofar as any individual being a member of the staff of the Manager or who is acting as an agent or is employed by an agent, including respectively their agents, legal personal representatives, or successors (whether or not appointed on the recommendation or with the consent of the Client) acting in any manner in respect of the affairs of the Company; and

(b) In this Agreement, associated and affiliated organizations shall include all organizations the majority of whose shares are held by the parent of the Manager.

17. This Agreement may be terminated by either party giving to the other not less than thirty (30) days' written notice and upon expiration of such notice, the Manager shall deliver to the Client or as he may direct, the corporate records, share certificates, and all other documents and papers of the Company against payment of all fees, charges, and out-of-pocket expenses due to or incurred by the Manager hereunder, provided, however, that the indemnity provisions of this Agreement shall survive its termination.

18. This Agreement constitutes the entire understanding of the parties with regard to the matters set forth herein and may only be amended, varied, or modified by a written document duly executed by both parties.

19. This Agreement and all of its terms, conditions, and provisions shall be construed in accordance with and governed by the laws of the Commonwealth of the Bahamas.

IN WITNESS WHEREOF the Client(s) has/have hereunto set his/their hand(s) and seal(s) the day and year first hereinbefore written.

Signed, sealed, and delivered by the Client(s) in the presence of:

IN WITNESS WHEREOF the Manager has caused its Common Seal to be affixed the day and year first hereinbefore written.

The Common Seal of Riggs Bank and Trust Company (Bahamas) Limited was hereunto affixed by J.R. EVANS the DIRECTOR of the Company and the said J.R. EVANS subscribed his signature hereto in the presence of:

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RIGGS

RIGGS BANK AND TRUST COMPANY (BAHAMAS) LIMITED
Dehands House • P.O. Box 147120 • Nassau, N.P., Bahamas
Telex: 20269 Fax: (809) 328-8006 Telephone: (809) 328-8005
A wholly owned subsidiary of The Riggs National Bank of Washington, D.C.

RIGGS & CO. Account Statement

July 1, 2002 to July 31, 2002

Account Name: Ashburton Co LTD IMA
Account Number: 64-0041-01-8

Administrator Doris R Williams
[redacted]

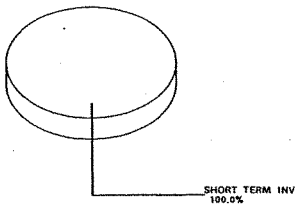
Portfolio Mgr Julian C Ball
[redacted]

Recipient MR. FERNANDO C. BAQUEIRO
C/O RIGGS INTL PRIV BANKING
G-4002
1913 MASSACHUSETTS AVENUE, NW
WASHINGTON DC 20036

[redacted] = Redacted by the Permanent Subcommittee on Investigations

Investment Objective: Balanced

	Market Value	Percent
Short Term Inv	360.00	100.0%
Equities	0.00	0.0%
Market Value	**360.00**	**100.0%**
Total Portfolio Plus Accrued Income	**1,687.96**	



Activity Summary

Market Value At Beginning Of Period	**4,507,687.69**
Receipts & Income	65,670.91
Expenses & Disbursements	-4,393,395.61
Asset Changes	0.00
Realized Gain/Loss	-20,574.13
Change In Unrealized Gain/Loss This Period	-159,028.86
Market Value At End Of Period	**360.00**

For Your Information

*** NOTICE TO BENEFICIARIES *** FROM TIME-TO-TIME, YOUR ACCOUNT MAY BE INVESTED IN SHARES OF ONE OR MORE OF THE RIGGS FUNDS. THE RIGGS FUNDS ARE THE AFFILIATED MUTUAL FUND FAMILY OF RIGGS BANK N.A. RIGGS BANK N.A. AND ITS AFFILIATES PROVIDE A VARIETY OF SERVICES TO THE RIGGS FUNDS FOR WHICH THEY ARE COMPENSATED DIRECTLY FROM THE RIGGS FUNDS. THIS COMPENSATION IS BASED ON THE COST OF THE SERVICES (NAMELY, ADVICE, TRANSACTIONS PROCESSING, RECORD-KEEPING AND, FOR CERTAIN FUNDS, DISTRIBUTION) PROVIDED TO THE FUNDS. THE COMPENSATION, AS A PERCENTAGE OF FUND ASSETS, RANGES FROM 0.45% TO 1.3%, DEPENDING ON THE PARTICULAR FUND IN WHICH ASSETS ARE INVESTED. THIS STATEMENT SHOWS THE RIGGS FUNDS, IF ANY, IN WHICH ACCOUNT ASSETS ARE INVESTED. MORE INFORMATION ON THESE SERVICES AND FEE TABLES FOR THE RIGGS FUNDS CAN BE FOUND IN THE RIGGS FUNDS PROSPECTUS. PLEASE CALL 1-800-934-3883 FOR A COPY OF THE PROSPECTUS.

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 54

RNB 031129

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Permanent Subcommittee

on Investigations

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RNB 031146
RNB 031147

RIGGS

Riggs Bank N.A.
International Private Banking Department
P.O. Box 65728
Washington, D.C. 20035-5728
(202) 835 5360 Fax: (202) 835 6749

2 de mayo del 2001

CUENTA	MONEDA	SALDO	INTERES ANUAL	RENTA CARTERA	VALOR DE MERCADO
WASHINGTON:					
1) MMA 76 835 282	USD	$23,304.11	2.75%		

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 55

RIGGS

Riggs Bank N.A.
International Private Banking Department
P.O. Box 65728
Washington, D.C. 20035-5728
(202) 835-5360 Fax (202) 835-6749

2 de mayo del 2001

CUENTA	MONEDA	SALDO	INTERES ANUAL	RENTA CARTERA	VALOR DE MERCADO
RTON:					
1) CERTIFICADO 81 440 234	USD	$993,000.00	4.03%		
2) CARTERA 64 0041 018	USD				$4,793,225.63
3) MMA 76 715 547	USD	$182,876.32	2.25%		

RIGGS

Riggs Bank N.A.
International Private Banking Department
P.O. Box 65725
Washington, D.C. 20035-5725
(202) 835-5360 Fax: (202) 835-6749

2 de mayo del 2001

CUENTA	MONEDA	SALDO	INTERES ANUAL	RENTA CARTERA	VALOR DE MERCADO
HORP:					
1) CERTIFICADO 81 442 002	USD	$1,619,500.00	3.70%		
2) MMA 76 835 493	USD	$308,116.76	2.25%		

RIGGS STATEMENT

ZIP +4
0

ASHBURTON CO LTD #2
RBTC - C/O DELOITTE & TOUCHE
P.O. BOX N7120
NASSAU - BAHAMAS

76-835-493 PAGE 1

STATEMENT PERIOD 08-01-2001 THROUGH 08-31-2001

MONEY MARKET SUMMARY

OPENING BALANCE	320,262.75	ACCOUNT #	76-835-493
+DEPOSITS	.00	# OF ENCLOSURES	0
+INTEREST	509.83	AVERAGE BALANCE	319,997.69
-CHECKS	.00	INTEREST PAID YTD	4,710.94
-OTHER DEBITS	2,054.25		
=NEW BALANCE	318,718.33		

MONEY MARKET ACTIVITY

DEPOSITS	DATE	AMOUNT	DEPOSITS	DATE	AMOUNT
REF 01	08-31	509.83			

CHECKS	DATE	AMOUNT	CHECKS	DATE	AMOUNT
REF 02	08-28	2,054.25			

REFERENCE DESCRIPTION

REF 01 INTEREST CREDIT
REF 02 MT DEBIT WAIVE FEE REF # 010828000801 2ND QUARTER ADMIN FEES R
IGGS BANK EPBD CL EARING ACCOUNT

MONEY MARKET BALANCES

07-31	320,262.75	08-28	318,208.50	08-31	318,718.33

RNB 028848

For General Banking and Account Information, call (301) 887-6000 or (800) 368-5800 toll-free within the Continental U.S., or visit our website at www.riggsbank.com. For inquiries on Electronic Banking transactions, ATM, or CheckCard, call (301) 887-6000 and press 5.

PUBLIC FILE

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 58

RIGGS

STATEMENT

ZIP +4

ALTHORP INVESTMENT CO LTD 0
RBTC - C/O DELOITTE & TOUCHE
P O BOX N7120
NASSAU
BAHAMAS

76-835-493 PAGE 1

STATEMENT PERIOD 09-01-2001 THROUGH 09-30-2001

MONEY MARKET SUMMARY

OPENING BALANCE	318,718.33	ACCOUNT #	76-835-493
+DEPOSITS	9,629.23	# OF ENCLOSURES	0
+INTEREST	431.24	AVERAGE BALANCE	319,681.25
-CHECKS	.00	INTEREST PAID YTD	5,142.18
=NEW BALANCE	328,778.80		

MONEY MARKET ACTIVITY

DEPOSITS	DATE	AMOUNT	DEPOSITS	DATE	AMOUNT
REF 01	09-28	9,629.23	REF 02	09-30	431.24

REFERENCE DESCRIPTION

REF 01 MT BOOK TSF CR REF # 010928002248 CD INTEREST R IGGS BANK IPBD CL EARING ACCOUNT
REF 02 INTEREST CREDIT

MONEY MARKET BALANCES

08-31	318,718.33	09-28	328,347.56	09-30	328,778.80

PUBLICLY FILED

RNB 028849

For General Banking and Account Information, call (301) 887-6000 or (800) 368-5800 toll-free within the Continental U.S., or visit our website at www.riggsbank.com. For inquiries on Electronic Banking transactions, ATM, or CheckCard, call (301) 887-6000 and press 5.

RIGGS Full Redemption IPBD Deal Ticket

Trade Date 5/9/02 Time _____ Reference # _____ Input By _____

All Instructions Account # 76-715-547 Officer # 11643 Country Bahamas

Depositor Name Ashburton Co Ltd.

Amount 493,000.00 Value Date 5/9/02

Trader _____ Mature Date 8/9/02

Agency Investments Placement Name _____ Commission _____

Broker _____ Yield _____ Purchase Price _____

Agrmt. Date _____ Offer Price _____ (G/L AC: 620797) Total Debit _____ (IPBD CLEARING AC 08-466-134)

Other Investments Type _____ Rate 1.50

Item/CD # _____ Days 90

Currency _____ Interest Due 1823.42

Instructions: Redeem IN2 Acct # 76-715-547

Officer Approval _____ Agency Approval _____

FM-00267 (Rev. 12/98) Riggs Bank N.A.

RNB 030155

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 63

RIGGS

Certificate of Deposit Receipt

Type:
☒ Individual
☐ Corporate

Account Number: 81440234

Bank Number: 000001

Accountholder Name(s):

Ashburton Co. Ltd.

Issue Date: 05/09/02

Maturity Date: $ 08/09/02

Term: 90 ☒ Days ☐ Months

Initial Deposit Amount: $ 493,000.00

Interest Rate: 1.50 %

Annual Percentage Yield: $ 1.50 %

Interest Payment Frequency:
☒ Maturity
☐ Quarterly
☐ Monthly

Interest Payment Method:
☐ Compound
☒ Credit Account # 76715547
☐ Mail Check

Maturity Instructions:
☒ Automatic Renewal
☐ Redeem: ☐ Transfer to Acct #: _____
☐ Mail Check

This receipt is non-negotiable and non-transferable.

Original - Customer Yellow - CIF Pink - Branch

Riggs Bank N.A.
Member FDIC

RNB 030156

FM-0229 (Rev. 2/00)

RIGGS

Certificate of Deposit Receipt

Riggs Bank N.A.

Plan Code 606

Today's Date: 03/26/1999

Type 85-Corporate CD

Account Number: 81442002

Branch Number: _____

Accountholder Name(s):

ALTHORP INVESTMENT CO., LTD

Issue/Effective Date: 03/26/99

Maturity Date: 06/25/99

Term: 91 days

Initial Deposit Amount: $1,619,500.00

Interest Rate: 04.38%

Annual Percentage Yield * 00.00%

Interest Payment Frequency: Maturity

Interest Payment Method:
- ☐ Compound (Credit CD)
- ☒ Credit Account # 08460124
- ☐ Mail Check

Maturity Disbursement Method: Automatic Renewal

*** Annual Percentage Yield assumes compounding of interest.**

This receipt is non-negotiable and non-transferable.

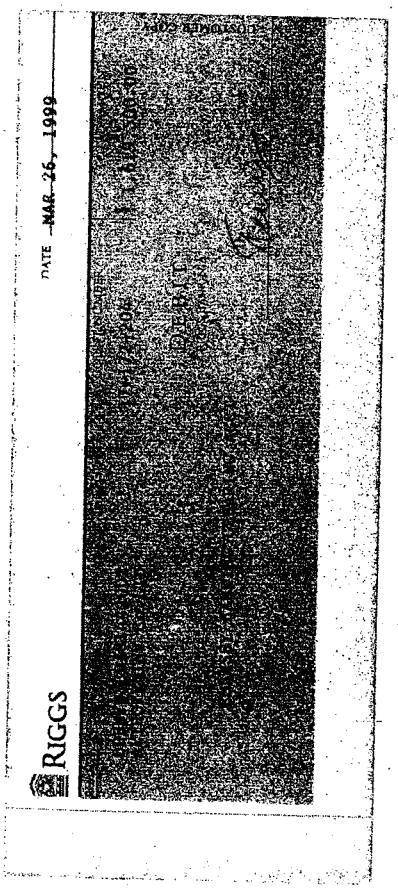
Riggs Bank N.A.
Member FDIC, Member Federal Reserve System

RNB 030052

Rev 3/25/97 - Forms Printing

Branch # 00012 Employee # B011682

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 65



RNB 030053

RIGGS BANK N.A.
West End Office
60 St. James's Street
London SW1A 1ZN
Tel: 020 7647 6000 Fax: 020 7499 0276

RIGGS

PRIVATE AND CONFIDENTIAL

ALTHORP INVESTMENT CO., LTD.
DEHANDS HOUSE, SECOND TERRACE WEST,
CENTREVILLE, COLLINS AVENUE,
P.O. BOX N-7120
NASSAU, BAHAMAS.

Account 74377015
Deal Type NORMAL DEPOSIT

Client Short Name & Address	Transaction Deal Number	Reversal Deal Number
ALTHORP INVESTMENT	199903268803	
Value Date	**Contract Date**	**Maturity Date**
19JAN99	26MAR99	26MAR99
Deal Currency Code	**Deal Amount**	
GBP	1,000,000.00	
Interest Rate	**Interest Amount**	
5.4375	9,832.19	
Rolled From Deal	**Our Receiving Agent**	**Our Paying Agent**
	DDA SUSPENSE	DDA SUSPENSE
Rolled To Deal	**Their Receiving Agent**	
	TO BREAK FIXED DEPOSIT WITH DEPOSIT	
Their Paying Agent	**Their Beneficiary**	
Confirmation Outstanding	**Broker Notice Outs.**	**Broker Code**
NO	NO	PHONE

Riggs Bank N.A., incorporated with limited liability under the National Bank Act of the USA, registered at the Office of the Comptroller of the Currency, Charter Number 5046, with its Head Office at 6305 Old Dominion Drive, McLean, Virginia USA. Having in Great Britain, a branch registered at 21 Great Winchester Street, London, EC2N 2HH with No. FC10565, Ultimately owned by Riggs National Corporation, Delaware, USA.

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 65

RIGGS

ATTACHMENT C

RIGGS & CO
KNOW YOUR CUSTOMER
CLIENT PROFILE

NEW:_____ KYC Input: 5/99

SECTION 1: OFFICE OF FOREIGN ASSETS CONTROL

Date of OFAC list Checked: N/A - co. created Verified by whom: ST (Initials)

If the customer/business appears on this list (exact match), do not proceed with account opening.

SECTION 2: CLIENT DATA

NAME/TITLE: Althorp Investment Ltd.
DATE ACCOUNT OPENED: 4/16/99 Account No. 8426124

	NAME	RELATIONSHIP	PASSPORT	COUNTRY	DOB/PIC DATE
1.					
2.					
3.					
4.					
5. (POA)					

CONFIDENTIAL ADDRESS: Deborah's House - Second Home Right Hand Bahamas

MAILING ADDRESS: 820 17th St NW Washington D.C.

HOLD MAIL (X) YES

SPECIAL INSTRUCTIONS:
E-mail/tel/FAX/other:

	RELATED ACCOUNTS	PHONE Nos.	FAX Nos.
1			
2			

Approval Date: April 17, 1998
Revision Date: April 6, 1998

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 72

OCC0000490702

RIGGS

ATTACHMENT C

RIGGS & CO
KNOW YOUR CUSTOMER
CLIENT PROFILE

$			

INITIAL DEPOSIT AMOUNT: $ £1,000,000

SOURCE OF FUNDS: Personal Investments

SOURCE USED TO VERIFY (i.e. will, sales receipt, contract, financial stmts., etc.)

AMOUNT OF TOTAL RELATIONSHIP $ £1,000,000

SECTION 3: CLIENT BACKGROUND AND INFORMATION [note: Beneficial owner has other investment company w/ Riggs]

NAME OF PERSON REFERRING CLIENT: Existing client (C. Thompson)
RELATIONSHIP OF PERSON REFERRING CLIENT:
ORIGINAL SOURCE OF WEALTH: Family estate
SOURCE USED TO VERIFY: Personal letter ()
CURRENT SOURCE OF INCOME: Retirement
ESTIMATED ANNUAL INCOME: 120,000
REASON FOR BANKING WITH RIGGS: Existing client maintenance
(i.e., services offered, international services, embassy banking services, etc.)

BACKGROUND/OCCUPATION OF PERSON(S) OR CORPORATION (Attach additional sheets, as necessary)
(FOR BUSINESSES: Detail nature of business, location of business, list of suppliers/vendors, major clients, countries in which business operates, import/export business, legal status of company, and other information deemed pertinent)
(FOR INDIVIDUALS: Description with background)

The beneficial owner of A Thorp is retired. He was a director member of his asset & had a long relationship with Riggs in this capacity. The trust will also benefit for grandkids.

BENEFICIAL OWNER(S) OF ACCOUNT(S)?
FOR BUSINESS ACCOUNTS, attach financial statements, marketing brochures, annual reports, etc.

SECTION 4: INVESTMENT SUITABILITY

RISK PROFILE: ρ CONSERVATIVE (CDS/Bonds) ρ MODERATE (Stocks/Bonds) ρ AGGRESSIVE (Stocks & Emerging Markets Paper)

ALSO BANKS WITH: Not Certain
Accounts with Investment/Brokerage Firms:
Approximate Total Personal NETWORTH: US$ 5,000,000 not certain

INVESTMENTS NOT WITH RIGGS: ρ CDS$ ρ Stocks$ ρ Bonds$ ρ Other$
BRIEF DESCRIPTION OF INVESTMENTS:

Approved Date: April [illegible] 1998 H:\PUBLIC\FOCUS\TEMPLATES\KYCCPROF.WPT
Revision Date: April 6, '98

RIGGS

ATTACHMENT C

RIGGS & CO
KNOW YOUR CUSTOMER
CLIENT PROFILE

Note: refer to Attachment J

RIGGS INVESTMENTS:

CDS	(INITIAL)	$ 1,000,000	(EXPECTED)	$ -
BONDS	(INITIAL)	$	(EXPECTED)	$
STOCKS	(INITIAL)	$	(EXPECTED)	$
RIMCO	(INITIAL)	$	(EXPECTED)	$
MM FUNDS	(INITIAL)	$	(EXPECTED)	$
OTHER	(INITIAL)	$	(EXPECTED)	$

CLIENT'S INVESTMENT OBJECTIVES:

SECTION 5: PRODUCT NEEDS

DEPOSITS	INVESTMENTS	CREDIT	TRUST
ρ Checking	ρ Discretionary	ρ Loan	ρ Int'l Trust
ρ Money Market	ρ Non-Discretionary	ρ Overdraft	ρ PIC
ρ Time Deposits	ρ Mutual Funds	ρ L/C Credit	ρ Trading Co.
ρ FX Deposits	ρ RIMCO	ρ Credit Cards	ρ Personal Trust

SECTION 6: EXPECTED ACTIVITIES/VOLUMES AND PRODUCT USAGE

A. Checking Account (# Checks Drawn/mo): 2-5
Checking Account: LARGEST amount PER CHECK to be drawn: 50,000
Wire Transfers: HIGHEST amount Expected per Wire Transfer: 500,000
Wire Transfers: Number of Wire Transfers Anticipated/one mo. Period: 2
Incoming/Outgoing/Both: Both

B. Expected Average Balances in Operating Account: $ Fixed
Method for Effecting Deposits into Account: ρ Check
ρ Wire Transfer
ρ Both

These funds are State not for profit

AMOUNT OF CASH expected to be deposited into account:
NUMBER OF Deposits expected in one month period:
ANTICIPATED Volume of CASH Sales (Businesses only):

C. Expected Amount of LOANS/LETTERS OF CREDIT/OVERDRAFTS:
PURPOSE of the CREDIT:
SOURCE of Collateral:

Is the expected/described activity deemed reasonable based on the type of Account, customer resources, and/or nature of business in which the client is involved? **Refer to Section IIC of the policy discussing "typical" customer.**

ρ Yes ρ No

Approval Date: April 17, 1998
Revision Date: April 6, 1998

H:\PUBLIC\POOL\ITEM\LATEST\CCPROF.WPT

RIGGS

ATTACHMENT C

RIGGS & CO
KNOW YOUR CUSTOMER
CLIENT PROFILE

SECTION 7: REFERENCES

A. If a client is already an existing PB/IPBD/TRUST/RIMCO customer, check here and skip the remainder of Section 7.

B. If referred by an EXISTING PB/IPBD/TRUST/RIMCO CLIENT..._____
Client/Account No.
Document verbal recommendations from existing client in Call Report.
COMMENTS:_____

C. If referred by a RIGGS BANK OFFICE(R):....._____
Location/Officer
Attach copy of Letter of Recommendation from RIGGS referral officer(s) signed by an authorized representative of Riggs or an internal memorandum.

D. Direct solicitation by Account Officer

(For Business Accounts and/or Large Accounts [as defined by business unit])
FIRST Bank Reference: _____
_____
_____

SECOND Bank Reference: _____
_____
_____

Document all corroboration of references and information provided.

E. High Profile/Visibility, Publicity Elected/Appointed Clients

Attach a brief background memorandum of recommendation signed by the Senior Vice President/Manager of International Banking, the Division Manger of Domestic Private Banking, the Executive Director of Trust, or the Executive Director of RIMCO, as applicable.

ANY ADDITIONAL COMMENTS:

Approval Date: April 17, 1993
Revision Date: April 6, 1993

RIGGS

ATTACHMENT C

RIGGS & CO
KNOW YOUR CUSTOMER
CLIENT PROFILE

KYC STATUS:

ALL CLIENTS	YES/NO	LARGE ACCOUNTS/BUSINESSES	YES/NO
(All "No's" must be explained)			
Passports Verified:	Y	Credit Bureau Report	
Address Verified:		Financial Statements	
Telephone Verified:	Y	Annual Report	
Name of Referral on file:	Y	List of Suppliers/Vendors	
Original Source of Wealth Verified:		Corporate Resolution(s)	
Current Activity Within Normal Range:	Y	Marketing Materials	
Two forms of photo ID	Y		
C.S.			

PERSONAL INVESTMENT CORPS	YES/NO	RIMCO	YES/NO
Account Data Form	Y	W-8/W-9	
Certificate of Ownership	Y	Governing Instrument	
W-8	Y	10K/10Q	
Two Signature Cards	Y	Statement of Portfolio Assets	
Riggs Corporate Resolution Form	Y	Corporate Resolutions	
Riggs Resolution for Bank Accounts	Y	Customer Statement – Source of Wealth	
Articles of Incorporation	Y		
By-laws for Commonwealth Companies	Y		
Copy of Passport	n/a		

DATE OF NEXT REVIEW

Waiver approval of any of the above must be initialed, dated and supported.

SECTION 8: NEW ACCOUNT APPROVAL

Documentation Checklist complete

RECOMMENDED BY:	REVIEWED BY:	APPROVED BY:
[signature] 5/3/99	[signature] 5/3/99	
Account Officer/Date	Managing Director/Date	Supervising Officer/Date

Approval Date: April 17, 1998
Revision Date: April 6, 1998

0CC0000490706

Augusto Pinochet Ugarte

Contact in Bahamas - Riggs Bank Trust Co -
MR. RICHARD EVANS - (242) 302 4859
MS. CAROL THOMPSON - Riggs Embassy Br (202) 835 5385
(Template in Operations Department)

RESUMEN

12 de septiembre del 2001

CUENTA	MONEDA	SALDO	INTERES ANUAL	RENTA CARTERA	VALOR DE MERCADO
WASHINGTON - PERSONAL					
1) MMA 76 835 282	USD	$23,501.99	2.20%		
ASHBURTON					
1) CERT de DEP 81 440 234	USD	$993,000.00	3.30%		
2) CARTERA 64 0041 018	USD				$4,548,580.09
3) MMA 76 715 547	USD	$186,162.65	1.75%		
ALTHORP					
1) CERT de DEP 81 442 002	USD	$1,119,500.00	3.45%		
2) MMA 76 835 493	USD	$318,718.33	1.75%		
				TOTAL	$7,920,022.82

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 73

12 de septiembre del 2001

CUENTA	MONEDA	SALDO	INTERES ANUAL	RENTA CARTERA	VALOR DE MERCADO
WASHINGTON PERSONAL					
1) MMA 76 835 282	USD	$23,501.99	2.20%		

12 de septiembre del 2001

CUENTA	MONEDA	SALDO	INTERES ANUAL	RENTA CARTERA	VALOR DE MERCADO
ASHBURTON					
1) CERT de DEP 81 440 234	USD	$993,000.00	3.30%		
2) CARTERA 64 0041 018	USD				$4,548,580.09
3) MMA 76 715 547	USD	$186,162.65	1.75%		

12 de septiembre del 2001

CUENTA	MONEDA	SALDO	INTERES ANUAL	RENTA CARTERA	VALOR DE MERCADO
ALTIORP					
1) CERT de DEP 81 442 002	USD	$1,119,500.00	3.45%		
2) MMA 76 835 493	USD	$318,718.33	1.75%		



Riggs Bank N.A.
International Private Banking Department
P.O. Box 65728
Washington, D.C. 20035-5728
(202) 835-5360 Fax: (202) 835-6749

2 de mayo del 2001

CUENTA	MONEDA	SALDO	INTERES ANUAL	RENTA CARTERA	VALOR DE MERCADO
HOME					
1) CERTIFICADO 81 442 002	USD	$1,619,500.00	3.70%		
2) MMA 76 835 493	USD	$308,116.76	2.25%		

RIGGS

Riggs Bank N.A.
International Private Banking Department
P.O. Box 65728
Washington, D.C. 20035-5728
(202) 835-5360 Fax: (202) 835-6749

2 de mayo del 2001

CUENTA	MONEDA	SALDO	INTERES ANUAL	RENTA CARTERA	VALOR DE MERCADO
FRONT					
1) CERTIFICADO 81 440 234	USD	$993,000.00	4.03%		
2) CARTERA 64 0041 018	USD				$4,793,225.63
3) MMA 76 715 547	USD	$182,876.32	2.25%		



Riggs Bank N.A.
International Private Banking Department
P.O. Box 65728
Washington, D.C. 20035-5728
(202) 835-5360 Fax: (202) 835-6749

2 de mayo del 2001

CUENTA	MONEDA	SALDO	INTERES ANUAL	RENTA CARTERA	VALOR DE MERCADO
WASHINGTON					
1) MMA 76 835 282	USD	$23,304.11	2.75%		

RIGGS

RIGGS & CO. KYC PROFILE*

NEW: ☐ Up-Dated As of: March 29, 2002

SECTION 1: OFFICE OF FOREIGN ASSETS CONTROL/HIGH PROFILE ACCOUNTS

Date of OFAC List Checked (www.ofaccompliance.com): Feb. 12, 2002 and in prior Verified by: RB
Listings during 1999 - 2000 2001
If the customer/business appears on this list (exact match), do not proceed with account opening. Contact the Compliance Department at ext. 5024.

If the customer/business is a high profile/visibility or publicly elected/appointed client, the file must contain (1) representative copies of published information on the client, (2) a brief memo from the officer summarizing the information known about the client and risks raised, and (3) evidence of concurrence by the division head with the memo.

☐ Not a High Profile Customer ☒ High Profile Customer, Memo Attached

SECTION 2: CLIENT INFORMATION

Note: The client can be an individual, PIC, Trust, etc. If there are multiple entities for any one client, the officer must provide a full list of the known entities as an attachment to this profile, create multiple profiles, or consult with the BSA officer on which approach is appropriate.

NAME / TITLE L. HIRIART and/or A. UGARTE (Augusto Pinochet Ugarte)(Lucia Hiriart P)

TYPE OF ACCOUNT Individual

DATE ACCOUNT OPENED: 3/24/99 ACCOUNT NO.: 76 835 282

ARE THERE OTHER NAMES ON THIS ACCOUNT? ☒ No ☐ Yes If "yes," attach a list of those names.

CONFIDENTIAL ADDRESS:	MAILING ADDRESS:	HOLD MAIL: Yes ☒ No ☐
[redacted] Santiago Chile	Hold Mail (PB)	SPECIAL INSTRUCTIONS: Personal Delivery by Authorized Riggs officer
TELEPHONE: through Miami Manila Office: [redacted] Santiago Bank Home: [redacted] Mobile: N/A	FAX: N/A Office: N/A Home: N/A Mobile: N/A	E-Mail: N/A Office: N/A Home: N/A

Provide a list of the other accounts that the customer has with Riggs Bank or its affiliates. This list must cover all account types and contain the account number(s) at a Riggs Bank/affiliate contact, including the contact's telephone number. As indicated below, this list is attached or in the bank's vault.

☐ Attached ☒ Vault

*Note: A completed form is not required for certain types of accounts over which the customer does not have control. See the Instructions for additional information.

SECTION 3: RELATIONSHIP WITH RIGGS

RNB 029979

[redacted] = Redacted by the Permanent Subcommittee on Investigations

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 75

REFERAL INFORMATION (Document all efforts to corroborate of references and information provided.)

- **Riggs Person Referring Client, If Any:** _____
  (Provide a Brief Description of the Referral or Attach Referral Letter)

- **External Referral Source:** This Relationship came to IPB through Riggs Embassy Division due to our close Professional Relationship with the Chiefs of Embassy in (i.e., previous banker, investment manager, etc.) the U.S. and the Diplomatic Missions stationed in Washington D.C.

DIRECT SOLICITATION (Document all efforts to corroborate of references and information provided.) N/A

Attach at least one (1) bank reference, two (2) are preferred. ☐ Due to the long standing Relationship with sub. Banking these were waived

FIRST Bank Reference: _____
(Name of bank, contact, contact's phone number)

SECOND Bank Reference: N/A
(Name of bank, contact, contact's phone number)

ACCOUNT RELATIONSHIP

Initial Deposit Amount in this Account: $_____

Total Riggs Relationship: $_____ (approximate)

Source of Initial Funds/Wealth: (e.g., Business/Inheritance/Salary, etc.) Profits & Dividends from several Business Family owned

Sources of Current Income: Investment income, Rental Income and Pension Fund Payments from previous Posts

Estimated Annual Income: (All Sources) 300 000 to 500 000 (estimate) At present a Riggs Officer is obtaining exp. Information 1502.

Estimated Net Worth: _____

Employer and Current Position: Retired Army General

Reasons for Banking with Riggs: International Services

Purpose for the Account: (i.e., operating account, investment vehicle, etc.) Transactions of small to medium size outside Home Country - Receipt of Investment income at times.

EXPECTED TRANSACTION TYPES AND NUMBER

The purpose of these questions is to enable Riggs to "understand the normal and expected transactions of the customer," as required by the FRB and the OCC. If the customer does not provide the information needed for this understanding, the account officer must make a reasonable estimate of what is expected to be usual activity for that account. (Note: for accounts that exclusively involve S. Bush & Co., RIC, RIMCO, and certain types of trust accounts, this section does not apply.)

A) Checking Account
- Number of checks expected in expected one-month period: ☒ 1 – 50 ☐ 51 – 100 ☐ 100 – 150 ☐ 150+
- Largest amount per check to be drawn $ 100,000

B) Expected Average Balances in Operating Account: $ 20,000.00
Deposits primarily come to account from – ☐ Checks ☐ Wire Transfers ☒ Both

C) Amount of cash expected to be deposited into the account: up to $5,000.00
Number of deposits expected in average one-month period: ☒ 1 – 10 ☐ 11 – 20 ☐ 21 – 30 ☐ 30+
Anticipated volume of cash sales (Businesses only): $ N/A

D) Wire Transfers

- Number of wire transfers expected one-month period: ☒ 1 – 10 ☐ 11 – 20 ☐ 21 – 30 ☐ 30+
  ☐ Incoming ☐ Outgoing ☒ Both
- To/From High Risk Countries (per OFAC, FinCen, etc.) NO
- Highest amount expected per wire transfer: $ 250,000

E) LOANS/LETTERSOF CREDIT/ OVERDRAFTS: PURPOSES OF THE CREDIT: N/A
☐ 1 – 3 ☐ 4 – 7 ☐ 8+ N/A SOURCES OF COLLATERAL: N/A

F) Is the expected/described activity deemed reasonable based on the type of account, customer resources, and/or other nature of business in which the client is involved? ☒ YES ☐ NO *Refer to Section IV of the Riggs policy describing "typical" customers in terms suggested by managers of PB, IPBD, RIMCO, and Trust.*

SECTION 4: NEW ACCOUNT APPROVAL

☐ Documentation Checklist complete

RECOMMENDED BY:	REVIEWED/APPROVED BY:
Account Officer: FERNANDO Bayona, Mng. Director LATAM Fernando Bayona	Richard Von Barr Stacy Tinney
Date: 03/29/02	

Note: Additional information on Jurisdiction Board Head

- If there is a material change in the customer's account activity, the BSA/AML Compliance Summary must be updated.

ATTACHMENTS CHECKLIST

All blanks in the checklist must be explained. Please use this space or attach a separate sheet with the explanation.

ALL CLIENTS	Location	Initials	LARGE ACCOUNTS/ BUSINESSES	Location	Initials
a) Passports Verified (Non-US residents):	Yes/file	F.B	a) Credit Bureau Report:		
b) Address Verified:	Yes File	F.B	b) Financial Statements		
c) Telephone Verified:	Yes File	F.B	c) Annual Report:		
d) Name of Referral on file:	Yes File	F.B.	d) List of Suppliers/Vendors:		
e) Original Source of Wealth Verified:	Yes File	F.B.	e) Corporate Resolution(s):		
f) One form of Photo ID on file:	Yes File	F.B.	f) Marketing Materials		
g) Description of Referral:	Yes File	F.B.			
h) List of Related Accounts	Yes Next	F.B			
j) List of Other Names on Accounts:	N/A	F.B			
PIC/CORPORATE ACCOUNTS			RIMCO/Bash/RIC		
a) Account Data Form:			a) W-8:		
b) Certificate of Ownership:			b) Governing Instrument:		
c) W-8 (BEN) (IMY) (EXP):			c) 10K/10Q:		
d) Two Signature Cards:			d) Statement of Portfolio Assets:		
e) Riggs Corporate Resolution Form:			e) Corporate Resolutions:		
f) Riggs Resolution for Bank Accounts:			f) Customer Statement/Source of Wealth:		
g) Articles of Incorporation:			g) Agency Agreement:		
h) By-Laws for Commonwealth Companies:			h) Separate Account Application(s)/Attachments		
i) Copy of Passport:					

RIGGS

RIGGS & CO. KYC PROFILE*

NEW: ☒ Up-Dated As of: March 24

SECTION 1: OFFICE OF FOREIGN ASSETS CONTROL/HIGH PROFILE ACCOUNTS

Date of OFAC List Checked (www.ofaccompliance.com): Feb. 12 2003. and in previous listings during 1999 - 2000 2001 Verified by: J.B.

If the customer/business appears on this list (exact match), do not proceed with account opening. Contact the Compliance Department at ext. 5024.

If the customer/business is a high profile/visibility or publicly elected/appointed client, the file must contain (1) representative copies of published information on the client, (2) a brief memo from the officer summarizing the information known about the client and risks raised, and (3) evidence of concurrence by the division head with the memo.

☐ Not a High Profile Customer ☒ High Profile Customer, Memo Attached

SECTION 2: CLIENT INFORMATION

Note: The client can be an individual, PIC, Trust, etc. If there are multiple entities for any one client, the officer must provide a full list of the known entities as an attachment to this profile, create multiple profiles, or consult with the BSA officer on which approach is appropriate.

NAME / TITLE L. Hiriart and/or A. Ugarte (Augusto Pinochet Ugarte)(Lucia Hiriart P)

TYPE OF ACCOUNT Individual

DATE ACCOUNT OPENED: 3/24/99 ACCOUNT NO.: 76 835 282

ARE THERE OTHER NAMES ON THIS ACCOUNT? ☒ No ☐ Yes If "yes," attach a list of those names.

CONFIDENTIAL ADDRESS:	MAILING ADDRESS:	HOLD MAIL: Yes ☒ No ☐
[redacted] Santiago Chile	Hold Mail IPB	SPECIAL INSTRUCTIONS: Personal Delivery by authorized Riggs office —
TELEPHONE: through Monroe Annex/A	FAX: N/A	E-Mail: N/A
Office: [redacted] Santiago Chile.	Office: N/A	Office: N/A
Home: [redacted] Mobile: N/A	Home: N/A Mobile: N/A	Home: N/A

Provide a list of the other accounts that the customer has with Riggs Bank or its affiliates. This list must cover all account types and contain the account number(s) or a Riggs Bank/affiliate contact, including the contact's telephone number. As indicated below, this list is attached or in the bank's vault.

☐ Attached ☒ Vault

*Note: A completed form is not required for certain types of accounts over which the customer does not have control. See the Instructions for additional information.

SECTION 3: RELATIONSHIP WITH RIGGS

[redacted] = Redacted by the Permanent Subcommittee on Investigations

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 77

0CC0000045820

REFERAL INFORMATION (Document all efforts to corroborate of references and information provided.)

- **Riggs Person Referring Client, If Any:** _____
  (Provide a Brief Description of the Referral or Attach Referral Letter)

- **External Referral Source:** THIS Relationship came To 2 PB through Riggs Embassy Division due To our close Professional Relationship with the Chilean Embassy in (i.e., previous banker, investment manager, etc.)
  The USA and the Diplomatic Missions stationed in Washington D.C.

DIRECT SOLICITATION (Document all efforts to corroborate of references and information provided.) N/A

Attach at least one (1) bank reference, two (2) are preferred. Due To the long standing Relationship with Sub. Banking those are waived

FIRST Bank Reference: _____
(Name of bank, contact, contact's phone number)

SECOND Bank Reference: N/A
(Name of bank, contact, contact's phone number)

ACCOUNT RELATIONSHIP

Initial Deposit Amount in this Account: $_____

Total Riggs Relationship: $_____ (approximate)

Source of Initial Funds/Wealth: (e.g., Business/Inheritance/Salary, etc.) PROFITS & Dividends From Several Business Family owned

Sources of Current Income: Investment Income Rental Income and Pension Fund Payments From Previous Posts AT PRESENT A RIGGS OFFICE IS CONTINUALLY CHG. MAILING'S TO.

Estimated Annual Income: (All Sources) 300 000 to 500 000 (estimate)

Estimated Net Worth: _____

Employer and Current Position: Retired ARMY General

Reasons for Banking with Riggs: International Services

Purpose for the Account: (i.e., operating account, investment vehicle, etc.) TRANSACTIONS of small To medium size outside Home Country - Receipt of Investment Income at times.

EXPECTED TRANSACTION TYPES AND NUMBER

The purpose of these questions is to enable Riggs to "understand the normal and expected transactions of the customer," as required by the FRB and the OCC. If the customer does not provide the information needed for this understanding, the account officer must make a reasonable estimate of what is expected to be usual activity for that account. (Note: for accounts that exclusively involve J. Bush & Co., RIC, RIMCO, and certain types of trust accounts, this section does not apply.)

A) Checking Account
- Number of checks expected in expected one-month period: ☒ 1 – 50 ☐ 51 – 100 ☐ 100 – 150 ☐ 150+
- Largest amount per check to be drawn $ 100,000

B) Expected Average Balances in Operating Account: $ 20,000.00

Deposits primarily come to account from – ☐ Checks ☐ Wire Transfers ☒ Both

C) Amount of cash expected to be deposited into the account: up To $5000.00

Number of deposits expected in average one-month period: ☒ 1 – 10 ☐ 11 – 20 ☐ 21 – 30 ☐ 30+

Anticipated volume of cash sales (Businesses only): $ N/A

D) Wire Transfers

- Number of wire transfers expected one-month period: ☒ 1 – 10 ☐ 11 – 20 ☐ 21 – 30 ☐ 30+
  ☐ Incoming ☐ Outgoing ☒ Both
- To/From High Risk Countries (per OFAC, FinCen, etc.) NO
- Highest amount expected per wire transfer: $ 250,000

E) LOANS/LETTERSOF CREDIT/ N/A PURPOSES OF THE CREDIT: N/A
OVERDRAFTS:
☐ 1 – 3 ☐ 4 – 7 ☐ 8+ N/A SOURCES OF COLLATERAL: N/A

F) Is the expected/described activity deemed reasonable based on the type of account, customer resources, and/or other nature of business in which the client is involved? ☒ YES ☐ NO

Refer to Section IV of the Riggs policy describing "typical" customers in terms suggested by managers of PB, IPBD, RIMCO, and Trust.

SECTION 4: NEW ACCOUNT APPROVAL

☐ Documentation Checklist complete

RECOMMENDED BY:	REVIEWED/APPROVED BY:
Account Officer: Fernando Barquero, Mang. Director LATAM Fernando Barquero	Richard Dow Bair Stacy Tisdale
Date: 03/29/02	

Note: Additional information on file with Group file

- **If there is a material change in the customer's account activity, the BSA/AML Compliance Summary must be updated.**

ATTACHMENTS CHECKLIST

All blanks in the checklist must be explained. Please use this space or attach a separate sheet with the explanation.

ALL CLIENTS	Location	Initials	LARGE ACCOUNTS/ BUSINESSES	Location	Initials
a) Passports Verified (Non-US residents):	Yes File	F.B	a) Credit Bureau Report:		
b) Address Verified:	Yes File	F.B	b) Financial Statements		
c) Telephone Verified:	Yes File	F.B	c) Annual Report:		
d) Name of Referral on file:	Yes File	F.B.	d) List of Suppliers/Vendors:		
e) Original Source of Wealth Verified:	Yes File	F.B.	e) Corporate Resolution(s):		
f) One form of Photo ID on file:	Yes File	F.B.	f) Marketing Materials		
g) Description of Referral:	Yes File	F.B.			
h) List of Related Accounts	Yes Vault	F.B			
j) List of Other Names on Accounts:	N/A	F.B			
PIC/CORPORATE ACCOUNTS			**RIMCO/Bush/RIC**		
a) Account Data Form:			a) W-8:		
b) Certificate of Ownership:			b) Governing Instrument:		
c) W-8 (BEN) (IMY) (EXP):			c) 10K/10Q:		
d) Two Signature Cards:			d) Statement of Portfolio Assets:		
e) Riggs Corporate Resolution Form:			e) Corporate Resolutions:		
f) Riggs Resolution for Bank Accounts:			f) Customer Statement/Source of Wealth:		
g) Articles of Incorporation:			g) Agency Agreement:		
h) By-Laws for Commonwealth Companies:			h) Separate Account Application(s)/Attachments		
i) Copy of Passport:					

Unofficial Translation of Documents

Exhibits are labeled as follows:

a) Main Exhibit: Employment and Financial history of the client (prepared it appears under his supervision).
b) Exhibit I: Summary of Dates/Income earned from Service Abroad
c) Exhibit II: Official Travel Orders for Service Abroad (August 29, 1972)
d) Exhibit III: Official Travel Orders for Service Abroad (December 29, 1967)
e) Exhibit IV: Official Travel Orders for Service Abroad (December 18, 1964)
f) Exhibit V: Official Travel Orders for Service Abroad (March 22, 1956)
g) Exhibit VI: 2001 Tax Return
h) Exhibit VII: 2000 Tax Return
i) Exhibit VIII: 1999 Tax Return
j) Exhibit IX: 1998 Tax Return
k) Exhibit X: formal statement (made before a Public Notary) of assets held in possession in October of 1989, signed by client in capacity as Commander-in-Chief
l) Exhibit XI: formal statement (made before a Public Notary) of assets held in possession in October of 1989, signed by client in capacity as General of the Army

1973

Main Exhibit

WORK AND FINANCIAL ACTIVITIES OF
AUGUSTO PINOCHET UGARTE

1. FROM 1936 TO 1998 ACTIVE DUTY OFFICER OF THE ARMY OF THE REPUBLIC OF CHILE.
   —FROM 1973 TO 1998 COMMANDER IN CHIEF OF THE ARMED FORCES.
2. FROM 1998 TO DATE: SENATOR EMERITUS FOR LIFE OF THE REPUBLIC OF CHILE
3. FROM March 11, 1998, RETIRED FROM NATINOAL DEFENSE
4. INVESTOR, BUYING AND SELLING FOR PROPERTY
5. FROM 1973 TO 1990—PRESIDENT OF THE REPUBLIC OF CHILE
6. BUYING AND SELLING OF STOCK (EQUITIES)
7. ROYALTIES: HAVE WRITTEN VARIOUS BOOKS WHICH ARE PUBBLISHED AND SOLD, SOME OF WHICH HAVE BEEN TRANSLATED INTO ENGLISH, FRENCH, AND OTHER LANGUAGES
8. SAVINGS IN VARIOUS FINANCIAL INSTITUTIONS
9. PERSONAL LIBRARY: 100,000 VOLUMES OF BOOKS
10. COMMISSIONS FROM SERVICE AND TRAVEL ABROAD: VARIOUS IN DIFFERENT PHASES OF LIFE

Hand written note (in his personal handwritting per C. Thompson): Payment of "reserved income" as President of the Republic 48,000,000 (Chilean money = approx. USD 100,000) returned to the Treasury May, 1998.

NOTE: COMMISSIONS, FEES AND HONORARIUM FOR WORK PERFORMED ON SPECIAL PROJECTS (MILITARY AFFAIRS) OUTSIDE OF CHILE THROUGHOUT THE MILITARY YEARS IN VARIOUS COUNTRIES AS A HIGH RANKING MILITARY ARMY OFFICER, AS COMMANDER –IN-CHIEF OF THE CHILEAN ARMY AND AS PRESIDENT OF THE REPUBLIC. THIS ITEM IS THE LARGEST WITH MORE THAN $5,300,000.00 ACCUMULATED FROM 1956 TO 1997. (As listed in Exhibit I)

Exhibit I

Note: This document summarizes all foreign travel by the client. The Documents referred to in the first column correspond with the official number stamped on the actual travel orders, some of which (not all) are included in this package. This document was prepared by the Ministry of Defense.

Republic of
Chile
Ministry of National
Defense
Subsecretary of War

Commission from Service Abroad

Document	Date	Country	Date of Commission	End of Commission
166	3/22/56	Ecuador	4/1/56	6/30/59
276	12/18/64	USA	Dec-64	Jan-65
211	12/29/67	USA	Dec-68	Feb-68
202	8/29/72	Mexico	9/10/72	9/24/72
	1974	Brazil US $800,000		
	1974	Paraguay $1,500,000		
	1976	USA US $3,000,000		
		Argentina US $500,000		
		Spain US $1,000,000		
		Philippines		

	5/6/91	visit to military installations and Factories in : Brazil Portugal, UK
375	8/12/93	Brazil, Hong Kong, China South Africa, Thailand Switzerland
495	10/13/93	Brazil to visit XX Conference of Commanders of US Forces
191	4/15/94	Czech Republic, Switzerland US: Visit to military factories
370	9/21/95	UK, Malaysia, Brazil: Invitation from Chief of Defense Forces and Foreign corporations $3,000,000
423	10/31/95	Argentina
392	9/25/96	UK Invitation "Military Industry"
370	8/19/97	Brazil: Invitation of the Chief Of Staff of the Army
452	9/23/97	UK, China Invitation from Royal Industrial ordinance and President of the Central Military Commission of the People's Republic of China $2,500,000
577	11/19/97	Ecuador. Participate on

the
XXII Conference of
Commanders
of Militaries in the
Americas

From
10/21/88
to 3/3/00

U.K.

0CC0000045827

Exhibits II through V are basic travel orders explaining the purpose of the trips, all participants, fiscal data, etc. The number in the top left corresponds to the Document Number listed on the Commission From Service Abroad Chart.

All exhibits contain official stamps and signatures and were issued by the Ministry of Defense/ War Office and seem to be in proper order.

Exhibits VI, VII, VII and IX are the Income Tax Returns from 1998 to 2001.

NOTE: INCOME DECLARED TO THE CHILEAN IRS DURING THE YEARS OF FROM 1998 THROUGH 2001 AMOUNTS TO AROUND $90,000 PER YEAR (currency conversion done as rough estimate using fixed exchange of US$1 = 500 CP's (Chilean Pesos).

Exhibit X is a formal declaration (made before a Public Notary) of assets held in possession in October of 1989.

1. The honesty of public servants corresponds to one of the essential principles that applies to all institutions the members of the "junta" represent and as a consequence, the signer of this form has consented to open the envelope with the declaration (of assets) dated September 21, 1973 as evidence of the actual assets that he personally owns.

2. These assets are:

   a. 1 Jeep
   b. A Savings Account with the sum of CP6,210,000
   c. A parcel of land in Melocoton with a value of CP23,670,347 **(Note: est. USD $250,000—we have made some discreet inquires to reliable sources in Chile regarding values of properties as they appeared in the original documents to bring them up to date to the extent that was possible. We have assumed the average value of the Chilean Peso against the USA to be 500 to 1, where warranted during the review. Therefore, these values represent only loose estimates of the actual values.**
   d. Personal jewelry from family and marriage estimated at CP 18,000,000
   e. Money, in US $457,672 (money saved during my assignment in Ecuador and accumulated interest during the subsequent 16 years).
   f. Money in various currencies includes Swis Francs, French, Mexican Pesos and others valued at US$11,327.00
   g. Personal library with a number of rare books est. value CP 10,000
   h. Furniture, heirlooms, rugs, antiques, etc with a value of CP50,000
   i. Apartment with value of CP19,812

3. Before God and Country, I swear the above is true and accurate accounting of my personal assets and I know of no others.

Signed by Client. Attested to by Notary Public (10/19/89)

Exhibit XI is a formal declaration (made before a Public Notary) of assets held in possession in September 12, 1973.

Assets Listed:

- Property in Las Condes (value CP3,500,000)
- VW Automobile
- Fiat Automobile
- Peugeot Automobile
- Peugeot Automobile (sold and to receive CP275,000)
- Savings Account (CP 105,000)
- Parcel of Land in purchase San Francisco de Limache, valued at USD 8,000, with 40% paid until signing.
- Personal jewelry estimated at CP500,000
- Money, in US currency $117,887.65 (money saved during my assignment to Ecuador with accumulated interest in the past 15 years)
- Misc. foreign currency US$ 3,865.
- Furniture, heirlooms, carpets, antiques, etc valued at CP 5,000,000

Signed and Dated 9/21/73

-63-
-95-

Main Exhibit (1)

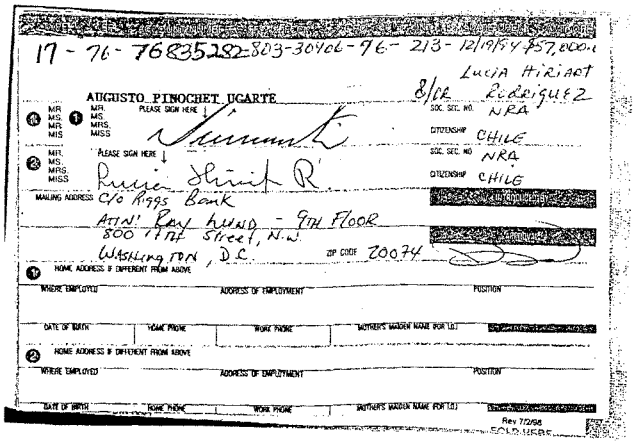
EMPLEOS Y ACTIVIDADES FINANCIERAS DE AUGUSTO PINOCHET UGARTE

1,. DESDE 1936 A 1998 OFICIAL DEL EJERCITO DE CHILE::
- DESDE 1973, 23 de Agosto A 1998, 11 de Marzo COMANDANTE EN JEFE DEL EJERCITO DE CHILE.

2.- DESDE 1998, 11 de Marzo A LA FECHA: SENADOR VITALICIO DE LA REPUBLICA DE CHILE.
3.- DESDE 11 de Marzo 1998 RECIBE JUBILACIÓN DE LA DEFENSA NACIONAL.
4.- RENTISTA, COMPRA Y VENTA DE PROPIEDADES.
5.- DESDE 1973 A 1990: PRESIDENTE DE LA REPUBLICA DE CHILE.
6.- COMPRA Y VENTA DE ACCIONES.
7.- ESCRITOR DE LIBROS: HA ESCRITO VARIOS LIBROS Y SON VENDIDOS EN EL COMERCIO, SE HAN TRADUCIDOS VARIOS Y SE VENDEN EN INGLES, FRANCES Y OTROS.
8.- AHORROS EN DISTINTAS INSTITUCIONES FINANCIERAS.
9.- BIBLIOTECA PERSONAL: 100.000.- VOLUMENES DE LIBROS
10.- COMISIONES DE SERVICIOS Y VIAJES AL EXTRANJERO: VARIOS EN DISTINTAS ETAPAS DE SU VIDA..

Pago de "rentas reservadas" — como P. de la R.
Desahucio $ 48.000.000.- 1998- mayo.-

0CC0000045832



17 - 76 - 7683528 - 803-30406 - 76 - 213 - 12/19/94 $57,000.

AUGUSTO PINOCHET UGARTE

Lucia Hiriart 8/R Rodriguez

MR. MS. MRS. MISS — PLEASE SIGN HERE

SOC. SEC. NO. NRA

CITIZENSHIP CHILE

MR. MS. MRS. MISS — PLEASE SIGN HERE

SOC. SEC. NO. NRA

CITIZENSHIP CHILE

MAILING ADDRESS C/o Riggs Bank

ATTN: Ray Hund - 9th Floor

800 17th Street, N.W.

Washington, D.C. ZIP CODE 20074

HOME ADDRESS IF DIFFERENT FROM ABOVE

WHERE EMPLOYED | ADDRESS OF EMPLOYMENT | POSITION

DATE OF BIRTH | HOME PHONE | WORK PHONE | MOTHER'S MAIDEN NAME FOR I.D.

HOME ADDRESS IF DIFFERENT FROM ABOVE

WHERE EMPLOYED | ADDRESS OF EMPLOYMENT | POSITION

DATE OF BIRTH | HOME PHONE | WORK PHONE | MOTHER'S MAIDEN NAME FOR I.D.

Rev 7/2/96

FOLD HERE

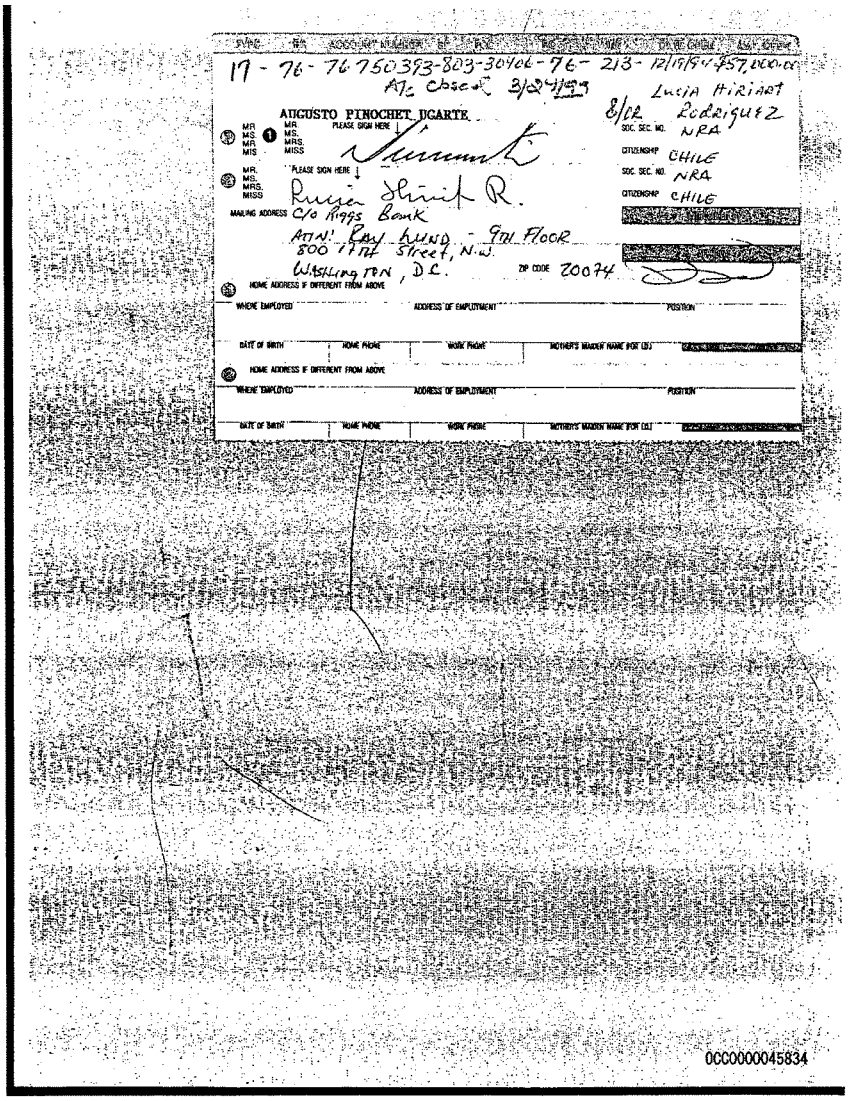

19 - 76 - 76 750393-803-30406 - 76 - 213 - 12/15/94 457,000.00
AUGUSTO PINOCHET UGARTE
MR
MS
MRS.
MISS
PLEASE SIGN HERE
Lucia Hiriart
S/R Rodriguez
SOC. SEC. NO. NRA
CITIZENSHIP CHILE
MAILING ADDRESS C/o Riggs Bank
ATTN: Ray Lund - 9th Floor
800 17th Street, N.W.
Washington, D.C.
ZIP CODE 20074
HOME ADDRESS IF DIFFERENT FROM ABOVE
WHERE EMPLOYED
ADDRESS OF EMPLOYMENT
POSITION
DATE OF BIRTH
HOME PHONE
WORK PHONE
MOTHER'S MAIDEN NAME (FOR I.D.)
0CC0000045834

Exhibit I (2)

REPUBLICA DE CHILE
MINISTERIO DE DEFENSA NACIONAL
SUBSECRETARIA DE GUERRA

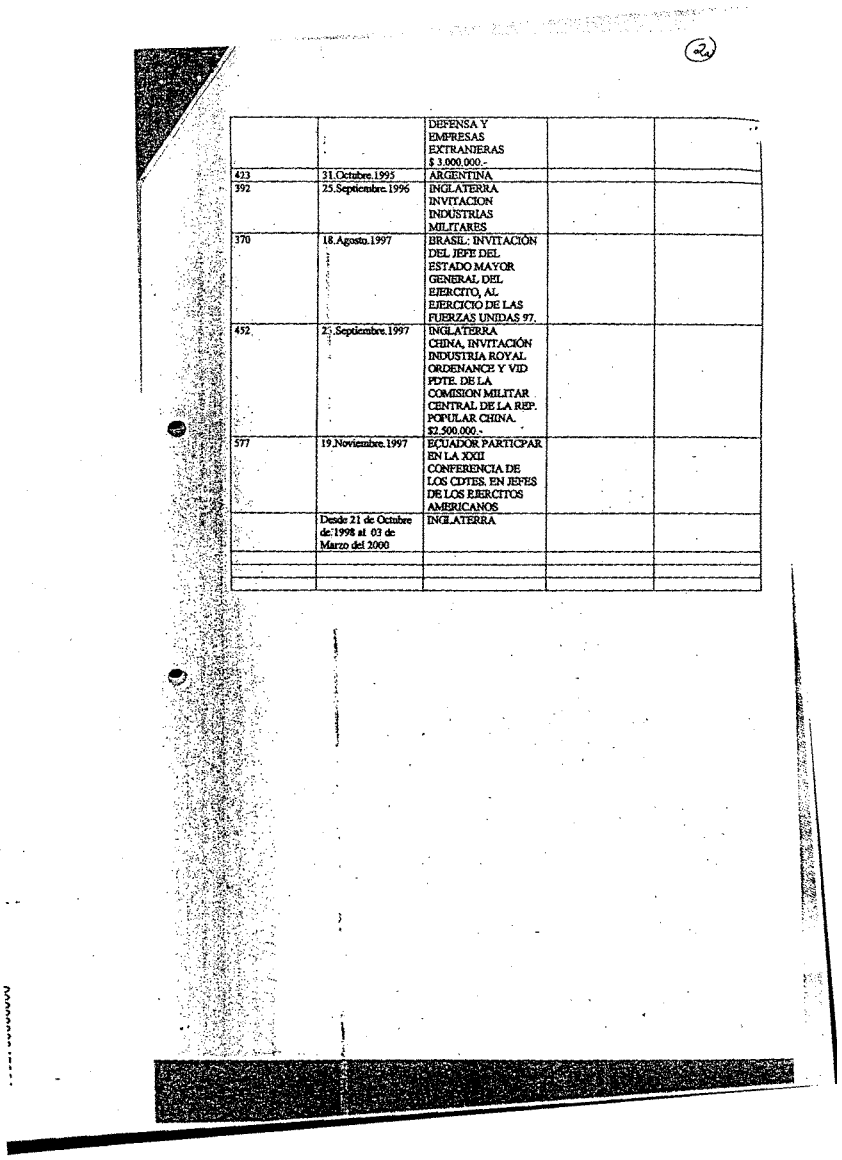
COMISIONES DE SERVICIO AL EXTRANJERO

REALIZADAS POR EL SR. AUGUSTO PINOCHET UGARTE

COMO COMANDANTE EN JEFE DEL EJERCITO y COMO PRESIDENTE DE LA REPUBLICA DE CHILE

DOCUMENTO	FECHA	PAIS	INICIO COMISION	TERMINO COMIS.
166	22.MARZO.1956	ECUADOR	01.ABRIL.1956	30.JUNIO.1959
276	18.DICIEMBRE.1964	EE. UU. DE N. A.	DICIEMBRE.1964	ENERO. 1965
211	29.DICIEMBRE.1967	EE. UU. DE N. A.	ENERO. 1968	FEBRERO. 1968
202	29.AGOSTO.1972	MEXICO	10.SEPT.1972	24.SEPT.1972
	1974	BRASIL US$ 800.000.-		
	1974	PARAGUAY 1.500.000.-		
	1976	ESTADOS UNIDOS US$ 3.000.000.-		
		ARGENTINA US$ 500.000.-		
		ESPAÑA US$ 1.000.000.-		
		FILIPINAS		
	06.MAYO.1991	VISITA A INSTALACIONES Y FABRICAS MILITARES A LOS SIGUIENTES PAISES EXTRANJEROS: BRASIL, PORTUGAL E INGLATERRA		
375	12.Agosto.1993	BRASIL, HONG KONG, CHINA, SUDAFRICA, TAILANDIA, SUIZA		
495	13.Octubre.1993	BRASIL. CON MOTIVO DE LA XX CONFERENCIA DE CITTES. EN JEFE DEL EJERCITO AMERICANO.		
191	15.Abril.1994	REP. CHECA SUIZA INGLATERRA: VISITA A INDUSTRIAS MILITARES.		
370	21.Septiembre.1995	INGLATERRA MALASIA BRASIL: INVITACIÓN DE JEFE DE LAS FUERZAS DE		

0000000045835



		DEFENSA Y EMPRESAS EXTRANJERAS $ 3.000.000.-		
423	31.Octubre.1995	ARGENTINA		
392	25.Septiembre.1996	INGLATERRA INVITACION INDUSTRIAS MILITARES		
370	18.Agosto.1997	BRASIL: INVITACIÓN DEL JEFE DEL ESTADO MAYOR GENERAL DEL EJERCITO, AL EJERCICIO DE LAS FUERZAS UNIDAS 97.		
452	25.Septiembre.1997	INGLATERRA CHINA, INVITACIÓN INDUSTRIA ROYAL ORDENANCE Y VID PDTE. DE LA COMISION MILITAR CENTRAL DE LA REP. POPULAR CHINA. $2.500.000.-		
577	19.Noviembre.1997	ECUADOR PARTICPAR EN LA XXII CONFERENCIA DE LOS CDTES. EN JEFES DE LOS EJERCITOS AMERICANOS		
	Desde 21 de Octubre de 1998 al 03 de Marzo del 2000	INGLATERRA		

MINISTERIO DE DEFENSA NACIONAL
SUBSECRETARIA DE GUERRA

1r.Pers.Depto.III.(C) Nº 202

Designa en comisión de servicio en el extranjero a dos Oficiales.-

(3)

SANTIAGO, 29 AGO. 1972

Exhibit II

VISTOS:

a) La invitación formulada por el Gobierno Mexicano para que una delegación del Ejército de Chile, asista a la conmemoración del CLXII Aniversario de la Independencia de ese país;

b) Que es altamente conveniente aceptar esta invitación, ya que incrementará más los lazos de amistad que unen a ambos países;

c) Que para tal efecto, el Sr. Comandante en Jefe del Ejército ha designado al Sr. General de División AUGUSTO PINOCHET UGARTE y al Capitán CLAUDIO LOBOS BARRIOS;

d) Lo dispuesto en el Título III. del D.F.L.Nº 1 de 1968, y

e) Lo propuesto por el Comandante en Jefe del Ejército, en Memorándum Dir.Pers.Depto.III.(C) Nº 1360/85, que se acompaña,

D E C R E T O :

1.- Designase en comisión de servicio al Sr. General de División AUGUSTO PINOCHET UGARTE (R.C. 66.161), y al Capitán CLAUDIO LOBOS BARRIOS (R.C. 174.183), con el objeto de que asistan a la Celebración del CLXII Aniversario de la Independencia de México.

2.- Esta comisión se llevará a efecto entre el 10 y 24 de Septiembre de 1972, ambas fechas inclusives.

3.- Mientras permanezcan en el cumplimiento de esta comisión percibirán sus remuneraciones en moneda corriente, más una asignación fija en dólares de acuerdo con la O.M.S.I.Nº 8 de 8-IX-970, imputándose al Item 11-01-02-00-003-005 "Sobresueldos-Otras Asignaciones", la que les será cancelada en forma anticipada por la Tesorería General de la República (Sección Exterior).

4.- Tendrán derecho a pasajes y fletes, los que se imputarán al Item 11-01-02-00-015-002 "Servicios Generales-Comunicaciones, Pasajes, Fletes y Bodegajes".

5.- Extiéndasele Pasaporte Diplomático al Sr. General de División AUGUSTO PINOCHET UGARTE y Pasaporte Oficial al Capitán CLAUDIO LOBOS BARRIOS.

Tómese razón, regístrese y comuníquese.

JOSE TOHA GONZALEZ
Ministro de Defensa Nacional

CLODOMIRO ALMEYDA MEDINA
Ministro de RR.EE.

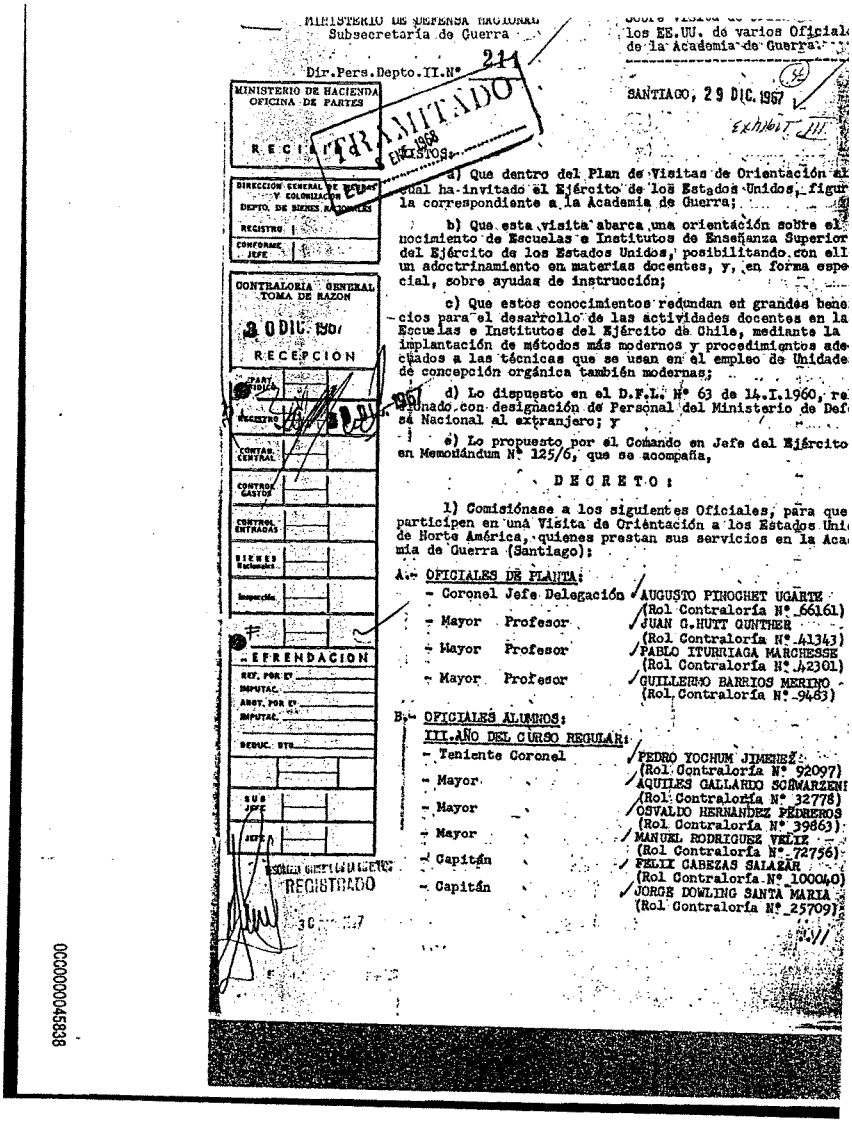
MAXIMILIANO IBAÑEZ
Teniente Coronel
Jefe Sección Confidencial

CONTRALORIA GENERAL TOMA DE RAZON 27 SET. 1972 RECEPCION

TESORERIA GENERAL DE LA REPUBLICA 19 OCT. 1972

TOMO RAZON
Por Orden del Contralor General de la República

0000000045837



MINISTERIO DE DEFENSA NACIONAL
Subsecretaría de Guerra

los EE.UU. de varios Oficiales de la Academia de Guerra.

Dir.Pers.Depto.II.Nº 211

SANTIAGO, 29 DIC. 1967

EXHIBIT III

TRAMITADO

MINISTERIO DE HACIENDA
OFICINA DE PARTES
RECIBIDO

DIRECCION GENERAL DE [illegible] Y COLONIZACION
DEPTO. DE BIENES NACIONALES
REGISTRO
CONFORME JEFE

CONTRALORIA GENERAL
TOMA DE RAZON
30 DIC. 1967
RECEPCION
PART. PIDIDA
ACUERDO
CONTAB. CENTRAL
CONTROL GASTOS
CONTROL ENTRADAS
BIENES Nacionales
Inspección

REFRENDACION
REF. POR $
IMPUTAC.
ANOT. POR $
IMPUTAC.
REDUC. RTO.
SUB JEFE
JEFE

REGISTRADO

a) Que dentro del Plan de Visitas de Orientación al cual ha invitado el Ejército de los Estados Unidos, figur la correspondiente a la Academia de Guerra;

b) Que esta visita abarca una orientación sobre el nocimiento de Escuelas e Institutos de Enseñanza Superior del Ejército de los Estados Unidos, posibilitando con ell un adoctrinamiento en materias docentes, y, en forma espe cial, sobre ayudas de instrucción;

c) Que estos conocimientos redundan en grandes bene cios para el desarrollo de las actividades docentes en la Escuelas e Institutos del Ejército de Chile, mediante la implantación de métodos más modernos y procedimientos ade cuados a las técnicas que se usan en el empleo de Unidade de concepción orgánica también modernas;

d) Lo dispuesto en el D.F.L. Nº 63 de 14.I.1960, re nado con designación de Personal del Ministerio de Def sa Nacional al extranjero; y

e) Lo propuesto por el Comando en Jefe del Ejército en Memorándum Nº 125/6, que se acompaña,

D E C R E T O :

1) Comisiónase a los siguientes Oficiales, para que participen en una Visita de Orientación a los Estados Uni de Norte América, quienes prestan sus servicios en la Aca mia de Guerra (Santiago):

A.- OFICIALES DE PLANTA:

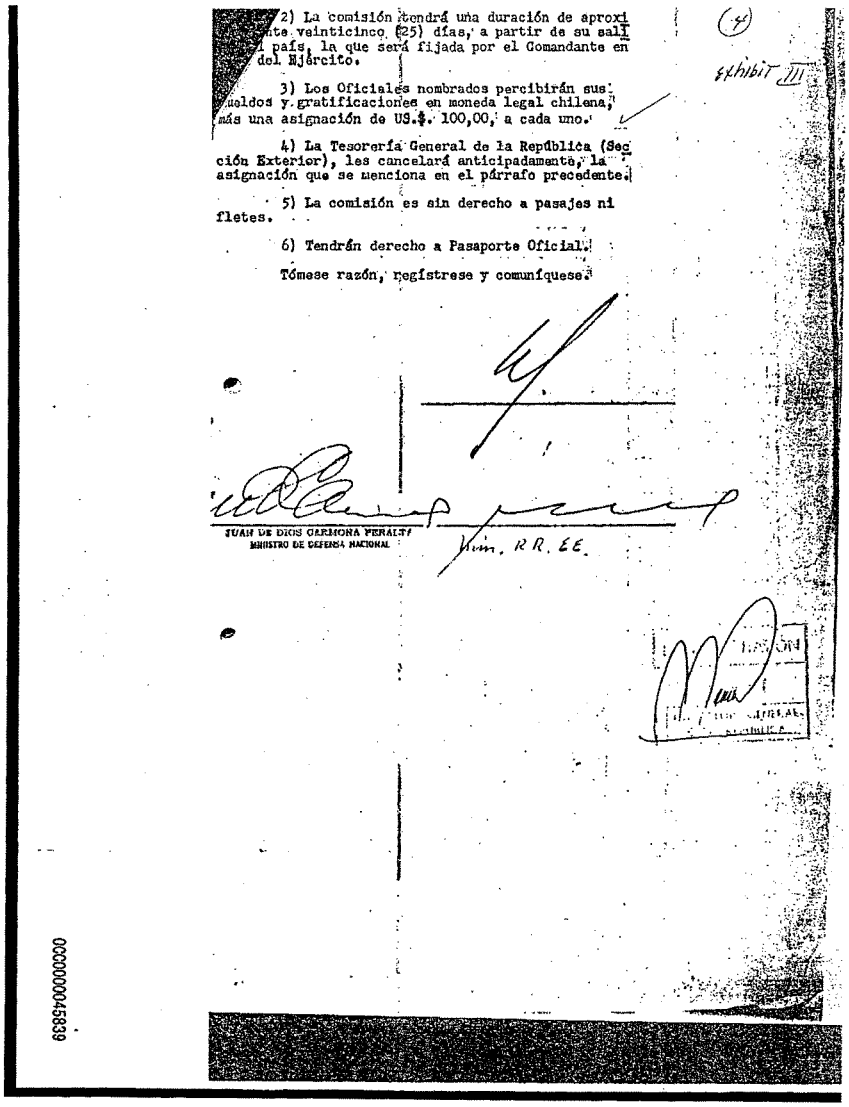
- Coronel Jefe Delegación — AUGUSTO PINOCHET UGARTE (Rol Contraloría Nº 66161)
- Mayor Profesor — JUAN G.HUTT GUNTHER (Rol Contraloría Nº 41343)
- Mayor Profesor — PABLO ITURRIAGA MARCHESSE (Rol Contraloría Nº 42301)
- Mayor Profesor — GUILLERMO BARRIOS MERINO (Rol Contraloría Nº 9463)

B.- OFICIALES ALUMNOS:

III.AÑO DEL CURSO REGULAR:

- Teniente Coronel — PEDRO YOCHUM JIMENEZ (Rol Contraloría Nº 92097)
- Mayor — AQUILES GALLARDO SCHWARZENB (Rol Contraloría Nº 32778)
- Mayor — OSVALDO HERNANDEZ PEDREROS (Rol Contraloría Nº 39863)
- Mayor — MANUEL RODRIGUEZ VELIZ (Rol Contraloría Nº 72756)
- Capitán — FELIX CABEZAS SALAZAR (Rol Contraloría Nº 100040)
- Capitán — JORGE DOWLING SANTA MARIA (Rol Contraloría Nº 25709)

OCCO0000045838



2) La comisión tendrá una duración de aproxi[mad]te veinticinco (25) días, a partir de su sali[da] país, la que será fijada por el Comandante en [Je]fe del Ejército.

3) Los Oficiales nombrados percibirán sus sueldos y gratificaciones en moneda legal chilena, más una asignación de US.$. 100,00, a cada uno.

4) La Tesorería General de la República (Sección Exterior), les cancelará anticipadamente, la asignación que se menciona en el párrafo precedente.

5) La comisión es sin derecho a pasajes ni fletes.

6) Tendrán derecho a Pasaporte Oficial.

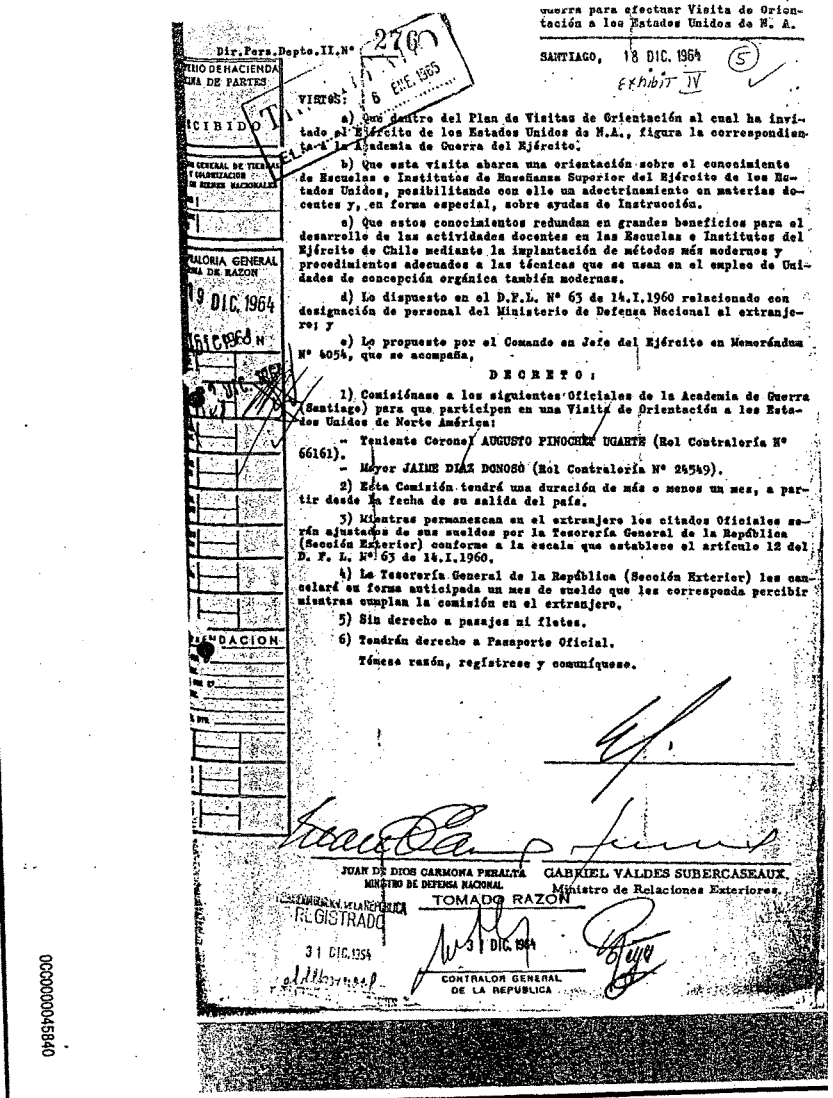
Tómese razón, regístrese y comuníquese.

JUAN DE DIOS CARMONA PERALTA
MINISTRO DE DEFENSA NACIONAL

Jun. RR. EE.

EXHIBIT III

00000004838



guerra para efectuar Visita de Orientación a los Estados Unidos de N. A.

SANTIAGO, 18 DIC. 1964 (5)

EXHIBIT IV

Dir.Pers.Depto.II.Nº 2760

6 ENE. 1965

VISTOS:

a) Que dentro del Plan de Visitas de Orientación al cual ha invitado el Ejército de los Estados Unidos de N.A., figura la correspondiente a la Academia de Guerra del Ejército.

b) Que esta visita abarca una orientación sobre el conocimiento de Escuelas e Institutos de Enseñanza Superior del Ejército de los Estados Unidos, posibilitando con ello un adoctrinamiento en materias docentes y, en forma especial, sobre ayudas de Instrucción.

c) Que estos conocimientos redundan en grandes beneficios para el desarrollo de las actividades docentes en las Escuelas e Institutos del Ejército de Chile mediante la implantación de métodos más modernos y procedimientos adecuados a las técnicas que se usan en el empleo de Unidades de concepción orgánica también modernas.

d) Lo dispuesto en el D.F.L. Nº 63 de 14.I.1960 relacionado con designación de personal del Ministerio de Defensa Nacional al extranjero; y

e) Lo propuesto por el Comando en Jefe del Ejército en Memorándum Nº 6054, que se acompaña,

D E C R E T O :

1) Comisiónase a los siguientes Oficiales de la Academia de Guerra (Santiago) para que participen en una Visita de Orientación a los Estados Unidos de Norte América:

- Teniente Coronel AUGUSTO PINOCHET UGARTE (Rol Contraloría Nº 66161).
- Mayor JAIME DIAZ DONOSO (Rol Contraloría Nº 24549).

2) Esta Comisión tendrá una duración de más o menos un mes, a partir desde la fecha de su salida del país.

3) Mientras permanezcan en el extranjero los citados Oficiales serán ajustados de sus sueldos por la Tesorería General de la República (Sección Exterior) conforme a la escala que establece el artículo 12 del D. F. L. Nº 63 de 14.I.1960.

4) La Tesorería General de la República (Sección Exterior) les cancelará en forma anticipada un mes de sueldo que les corresponda percibir mientras cumplan la comisión en el extranjero.

5) Sin derecho a pasajes ni fletes.

6) Tendrán derecho a Pasaporte Oficial.

Tómese razón, regístrese y comuníquese.

JUAN DE DIOS CARMONA PERALTA
MINISTRO DE DEFENSA NACIONAL

GABRIEL VALDES SUBERCASEAUX
Ministro de Relaciones Exteriores.

TOMADO RAZON

31 DIC. 1964

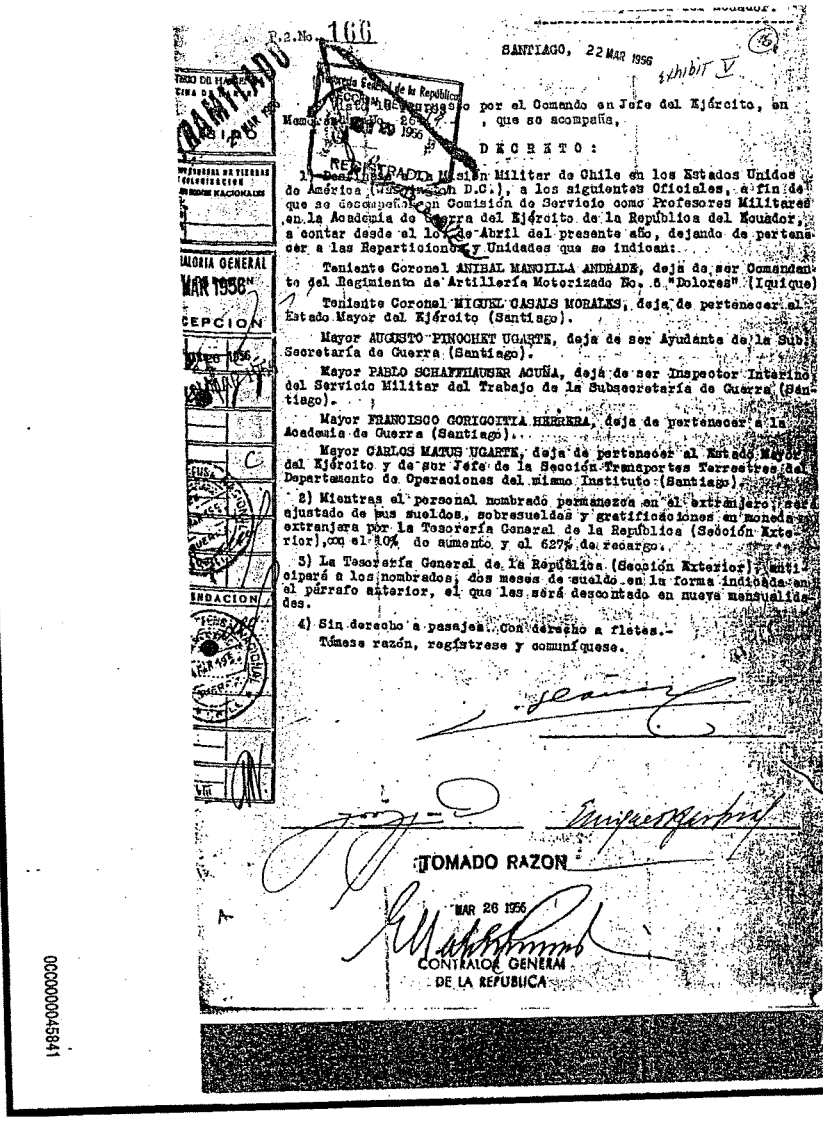
CONTRALOR GENERAL DE LA REPUBLICA

CONTRALORIA GENERAL DE LA REPUBLICA
REGISTRADO
31 DIC. 1964

19 DIC. 1964

16 DIC 1964

00000000045840



R.2.No. 166

SANTIAGO, 22 MAR 1956

Exhibit V

Contraloría General de la República
Sección Visado
Mem. 26
1956

REGISTRADA

Vistos: Lo propuesto por el Comando en Jefe del Ejército, en Mem. [illegible], que se acompaña,

D E C R E T O :

1.- Desígnase Misión Militar de Chile en los Estados Unidos de América (Washington D.C.), a los siguientes Oficiales, a fin de que se desempeñen en Comisión de Servicio como Profesores Militares en la Academia de Guerra del Ejército de la República del Ecuador, a contar desde el 1o de Abril del presente año, dejando de pertenecer a las Reparticiones y Unidades que se indican:

Teniente Coronel ANIBAL MANCILLA ANDRADE, deja de ser Comandante del Regimiento de Artillería Motorizado No. 6 "Dolores" (Iquique)

Teniente Coronel MIGUEL CASALS MORALES, deja de pertenecer al Estado Mayor del Ejército (Santiago).

Mayor AUGUSTO PINOCHET UGARTE, deja de ser Ayudante de la Sub-Secretaría de Guerra (Santiago).

Mayor PABLO SCHAFFHAUSER ACUÑA, deja de ser Inspector Interino del Servicio Militar del Trabajo de la Subsecretaría de Guerra (Santiago).

Mayor FRANCISCO GORIGOITIA HERRERA, deja de pertenecer a la Academia de Guerra (Santiago).

Mayor CARLOS MATUS UGARTE, deja de pertenecer al Estado Mayor del Ejército y de ser Jefe de la Sección Transportes Terrestres del Departamento de Operaciones del mismo Instituto (Santiago).

2) Mientras el personal nombrado permanezca en el extranjero, será ajustado de sus sueldos, sobresueldos y gratificaciones en moneda extranjera por la Tesorería General de la República (Sección Exterior), con el 10% de aumento y al 627% de recargo.

3) La Tesorería General de la República (Sección Exterior), anticipará a los nombrados, dos meses de sueldo en la forma indicada en el párrafo anterior, el que les será descontado en nueve mensualidades.

4) Sin derecho a pasajes. Con derecho a fletes.-

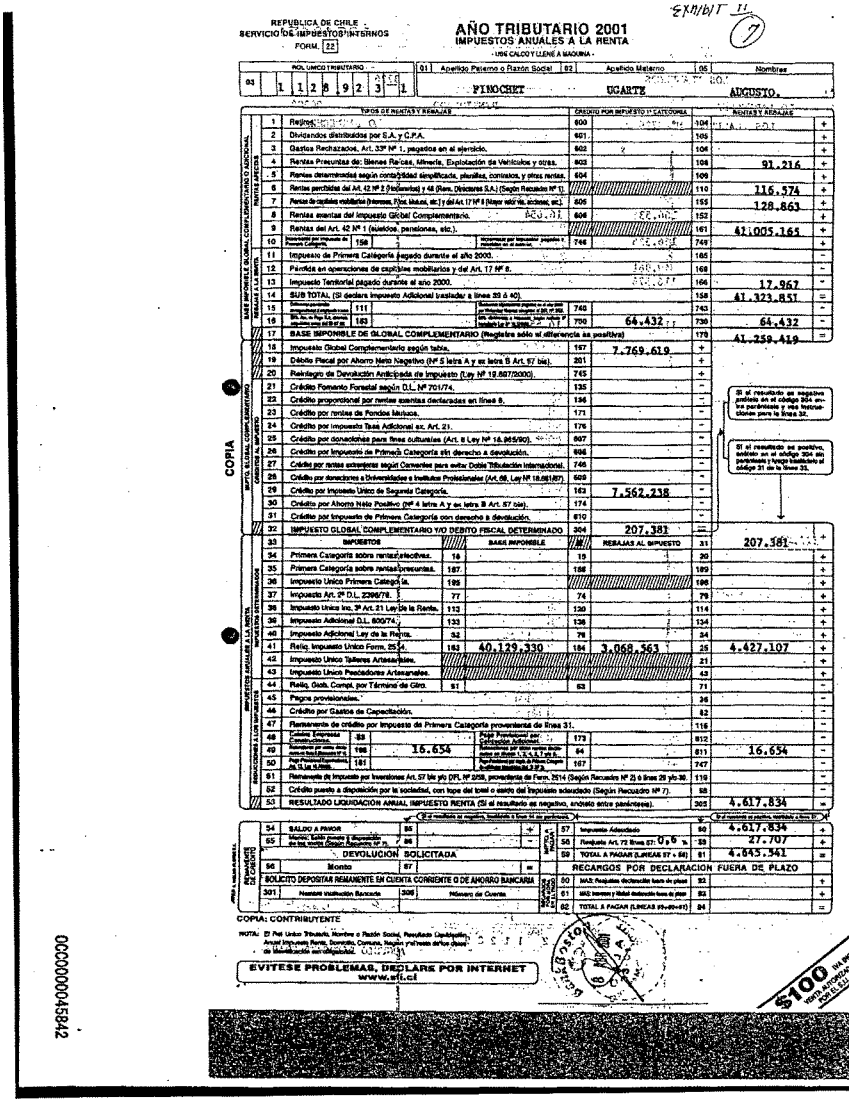
Tómese razón, regístrese y comuníquese.

TOMADO RAZON

MAR 26 1956

CONTRALOR GENERAL DE LA REPUBLICA

0000000045841



REPUBLICA DE CHILE
SERVICIO DE IMPUESTOS INTERNOS
FORM. 22

AÑO TRIBUTARIO 2001
IMPUESTOS ANUALES A LA RENTA

- USE CALCO Y LLENE A MAQUINA -

EXHIBIT 11 (7)

03	ROL UNICO TRIBUTARIO	01 Apellido Paterno o Razón Social	02 Apellido Materno	05 Nombres
	1.128.923-1	PINOCHET	UGARTE	AUGUSTO.

		TIPOS DE RENTAS Y REBAJAS		CREDITO POR IMPUESTO 1ª CATEGORIA		RENTAS Y REBAJAS	
BASE IMPONIBLE GLOBAL COMPLEMENTARIO O ADICIONAL, RENTAS A LA RENTA	1	Rejros	600		104		+
	2	Dividendos distribuidos por S.A. y C.P.A.	601		105		+
	3	Gastos Rechazados, Art. 33º Nº 1, pagados en el ejercicio.	602		106		+
	4	Rentas Presuntas de: Bienes Raíces, Minería, Explotación de Vehículos y otras.	603		108	91.216	+
	5	Rentas determinadas según contabilidad simplificada, planillas, contratos, y otras rentas.	604		109		+
	6	Rentas percibidas del Art. 42 Nº 2 (Honorarios) y 48 (Rem. Directores S.A.) (Según Recuadro Nº 1).			110	116.574	+
	7	Rentas de capitales mobiliarios (Intereses, Fcos. Mutuos, etc.) y del Art. 17 Nº 8 (Mayor valor de acciones, etc.)	605		155	128.863	+
	8	Rentas exentas del Impuesto Global Complementario.	606		152		+
	9	Rentas del Art. 42 Nº 1 (sueldos, pensiones, etc.).			101	41.005.165	+
	10	Retenido por Impuesto de Primera Categoría 156 / Remanente por Impuesto pagado o retenido en el exterior	748		749		+
	11	Impuesto de Primera Categoría pagado durante el año 2000.			165		+
	12	Pérdida en operaciones de capitales mobiliarios y del Art. 17 Nº 8.			168		-
	13	Impuesto Territorial pagado durante el año 2000.			166	17.967	-
	14	SUB TOTAL (Si declara Impuesto Adicional trasladar a línea 33 ó 40)			158	41.323.851	=
	15	Retenido por Impuesto de Primera Categoría 111 / Retenido por Impuesto Tasa Adicional 183	748		743		-
	16		700	64.432	730	64.432	-
	17	BASE IMPONIBLE DE GLOBAL COMPLEMENTARIO (Registre sólo si diferencia es positiva)			170	41.259.419	=
CREDITOS AL IMPUESTO GLOBAL COMPLEMENTARIO	18	Impuesto Global Complementario según tabla.	157	7.769.619	+		
	19	Débito Fiscal por Ahorro Neto Negativo (Nº 5 letra A y ex letra B Art. 57 bis).	201		+		
	20	Reintegro de Devolución Anticipada de Impuesto (Ley Nº 19.607/2000).	745		+		
	21	Crédito Fomento Forestal según D.L. Nº 701/74.	135		-		
	23	Crédito proporcional por rentas exentas declaradas en línea 8.	156		-		
	23	Crédito por rentas de Fondos Mutuos.	171		-		
	24	Crédito por Impuesto Tasa Adicional ex. Art. 21.	176		-		
	25	Crédito por donaciones para fines culturales (Art. 8 Ley Nº 18.985/90).	607		-		
	26	Crédito por Impuesto de Primera Categoría sin derecho a devolución.	606		-		
	27	Crédito por rentas extranjeras según Convenios para evitar Doble Tributación Internacional.	746		-		
	28	Crédito por donaciones a Universidades e Institutos Profesionales (Art. 69, Ley Nº 18.681/87)	609		-		
	29	Crédito por Impuesto Único de Segunda Categoría.	162	7.562.238	-		
	30	Crédito por Ahorro Neto Positivo (Nº 4 letra A y ex letra B Art. 57 bis).	174		-		
	31	Crédito por Impuesto de Primera Categoría con derecho a devolución.	610		-		
	32	IMPUESTO GLOBAL COMPLEMENTARIO Y/O DEBITO FISCAL DETERMINADO	304	207.381	=		+

Si el resultado es negativo anótelo en el código 304 entre paréntesis y más hacia abajo en la línea 32.

Si el resultado es positivo, anótelo en el código 304 sin paréntesis y luego trasládelo al código 31 de la línea 33.

IMPUESTOS ANUALES A LA RENTA, IMPUESTOS DETERMINADOS		IMPUESTOS		BASE IMPONIBLE		M	REBAJAS AL IMPUESTO			
	33							31	207.381	+
	34	Primera Categoría sobre rentas efectivas.	16		19			20		+
	35	Primera Categoría sobre rentas presuntas.	187		188			189		+
	36	Impuesto Unico Primera Categoría.	195					196		+
	37	Impuesto Art. 3º D.L. 2398/78.	77		74			78		+
	38	Impuesto Unico Inc. 3º Art. 21 Ley de la Renta.	113		120			114		+
	39	Impuesto Adicional D.L. 600/74.	133		136			134		+
	40	Impuesto Adicional Ley de la Renta.	32		79			24		+
	41	Retiq. Impuesto Unico Form. 2514.	163	40.129.330	164	3.068.563		25	4.427.107	+
	42	Impuesto Unico Talleres Artesanales.						21		+
	43	Impuesto Unico Pescadores Artesanales.						43		+
	44	Retiq. Gratificación Compl. por Término de Giro.	81		83			71		-
	45	Pagos provisionales.						36		-
	46	Crédito por Gastos de Capacitación.						82		-
	47	Remanente de crédito por Impuesto de Primera Categoría proveniente de línea 31.						116		-
	48	Créditos Empresas Constructoras 33			Pago Provisional por Utilidades Absorbidas		173		812		-
	49	Pago Provisional Mensual Art. 84 letra a) 186	16.654		Pago Provisional Mensual Art. 84 letra a)		84		811	16.654	-
	50	Pago Provisional Mensual Art. 84 letra a) 181			Pago Provisional Mensual Art. 84 letra a)		167		747		-
	51	Reintegro de Impuesto por Inversiones Art. 57 bis y/o DFL Nº 2058, proveniente de Form. 2514 (Según Recuadro Nº 2) ó línea 26 y/o 30.						119		-
	52	Crédito puesto a disposición por la sociedad, con tope del total o saldo del Impuesto adeudado (Según Recuadro Nº 7).						58		-
	53	RESULTADO LIQUIDACION ANUAL IMPUESTO RENTA (Si el resultado es negativo, anótelo entre paréntesis).						305	4.617.834	=

REMESAS AL EXTERIOR	54	SALDO A FAVOR	55	+	IMPTO. PAGAR	57	Impuesto Adeudado	90	4.617.834	+
	65	Monto Saldo puesto a disposición de los socios (Según Recuadro Nº 7)	56	-		58	Reajuste Art. 72 línea 57: 0,6 %	59	27.707	+
		DEVOLUCION SOLICITADA				59	TOTAL A PAGAR (LINEAS 57 + 58)	61	4.645.541	=
	66	Monto	67	=			RECARGOS POR DECLARACION FUERA DE PLAZO			
	BOLICITO DEPOSITAR REMANENTE EN CUENTA CORRIENTE O DE AHORRO BANCARIA				REMESAS AL EXTERIOR	60	MAS: Reajustes declaración fuera de plazo	93		+
	301	Nombre Institución Bancaria 305	Número de Cuenta			61	MAS: Intereses y Multa declaración fuera de plazo	63		+
						62	TOTAL A PAGAR (LINEAS 59+60+61)	64		=

COPIA: CONTRIBUYENTE

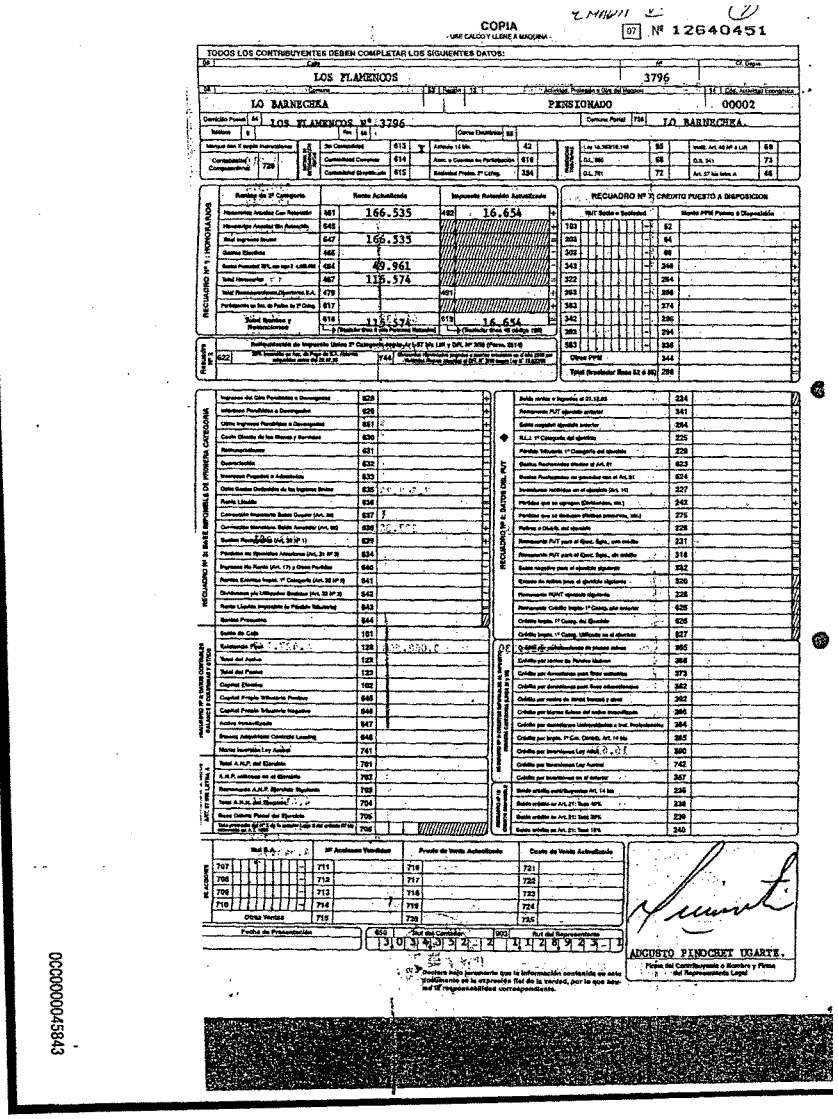
NOTA: El Post Unico Tributario, Nombre o Razón Social, Resultado Liquidación Anual Impuesto Renta, Remesa, Crédito, Impto. Pagado deben coincidir de Identificación con declaración.

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- USE CALCO Y LLENE A MAQUINA -

07 Nº 12640451

TODOS LOS CONTRIBUYENTES DEBEN COMPLETAR LOS SIGUIENTES DATOS:

04 Calle		Nº	Cf. Copia
LOS FLAMENCOS		3796	
05 Comuna	06 Teléfono	12 Actividad Principal o Giro del Negocio	11 Cód. Actividad Económica
LO BARNECHEA		PENSIONADO	00002
Dirección Postal 04 LOS FLAMENCOS Nº 3796		Comuna Postal 726 LO BARNECHEA.	
Teléfono 0 Fax 06	Correo Electrónico 02		

RECUADRO Nº 1 : HONORARIOS

Ranking de 1ª Categoría		Renta Actualizada		Impuesto Retenido Actualizado	
Honorarios Afectos Con Retención	461	166.535	460	16.654	
Honorarios Afectos Sin Retención	545				
Real Ingreso Bruto	547	166.535			
Gastos Efectivos	466				
Renta Presunta 30% sin tope $ 4.800.000	464	49.961			
Total Honorarios	467	116.574			
Total Remuneraciones Dependientes S.A.	479		401		
Participación en Ent. de Fondo de 1ª Categ.	617				
Total Rentas y Retenciones	618	116.574	619	16.654	

(Traslade Base 618 a Línea 1 del Formulario Resumen) (Traslade Base 40 código 1085)

Reliquidación de Impuesto Global Complementario según Art. 97 Nº 4 LIR y DFL Nº 3538 (Form. 3514)

Base Imponible en Ref. de Pago de N.C. Abonos	622	Y44	Remuneración Imponible percibida en el año 2004 por Directores Sociedad anónima cerrada (Art. 33 Nº 2 DFL Nº 3.538 según Ley Nº 19.705)

RECUADRO Nº 3 CREDITO PUESTO A DISPOSICION

Nº Serie o Institución	Monto PPM Puesto a Disposición	
151	62	
303	64	
323	66	
343	348	
322	354	
363	356	
383	374	
342	286	
363	294	
583	336	
Otros PPM	344	
Total Granlocker Base 62 a 80	288	

RECUADRO Nº 2: BASE IMPONIBLE DE PRIMERA CATEGORIA

Ingresos del Giro Percibidos o Devengados	629	
Intereses Percibidos o Devengados	630	
Otros Ingresos Percibidos o Devengados	667	
Costo Directo de los Bienes y Servicios	636	
Remuneraciones	631	
Gastos Varios	632	
Intereses Pagados a Accionistas	633	
Otros Gastos Deducibles de los Ingresos Brutos	635	
Renta Líquida	634	
Corrección Monetaria Saldo Deudor (Art. 35)	637	
Corrección Monetaria Saldo Acreedor (Art. 35)	638	
Gastos Rechazados (Art. 21 Nº 1)	639	
Pérdidas no Ejercidas Absorbidas (Art. 31 Nº 3)	634	
Ingresos No Renta (Art. 17) y Otros Percibidos	640	
Rentas Exentas Impto. 1ª Categoría (Art. 39 Nº 5)	641	
Disminuciones por Utilidades Absorbidas (Art. 33 Nº 3)	642	
Renta Líquida Imponible de Primera Categoría	643	
Rentas Presuntas	644	
Saldos de Caja	101	
Existencias Final	128	
Total del Activo	125	
Total del Pasivo	133	
Capital Efectivo	102	
Capital Propio Tributario Positivo	645	
Capital Propio Tributario Negativo	646	
Activo Inmovilizado	647	
Bienes Adquiridos Contrato Leasing	648	
Monto Inversión Ley Austral	741	
Total A.N.R. del Ejercicio	701	
A.N.R. utilizados en el Ejercicio	702	
Remanente A.N.R. Ejercicio Siguiente	703	
Total A.N.R. Del Ejercicio	704	
Renta Líquida Global del Ejercicio	705	
Base Imponible Art. 21 Inciso 1 del artículo 97 de la Ley de la Renta	706	

RECUADRO Nº 4: BASES DEL PUT

Saldo rentas e ingresos al 31.12.83	224	
Remanente PUT ejercicio anterior	341	
Saldo capital ejercicio anterior	264	
R.L.I. 1ª Categoría del ejercicio	225	
Pérdida Tributaria 1ª Categoría del ejercicio	226	
Gastos Rechazados Afectos al Art. 21	623	
Gastos Rechazados sin gravedad con el Art. 21	624	
Inversiones rechazadas con el ejercicio (Art. 14)	227	
Pérdida que se agregan (Disminución, más.)	243	
Pérdidas que se deducen (Pérdidas prescritas, más.)	275	
Retiros o Distrib. del ejercicio	228	
Remanente PUT para el Ejerc. Sgte., con crédito	231	
Remanente PUT para el Ejerc. Sgte., sin crédito	316	
Saldo capital para el ejercicio siguiente	232	
Ingresos no rentas para el ejercicio siguiente	320	
Remanente INVAT ejercicio siguiente	228	
Remanente Crédito Impto 1ª Categ. para ejercicio	626	
Crédito Impto. 1ª Categ. Art. 21 ejercicio	625	
Crédito Impto. 1ª Categ. Utilizado en el ejercicio	627	
Crédito por Gastos de Capacitación (Franquicia Sence)	365	
Crédito por Activos en Personas Mayores	366	
Crédito por Donaciones para fines culturales	373	
Crédito por Donaciones para fines educacionales	362	
Crédito por Gastos de Alcohol Drogas y otros	362	
Crédito por Bienes Raíces del sector inmobiliario	380	
Crédito por Donaciones Universidades e Inst. Profesionales	364	
Crédito por Impto. 1ª Cat. Diario, Art. 14 bis	385	
Crédito por Inversiones Ley 18.392 0.01	380	
Crédito por Inversiones Ley Austral	742	
Crédito por Inversiones en el exterior	367	
Saldo crédito exist/Suprimido Art. 14 ter	236	
Saldo crédito no Art. 21 Tasa 10%	238	
Saldo crédito no Art. 21 Tasa 30%	239	
Saldo crédito no Art. 21 Tasa 15%	240	

RELACIONES

Mod. S.A.	Nº Acciones Vendidas	Precio de Venta Actualizado	Costo de Venta Actualizado
707	711	716	721
708	712	717	722
709	713	718	723
710	714	719	724
Otras Ventas	715	720	725

Fecha de Presentación

652 Rut del Contribuyente: 13.032.521-4

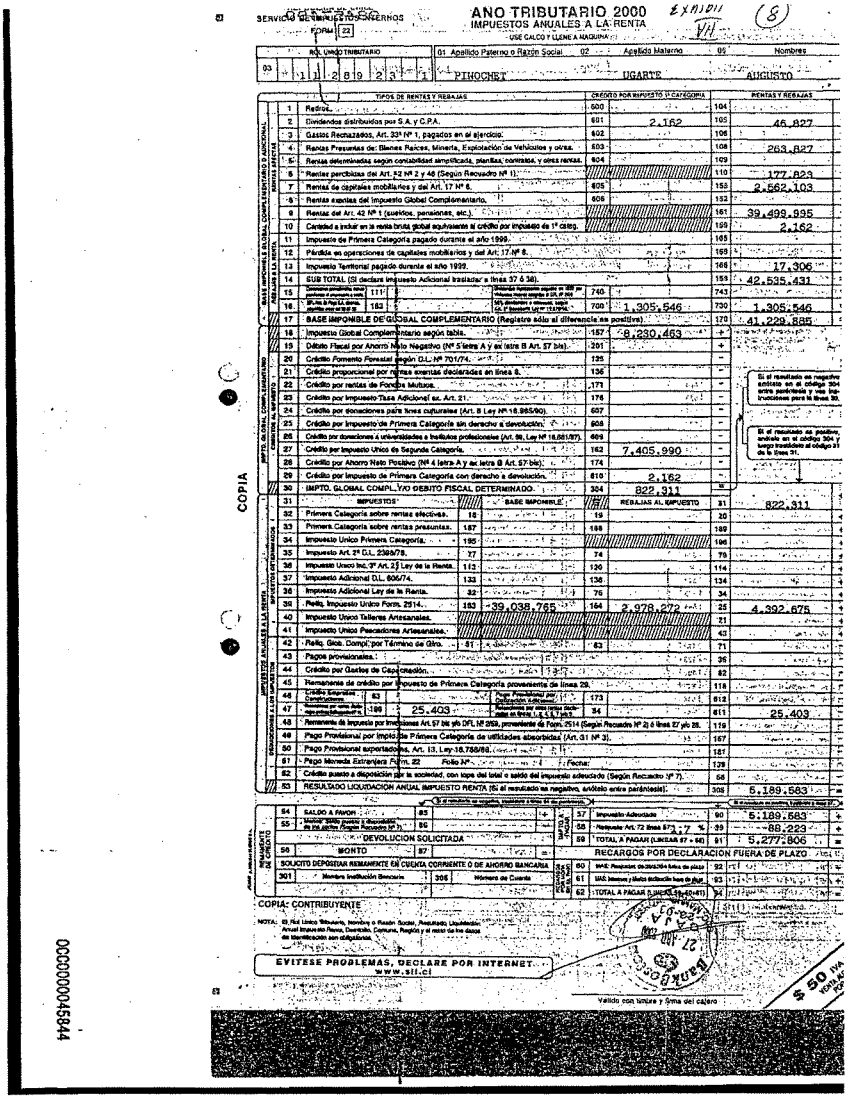
903 Rut del Representante: 4.142.945-1

07 Declaro bajo juramento que la información contenida en este formulario es la expresión fiel de la verdad, por lo que asumo la responsabilidad correspondiente.

AUGUSTO PINOCHET UGARTE.

Firma del Contribuyente o Nombre y Firma del Representante Legal

00000000045843



SERVICIO DE IMPUESTOS INTERNOS

FORM 22

AÑO TRIBUNARIO 2000
IMPUESTOS ANUALES A LA RENTA

USE CALCO Y LLENE A MAQUINA

EXAMEN VII (8)

03	ROL UNICO TRIBUTARIO	01 Apellido Paterno o Razón Social	02 Apellido Materno	05 Nombres
	3.818.293-1	PINOCHET	UGARTE	AUGUSTO

		TIPOS DE RENTAS Y REBAJAS		CREDITO POR IMPUESTO 1ª CATEGORIA		RENTAS Y REBAJAS	
BASE IMPONIBLE IMPTO. GLOBAL COMPLEMENTARIO Y ADICIONAL (RENTAS EFECTIVAS)	1	Retiros	600		104		
	2	Dividendos distribuidos por S.A. y C.P.A.	601	2.162	105	46.827	
	3	Gastos Rechazados, Art. 33º Nº 1, pagados en el ejercicio	602		106		
	4	Rentas Presuntas de: Bienes Raíces, Minería, Explotación de Vehículos y otras.	603		108	263.827	
	5	Rentas determinadas según contabilidad simplificada, planillas, contratos, y otras rentas.	604		109		
	6	Rentas percibidas del Art. 42 Nº 2 y 46 (Según Recuadro Nº 1)			110	177.823	
	7	Rentas de capitales mobiliarios y del Art. 17 Nº 8.	605		155	2.562.103	
	8	Rentas exentas del Impuesto Global Complementario.	606		132		
	9	Rentas del Art. 42 Nº 1 (sueldos, pensiones, etc.)			161	39.498.995	
	10	Cantidad a sumar en la renta bruta global equivalente al crédito por impuesto de 1ª categ.			199	2.162	
	11	Impuesto de Primera Categoría pagado durante el año 1999.			165		
	12	Pérdida en operaciones de capitales mobiliarios y del Art. 17 Nº 8.			169		
	13	Impuesto Territorial pagado durante el año 1999.			166	17.306	
	14	SUB TOTAL (Si declara Impuesto Adicional trasladar a línea 37 ó 38).			153	42.535.431	
	15	Remesas presuntas netas 111			743		
	16	Rtas. Imp. Art. 58 inc. 1º, 2º y 3º, Ley 18.768 183		1.305.546	730	1.305.546	
	17	BASE IMPONIBLE DE GLOBAL COMPLEMENTARIO (Registre sólo si diferencia es positiva)			170	41.229.885	
IMPTO. GLOBAL COMPLEMENTARIO CREDITOS AL IMPUESTO	18	Impuesto Global Complementario según tabla	157	8.230.463	+		
	19	Débito Fiscal por Ahorro Neto Negativo (Nº 5 letra A y ex letra B Art. 57 bis)	201		+		
	20	Crédito *Fomento Forestal* según D.L. Nº 701/74	125		-		
	21	Crédito proporcional por rentas exentas declaradas en línea 8	136		-		
	22	Crédito por rentas de Fondos Mutuos	171		-		
	23	Crédito por Impuesto Tasa Adicional ex. Art. 21	176		-		
	24	Crédito por donaciones para fines culturales (Art. 8 Ley Nº 18.985/90)	607		-		
	25	Crédito por Impuesto de Primera Categoría sin derecho a devolución	608		-		
	26	Crédito por donaciones a universidades e Institutos profesionales (Art. 69, Ley Nº 18.681/87)	609		-		
	27	Crédito por Impuesto Unico de Segunda Categoría	162	7.405.990	-		
	28	Crédito por Ahorro Neto Positivo (Nº 4 letra A y ex letra B Art. 57 bis)	174		-		
	29	Crédito por Impuesto de Primera Categoría con derecho a devolución	610	2.162	-		
	30	IMPTO. GLOBAL COMPL. Y/O DEBITO FISCAL DETERMINADO	304	822.311	=		
IMPUESTOS ANUALES A LA RENTA / IMPUESTOS DETERMINADOS	31	IMPUESTOS	BASE IMPONIBLE	REBAJAS AL IMPUESTO	31	822.311	
	32	Primera Categoría sobre rentas efectivas	18	19	20		
	33	Primera Categoría sobre rentas presuntas	187	188	189		
	34	Impuesto Unico Primera Categoría	195		196		
	35	Impuesto Art. 2º D.L. 2398/78	77	74	79		
	36	Impuesto Unico Inc. 3º Art. 21 Ley de la Renta	113	120	114		
	37	Impuesto Adicional D.L. 806/74	133	136	134		
	38	Impuesto Adicional Ley de la Renta	33	76	34		
	39	Reliq. Impuesto Unico Form. 2514	183	-39.038.765	144	2.978.272	4.392.675
	40	Impuesto Unico Talleres Artesanales			21		
	41	Impuesto Unico Pescadores Artesanales			43		
	42	Reliq. Glob. Compl. por Término de Giro	81	83	71		
	43	Pagos provisionales			35		
	44	Crédito por Gastos de Capacitación			82		
	45	Remanente de crédito por Impuesto de Primera Categoría proveniente de línea 29			118		
	46	Crédito Especial Constructores 63		Pago Provisional por Deducción Adicional	173		612
	47	Remanente año anterior 199 25.403		Retenciones del mes como dueño casa en línea 1 o 11 art.	84		611 25.403
	48	Remanente de impuesto por Inversiones Art. 57 bis y/o DFL Nº 2569, proveniente de Form. 2514 (Según Recuadro Nº 2) ó línea 27 y/o 28			119		
	49	Pago Provisional por Impto. de Primera Categoría de utilidades absorbidas (Art. 31 Nº 3)			167		
	50	Pago Provisional suportados, Art. 13, Ley 18.768/88			181		
	51	Pago Moneda Extranjera Form. 22 Folio Nº: Fecha:			129		
	52	Crédito puesto a disposición por la sociedad, con tope del total o saldo del impuesto adeudado (Según Recuadro Nº 7)			56		
	53	RESULTADO LIQUIDACION ANUAL IMPUESTO RENTA (Si el resultado es negativo, anótelo entre paréntesis)			308	6.189.563	=

REMANENTE DE CREDITO	54	SALDO A FAVOR	85	+		57	Impuesto Adeudado	90	6.189.563 +
	55	Monto 35% puesto a disposición de los socios (Según Recuadro Nº 3)	86	-		58	Retenciones Art. 72 línea 57 17 %	99	88.223 -
		DEVOLUCION SOLICITADA				59	TOTAL A PAGAR (LINEAS 57 + 58)	91	6.277.806 =
	56	MONTO	87	=			RECARGOS POR DECLARACION FUERA DE PLAZO		
		SOLICITO DEPOSITAR REMANENTE EN CUENTA CORRIENTE O DE AHORRO BANCARIA				60	MAS Reajustes 0,5%/mes hasta el plazo	92	+
	301	Nombre Institución Bancaria	305	Número de Cuenta		61	MAS Intereses y Multa 40%/mes hasta el	93	+
						62	TOTAL A PAGAR (LINEAS 59+60+61)	94	=

COPIA: CONTRIBUYENTE

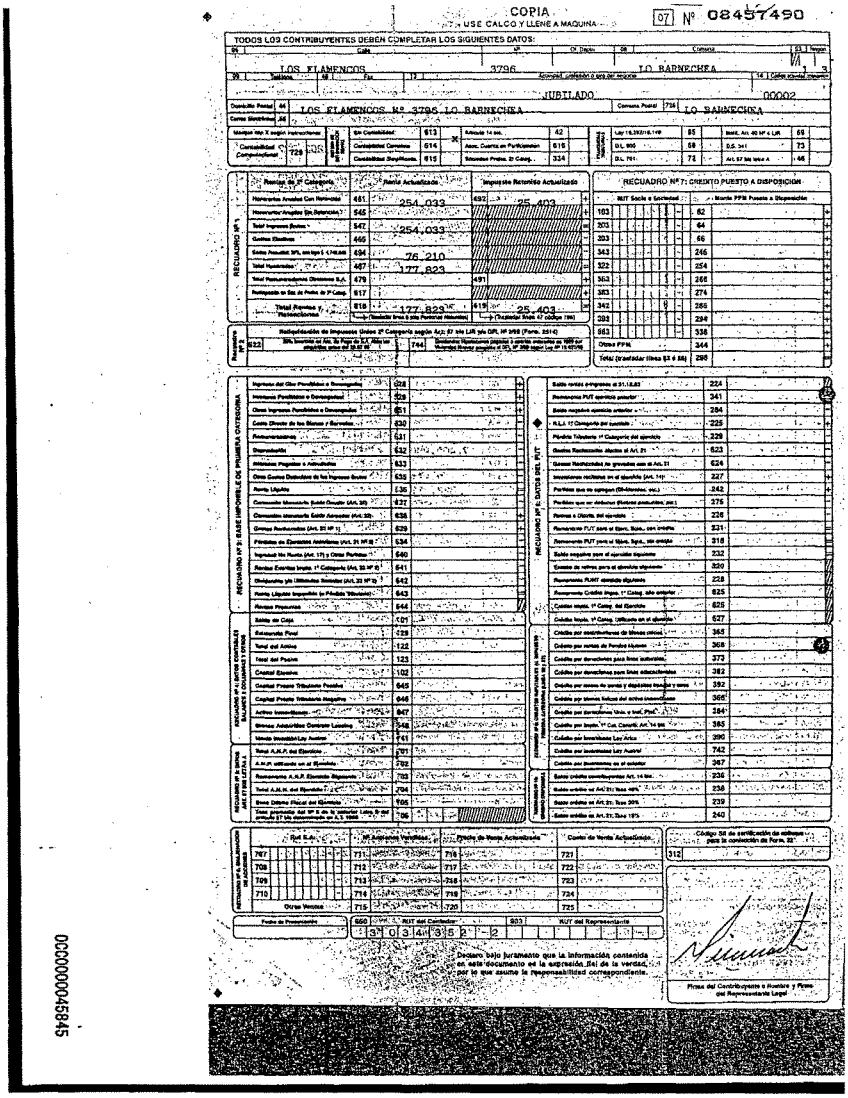
NOTA: El Rol Unico Tributario, Nombre o Razón Social, Apellidos, Liquidación Anual Impuesto Renta, Domicilio, Comuna, Región y el resto de los datos de identificación son obligatorios.

EVITESE PROBLEMAS, DECLARE POR INTERNET
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Banco de Chile — Validó con timbre y firma del cajero — $ 50 IVA incluido

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COPIA
USE CALCO Y LLENE A MAQUINA

07 Nº 08457490

TODOS LOS CONTRIBUYENTES DEBEN COMPLETAR LOS SIGUIENTES DATOS:

LOS FLAMENCOS 3796 LO BARNECHEA

JUBILADO 00002

LOS FLAMENCOS Nº 3796 LO BARNECHEA LO BARNECHEA

RECUADRO Nº 1

		Renta Actualizada	Impuesto Retención Actualizado
Honorarios Anuales Con Retención	681	254.033	692 25.403
Honorarios Anuales Sin Retención	545		
Total Ingresos Brutos	547	254.033	
Gastos Efectivos	460		
Gasto Anual 30% tope $ 1.748.648	694	76.210	
Total Honorarios	467	177.823	
Total Remuneraciones Directores S.A.	479		491
Participación en Utilidades Art. 42 N° 2	617		
Total Rentas y Retenciones	618	177.823	619 25.403

RECUADRO Nº 7: CREDITO PUESTO A DISPOSICION

RUT Socio o Sociedad	Monto PPM Puesto a Disposición
163	62
303	64
353	65
343	246
322	254
363	266
383	274
342	286
393	294
563	336
Otros PPM	344
Total (transferidos línea 53 a 58)	298

RECUADRO Nº 2: BASE IMPONIBLE DE PRIMERA CATEGORIA

Ingresos del Giro Percibidos o Devengados	028	
Ingresos Percibidos o Devengados	029	
Otros Ingresos Percibidos o Devengados	051	
Costo Directo de los Bienes y Servicios	030	
Remuneraciones	031	
Depreciación	032	
Intereses Pagados a Relacionadas	033	
Otros Costos Deducidos de los Ingresos Brutos	035	
Renta Líquida	036	
Corrección Monetaria Saldo Deudor (Art. 32)	037	
Corrección Monetaria Saldo Acreedor (Art. 32)	038	
Gastos Rechazados (Art. 21 Nº 1)	039	
Pérdidas de Ejercicios Anteriores (Art. 31 Nº 4)	534	
Ingresos No Renta (Art. 17) y Otras Rebajas	040	
Rentas Exentas Impto. 1ª Categoría (Art. 39 Nº 4)	041	
Diferencia por Utilidades Retenidas (Art. 33 Nº 3)	042	
Renta Líquida Imponible (o Pérdida Tributaria)	043	
Pérdidas Rezagadas	044	
Saldos de Caja	101	

RECUADRO Nº 3: DATOS CONTABLES BALANCE Y DIVERSOS OTROS

Balance de Prueba	120	
Total del Activo	122	
Total del Pasivo	123	
Capital Efectivo	102	
Capital Propio Tributario Positivo	645	
Capital Propio Tributario Negativo	646	
Activo Inmovilizado	647	
Mayor Valor/Menor Corrección Monetaria	648	
Monto Inversión Ley Austral	741	
Total A.R.F. del Ejercicio	701	
A.R.F. utilizado en el Ejercicio	702	
Remanente A.R.F. Ejercicio Siguiente	703	
Total A.M.H. del Ejercicio	704	
Base Débito Fiscal por Enajenación	705	
Total pagado Art. 64° inc. 3, Ley 18.768 y/o Art. 37 Ley 19.578	706	

RECUADRO Nº 5: DATOS DEL PUT

Saldo rentas empresas al 31.12.83	224	
Remanente PUT ejercicio anterior	241	
Saldo registro ejercicio anterior	284	
R.L.I. 1ª Categoría del ejercicio	225	
Pérdida Tributaria 1ª Categoría del ejercicio	226	
Gastos Rechazados afectos al Art. 21	623	
Gastos Rechazados no gravados con el Art. 21	624	
Impuestos recibidos en el ejercicio (Art. 14)	227	
Pérdidas que no agregan (Sin Absorber, etc.)	242	
Pérdidas que se deducen (Fondos presupuestos, etc.)	275	
Rentas o Utilidad del ejercicio	228	
Remanente PUT para el Ejerc. Sigte., con crédito	231	
Remanente PUT para el Ejerc. Sigte., sin crédito	318	
Saldo negativo para el ejercicio siguiente	232	
Exceso de retiros para el ejercicio siguiente	320	
Remanente PUNT ejercicio siguiente	238	
Remanente Crédito Impto. 1ª Categ. año anterior	625	
Crédito Impto. 1ª Categ. del Ejercicio	626	
Crédito Impto. 1ª Categ. diferido en el ejercicio	627	

RECUADRO Nº 4: DATOS CONTABLES BALANCE Y DIVERSOS OTROS

Crédito por distribuciones de filiales otros	365	
Crédito por rentas de Fondos Mutuos	366	
Crédito por donaciones para fines culturales	373	
Crédito por donaciones para fines educacionales	382	
Crédito por rentas de cartas y depósitos reajust. y otros	392	
Crédito por ahorro bruto del activo inmovilizado	366	
Crédito por donaciones Univ. o Inst. Prof.	384	
Crédito por Impto. 1ª Cat. Convert. Art. 14 ter	385	
Crédito por inversiones Ley Arica	390	
Crédito por inversiones Ley Austral	742	
Crédito por inversiones en el exterior	367	
Saldo crédito contribuyentes Art. 14 ter	236	
Saldo crédito Art. 21, Tasa 40%	238	
Saldo crédito Art. 21, Tasa 35%	239	
Saldo crédito Art. 21, Tasa 15%	240	

RECUADRO Nº 6: DATOS DE OPERACIONES DE ACCIONES

Rut S.A.	Nº Acciones Vendidas	Precio de Venta Actualizado	Costo de Venta Actualizado
707	711	716	721
708	712	717	722
709	713	718	723
710	714	719	724
Otras Ventas	715	720	725

Código Sii de certificación de acciones para la corrección de Form. 22

312

Fecha de Presentación

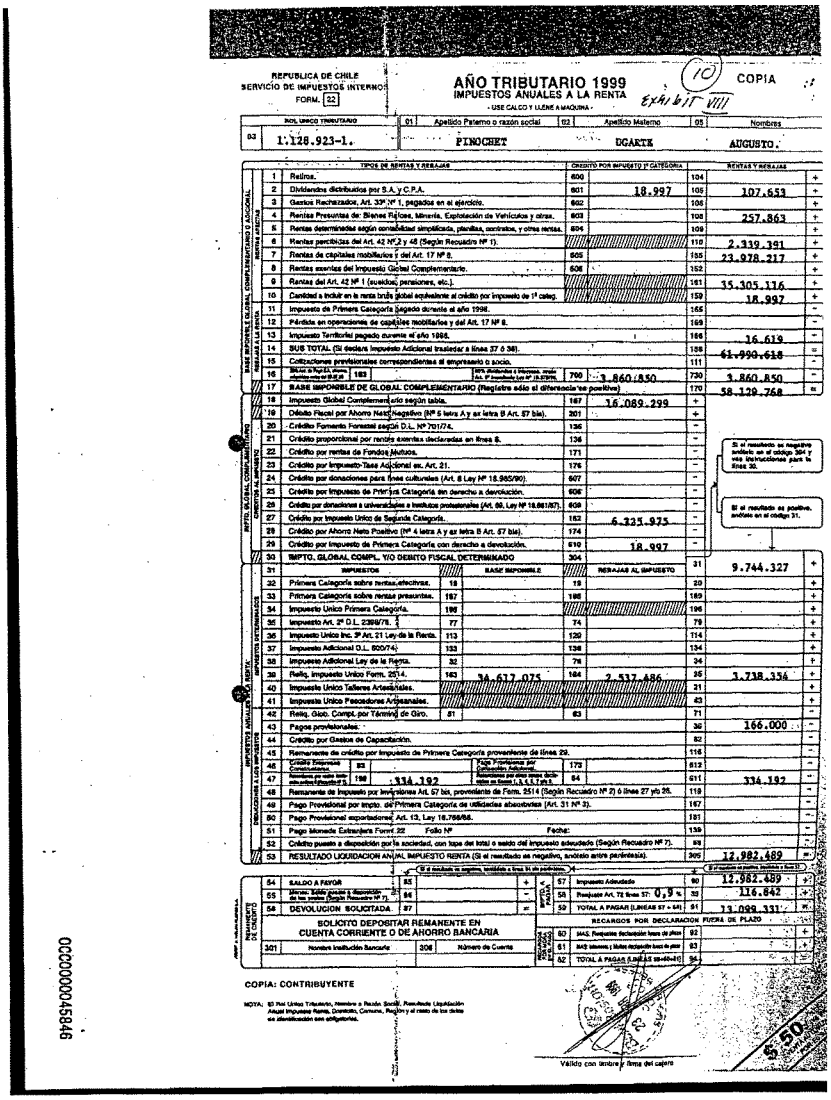
800 RUT del Contador 803 RUT del Representante

13.014.352-2

Declaro bajo juramento que la información contenida en este documento es la expresión fiel de la verdad, por lo que asumo la responsabilidad correspondiente.

Firma del Contribuyente o Nombre y Firma del Representante Legal

0000000045845



REPUBLICA DE CHILE
SERVICIO DE IMPUESTOS INTERNOS
FORM. 22

AÑO TRIBUTARIO 1999
IMPUESTOS ANUALES A LA RENTA
- USE CALCO Y LLENE A MAQUINA -

(10) COPIA
Exhibit VIII

03	NOS. UNICO TRIBUTARIO	01 Apellido Paterno o razón social	02 Apellido Materno	05 Nombres
	1.128.923-1.	PINOCHET	UGARTE	AUGUSTO.

		TIPOS DE RENTAS Y REBAJAS	CREDITO POR IMPUESTO 1ª CATEGORIA		RENTAS Y REBAJAS	
BASE IMPONIBLE Y DETERMINACION IMPTO. GLOBAL COMPLEMENTARIO O ADICIONAL	1	Retiros.	600		104	+
	2	Dividendos distribuidos por S.A. y C.P.A.	601	18.997	105	107.653 +
	3	Gastos Rechazados, Art. 33º,Nº 1, pagados en el ejercicio.	602		106	+
	4	Rentas Presuntas de: Bienes Raíces, Minería, Explotación de Vehículos y otras.	603		108	257.863 +
	5	Rentas determinadas según contabilidad simplificada, planillas, contratos, y otras rentas.	604		109	+
	6	Rentas percibidas del Art. 42 Nº 2 y 48 (Según Recuadro Nº 7).			110	2.339.391 +
	7	Rentas de capitales mobiliarios y del Art. 17 Nº 8.	605		155	23.978.217 +
	8	Rentas exentas del Impuesto Global Complementario.	606		152	+
	9	Rentas del Art. 42 Nº 1 (sueldos, pensiones, etc.)			161	35.305.116 +
	10	Cantidad a incluir en la renta bruta global equivalente al crédito por impuesto de 1ª categ.			159	18.997 +
	11	Impuesto de Primera Categoría pagado durante el año 1998.			165	-
	12	Pérdida en operaciones de capitales mobiliarios y del Art. 17 Nº 8.			169	-
	13	Impuesto Territorial pagado durante el año 1998.			166	16.619 -
	14	SUB TOTAL (Si declara Impuesto Adicional trasladar a línea 37 ó 38).			158	61.990.618 =
	15	Cotizaciones previsionales correspondientes al empresario o socio.			111	-
	16	Base Imponible Impuesto Adicional Art. 58 Nº 3 inciso segundo 183 / Art. 5º transitorio Ley Nº 19.578.	700	3.860.850	730	3.860.850 =
	17	BASE IMPONIBLE DE GLOBAL COMPLEMENTARIO (Registre sólo si diferencia es positiva)			170	58.129.768 =
IMPTO. GLOBAL COMPLEMENTARIO O ADICIONAL	18	Impuesto Global Complementario según tabla.	167	16.089.299	+	
	19	Débito Fiscal por Ahorro Neto Negativo (Nº 5 letra A y 4z letra B Art. 57 bis).	201		+	
	20	Crédito Fomento Forestal según D.L. Nº 701/74.	136		-	
	21	Crédito proporcional por rentas exentas declaradas en línea 8.	136		-	
	22	Crédito por rentas de Fondos Mutuos.	171		-	
	23	Crédito por Impuesto-Tasa Adicional es. Art. 21.	176		-	
	24	Crédito por donaciones para fines culturales (Art. 8 Ley Nº 18.985/90)	607		-	
	25	Crédito por Impuesto de Primera Categoría sin derecho a devolución.	608		-	
	26	Crédito por donaciones a universidades e institutos profesionales (Art. 69, Ley Nº 18.681/87).	609		-	
	27	Crédito por Impuesto Unico de Segunda Categoría.	162	6.325.975	-	
	28	Crédito por Ahorro Neto Positivo (Nº 4 letra A y 4z letra B Art. 57 bis).	174		-	
	29	Crédito por Impuesto de Primera Categoría con derecho a devolución.	610	18.997	-	
	30	IMPTO. GLOBAL COMPL. Y/O DEBITO FISCAL DETERMINADO	304		31	9.744.327 +

Si el resultado es negativo anótelo en el código 304 y vea instrucciones para la línea 30.

Si el resultado es positivo, anótelo en el código 31.

		IMPUESTOS	BASE IMPONIBLE		REBAJAS AL IMPUESTO			
IMPUESTOS ANUALES A LA RENTA	32	Primera Categoría sobre rentas efectivas.	18		19		20	+
	33	Primera Categoría sobre rentas presuntas.	187		186		189	+
	34	Impuesto Unico Primera Categoría.	196				196	+
	35	Impuesto Art. 2º D.L. 2398/78.	77		74		79	+
	36	Impuesto Unico Inc. 3º Art. 21 Ley de la Renta.	113		130		114	+
	37	Impuesto Adicional D.L. 600/74.	133		136		134	+
	38	Impuesto Adicional Ley de la Renta.	32		76		34	+
	39	Retiq. Impuesto Unico Form. 2514.	163	34.617.075	164	2.537.486	35	1.738.354 +
	40	Impuesto Unico Talleres Artesanales.					21	+
	41	Impuesto Unico Pescadores Artesanales.					43	+
	42	Retiq. Glob. Compl. por Término de Giro.	81		83		71	-
	43	Pagos provisionales.					36	166.000 -
	44	Crédito por Gastos de Capacitación.					82	-
	45	Remanente de crédito por Impuesto de Primera Categoría proveniente de línea 29.					116	-
	46	Crédito Empresas Constructoras.	83		172		812	-
	47	Crédito por Impuesto Unico inciso segundo Art. 21	198	334.192	84		811	334.192 -
	48	Remanente de impuesto por inversiones Art. 57 bis, proveniente de Form. 2514 (Según Recuadro Nº 2) ó línea 27 y/o 35.					119	-
	49	Pago Provisional por impto. del Primera Categoría de utilidades absorbidas (Art. 31 Nº 3).					197	-
	50	Pago Provisional exportadores Art. 13, Ley 18.708/88.					191	-
	51	Pago Moneda Extranjera Form. 22 Folio Nº		Fecha:			135	-
	52	Crédito puesto a disposición por la sociedad, con tope del total o saldo del impuesto adeudado (Según Recuadro Nº 7).					93	-
	53	RESULTADO LIQUIDACION ANUAL IMPUESTO RENTA (Si el resultado es negativo, anótelo entre paréntesis).					305	12.982.489 =

		Si el resultado es negativo, anótelo a línea 54 ó 55 y/o 58			Si el resultado es positivo, anótelo a línea 53		
REMANENTE CREDITO	54	SALDO A FAVOR	85	+	57 Impuesto Adeudado	60	12.982.489 +
	55	Menos: Saldo puesto a disposición de los socios (Según Recuadro Nº 7)	86	-	58 Pregunte Art. 72 línea 57: 0,9 %	59	116.842 +
	56	DEVOLUCION SOLICITADA	87	=	59 TOTAL A PAGAR (LINEAS 57 + 58)	61	13.099.331 =

SOLICITO DEPOSITAR REMANENTE EN CUENTA CORRIENTE O DE AHORRO BANCARIA

301	Nombre Institución Bancaria	306	Número de Cuenta

RECARGOS POR DECLARACION FUERA DE PLAZO

60	MAS: Recargos declaración fuera de plazo	92	+
61	MAS: Intereses y Multas declaración fuera de plazo	93	+
62	TOTAL A PAGAR (LINEAS 59+60+61)	94	=

COPIA: CONTRIBUYENTE

NOTA: El Rol Unico Tributario, Nombre o Razón Social, Fecha de Liquidación Anual Impuesto Renta, Domicilio, Comuna, Región y el resto de los datos de identificación son obligatorios.

Válido con timbre y firma del cajero

$5.50

0000000045846

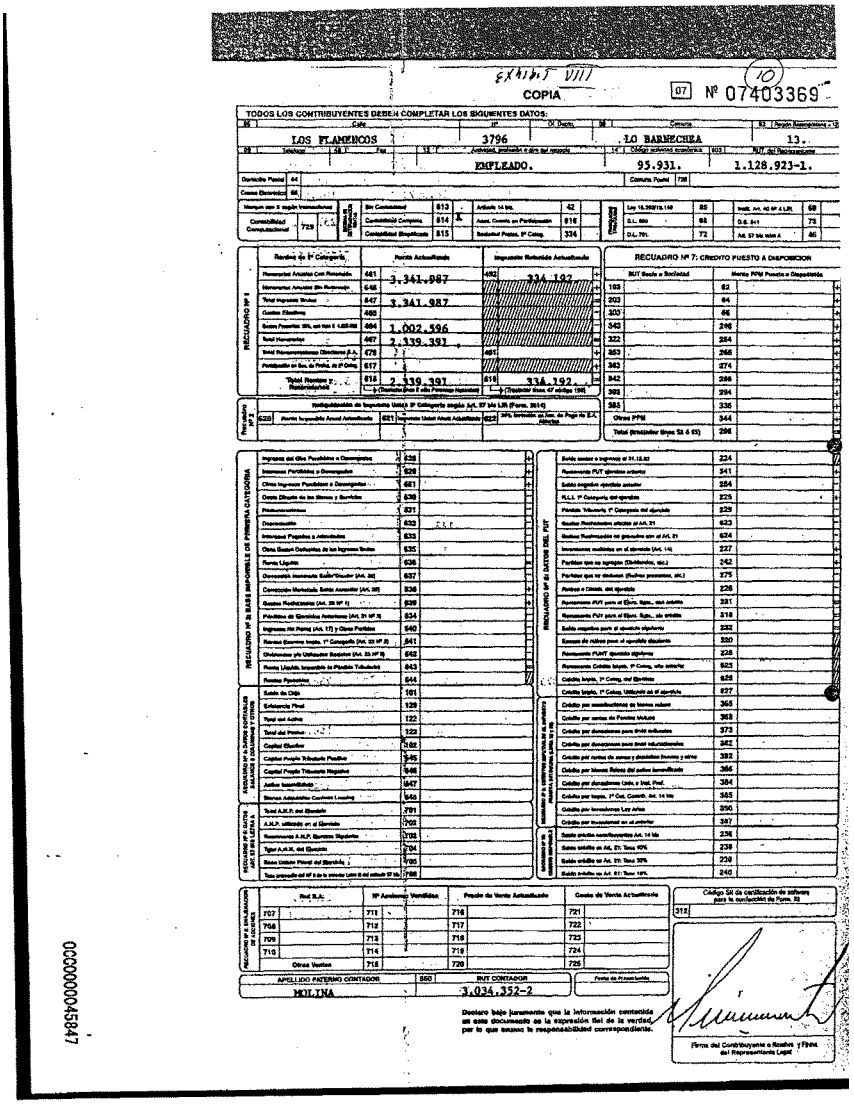


EXHIBIT VIII

COPIA

07 Nº 07403369

TODOS LOS CONTRIBUYENTES DEBEN COMPLETAR LOS SIGUIENTES DATOS:

Calle	Nº	Of./Depto.	Comuna	Región Administrativa
LOS FLAMENCOS	3796		LO BARNECHEA	13.

Teléfono	Fax	Actividad, profesión u oficio del negocio	Código actividad económica	RUT del Representante
		EMPLEADO.	95.931.	1.128.923-1.

Domicilio Postal 64 — Comuna Postal 738

Marque con X según corresponda — Contabilidad Computacional 729

Sin Contabilidad 813 — Contabilidad Completa 814 X — Contabilidad Simplificada 815

Artículo 14 letra 42 — Asoc. Cuentas en Participación 816 — Sociedad Profes. 2ª Categ. 334

Ley 18.392/15.140 85 — D.L. 600 86 — D.L. 701 72

Instit. Art. 42 Nº 4 LIR 69 — D.S. 341 73 — Art. 57 bis letra A 46

RECUADRO Nº 1

Renta de 1ª Categoría		Monto Actualizado		Impuesto Retenido Actualizado	
Remuneración Afectada Con Retención	461	3.341.987	462	334.192	+
Remuneración Afectada Sin Retención	646				+
Total Ingresos Brutos	647	3.341.987			=
Gastos Flexibles	468				-
Bonos Powerful 30% con tope 1.400.000	464	1.002.596			=
Total Haberes	467	2.339.391			=
Total Remuneraciones Gravadas p.A.F.	478		481		+
Participación en Ben. de Profit. de 2ª Categ.	617				+
Total Rentas y Retenciones	616	2.339.391	618	334.192	=

└ (Transcribir Línea 47 código 1045)

Reliquidación de Impuesto Anual 2ª Categoría según Art. 57 bis LIR (Form. 3914)

620 Monto Impuesto Anual Actualizado 621 Impuesto Anual Actualizado 622 30% Devolución en Exc. de Pago de E.A. Efectivo

RECUADRO Nº 7: CREDITO PUESTO A DISPOSICION

RUT Socio o Sociedad		Monto PPM Prestio o Depositado	
103		62	+
203		64	+
303		66	+
143		246	+
323		264	+
353		266	+
363		274	+
342		286	+
393		294	+
383		336	+
Otros PPM		344	+
Total (transcribir línea 53 ó 63)		296	

RECUADRO Nº 2: BASE IMPONIBLE DE PRIMERA CATEGORIA

Ingresos del Giro Percibidos o Devengados	538	+
Intereses Percibidos o Devengados	539	+
Otros Ingresos Percibidos o Devengados	661	+
Costo Directo de los Bienes y Servicios	539	-
Remuneraciones	631	-
Depreciación	632	-
Intereses Pagados a Relacionados	633	-
Otros Gastos Deducibles de los Ingresos Brutos	535	-
Renta Líquida	536	=
Diferencia Inmuebles Sobr/Deudor (Art. 39)	537	+
Corrección Monetaria Saldo Acreedor (Art. 39)	538	+
Gastos Rechazados (Art. 21 Nº 1)	539	+
Pérdidas de Ejercicios Anteriores (Art. 31 Nº 3)	634	-
Ingresos No Renta (Art. 17) y Otros Rebajas	540	-
Rentas Exentas Impto. 1ª Categoría (Art. 33 Nº 2)	541	-
Dividendos y/o Utilidades Sociales (Art. 33 Nº 3)	542	-
Renta Líquida Imponible de Primera Categoría	543	=
Pérdida Ejercicio	544	=

RECUADRO Nº 3: DATOS CONTABLES PARA DETERMINAR EL FACTOR DE ACTUALIZACION

Saldo de Caja	101	
Existencia Final	129	
Total del Activo	122	
Total del Pasivo	329	
Capital Efectivo	588	
Capital Propio Tributario Positivo	545	
Capital Propio Tributario Negativo	546	
Activo Inmobiliario	547	
Bienes Adquiridos Contrato Leasing	548	

RECUADRO Nº 5: DATOS PARA DETERMINAR EL REAJUSTE DEL EJERCICIO

Total A.N.R. del Ejercicio	701	
A.N.R. utilizado en el Ejercicio	702	
Remanente A.N.R. Ejercicio Siguiente	703	
Total A.N.R. del Ejercicio	704	
Base Cálculo Pérdid del Ejercicio	705	
Tasa propuesta del Nº 4 de la columna Letra B del artículo 97 bis	706	

RECUADRO Nº 6: DETERMINACION DE LA RENTA LIQUIDA IMPONIBLE DEL EJERCICIO

Rol S.I.I.		Nº Acciones Vendidas		Precio de Venta Actualizado		Costo de Venta Actualizado	
707		711		716		721	
708		712		717		722	
709		713		718		723	
710		714		719		724	
Otras Ventas		715		720		725	

RECUADRO Nº 9: CREDITO POR IMPUESTOS EXTRANJEROS

Saldo crédito a ingresos al 31.12.82	224	
Remanente FUT ejercicio anterior	341	
Saldo negativo ejercicio anterior	354	
R.L.I. 1ª Categoría del ejercicio	225	
Pérdida Tributaria 1ª Categoría del ejercicio	229	
Rentas Rechazadas afectas art. 21	623	
Rentas Rechazadas no gravadas con el Art. 21	624	
Inversiones realizadas en el ejercicio (Art. 14)	227	
Partidas que se agregan (Dividendos, etc.)	242	
Partidas que se deducen (Rentas presuntas, etc.)	275	
Rentas o Cálculo, del ejercicio	226	
Remanente FUT para el Ejerc. Sgte., con crédito	231	
Remanente FUT para el Ejerc. Sgte., sin crédito	319	
Saldo negativo para el ejercicio siguiente	232	
Exceso de rebaja para el ejercicio siguiente	350	
Remanente FUNT ejercicio siguiente	228	
Remanente Crédito Impto. 1ª Categ., con crédito	625	
Crédito Impto. 1ª Categ. del Ejercicio	626	

RECUADRO Nº 10: DETERMINACION DE LA RENTA LIQUIDA IMPONIBLE DEL EJERCICIO

Crédito Impto. 1ª Categ. Utilizado en el ejercicio	627	
Crédito por reconstrucciones en bienes raíces	365	
Crédito por rentas de Fuentes Mixtas	368	
Crédito por donaciones para fines culturales	373	
Crédito por donaciones para fines educacionales	382	
Crédito por rentas de censo y dividendos hipoteca y otros	382	
Crédito por bienes Raíces del activo inmobiliario	366	
Crédito por donaciones Univ. e Inst. Prof.	384	
Crédito por impto. 1ª Cat. Contrib. Art. 14 letra	385	
Crédito por inversiones Ley Arica	390	
Crédito por Investment en el exterior	387	
Saldo crédito contribuyentes Art. 14 letra	236	
Saldo crédito ex Art. 21; Tasa 40%	239	
Saldo crédito ex Art. 21; Tasa 30%	238	
Saldo crédito ex Art. 21; Tasa 10%	240	

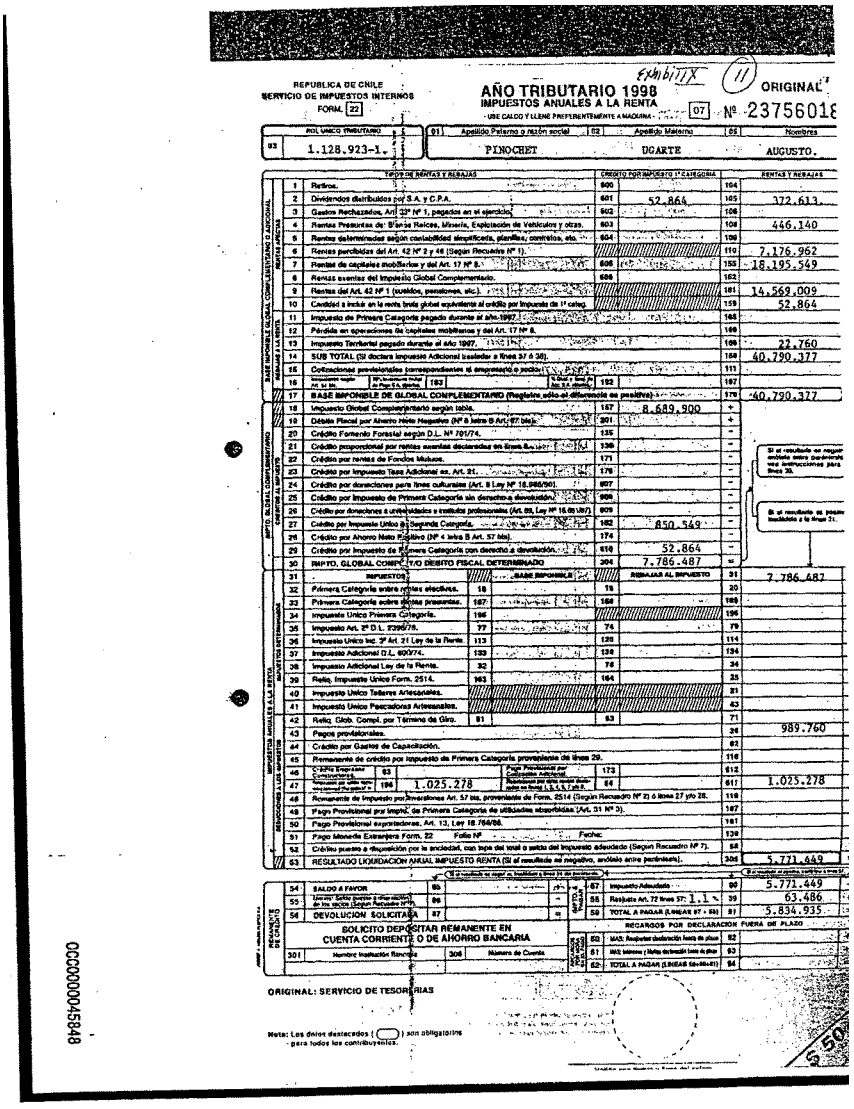
APELLIDO PATERNO CONTADOR		660	RUT CONTADOR	Fecha de Presentación
MOLINA			3.034.352-2	

Código SII de certificación de software para la confección de Form. 22: 312

Declaro bajo juramento que la información contenida en este documento es la expresión fiel de la verdad por lo que asumo la responsabilidad correspondiente.

Firma del Contribuyente o Nombre y Firma del Representante Legal

0000000045847



REPUBLICA DE CHILE
SERVICIO DE IMPUESTOS INTERNOS
FORM. 22

Exhibit IX (11)

AÑO TRIBUTARIO 1998
IMPUESTOS ANUALES A LA RENTA

ORIGINAL

- USE CALCO Y LLENE PREFERENTEMENTE A MAQUINA -

07 Nº 23756018

ROL UNICO TRIBUTARIO	01 Apellido Paterno o razón social	02 Apellido Materno	03 Nombres
1.128.923-1	PINOCHET	UGARTE	AUGUSTO.

		TIPOS DE RENTAS Y REBAJAS	CREDITO POR IMPUESTO 1ª CATEGORIA		RENTAS Y REBAJAS
BASE IMPONIBLE GLOBAL COMPLEMENTARIO Y ADICIONAL AFECTA A LA RENTA	1	Retiros.	600	104	
	2	Dividendos distribuidos por S.A. y C.P.A.	601 52.864	105	172.613.
	3	Gastos Rechazados, Art. 33° Nº 1, pagados en el ejercicio.	602	106	
	4	Rentas Presuntas de: Bienes Raices, Mineria, Explotación de Vehiculos y otras.	603	108	446.140
	5	Rentas determinadas según contabilidad simplificada, planillas, contratos, etc.	604	109	
	6	Rentas percibidas del Art. 42 Nº 2 y 48 (Según Recuadro Nº 1).		110	7.176.962
	7	Rentas de capitales mobiliarios y del Art. 17 Nº 8.	605	155	18.195.549
	8	Rentas exentas del Impuesto Global Complementario.	606	162	
	9	Rentas del Art. 42 Nº 1 (sueldos, pensiones, etc.).		161	14.569.009
	10	Cantidad a incluir en la renta bruta global equivalente al crédito por impuesto de 1ª categ.		159	52.864
	11	Impuesto de Primera Categoría pagado durante el año 1997.		165	
	12	Pérdida en operaciones de capitales mobiliarios y del Art. 17 Nº 8.		166	
	13	Impuesto Territorial pagado durante el año 1997.		109	22.760
	14	SUB TOTAL (Si declara impuesto Adicional trasladar a línea 37 ó 38).		168	40.790.377
	15	Cotizaciones previsionales (correspondientes al empresario o socio).		111	
	16	Impuesto según Art. 52 inc. 1° (Tasa 15% sobre) 192 (Tasa 5% sobre) 193		167	
	17	BASE IMPONIBLE DE GLOBAL COMPLEMENTARIO (Registre sólo si diferencia es positiva)		170	40.790.377
IMPTO. GLOBAL COMPLEMENTARIO CREDITOS AL IMPUESTO	18	Impuesto Global Complementario según tabla.	187 8.689.900	+	
	19	Débito Fiscal por Ahorro Neto Negativo (Nº 8 letra D Art. 97 bis).	301	+	
	20	Crédito Fomento Forestal según D.L. Nº 701/74.	135	-	
	21	Crédito proporcional por rentas exentas declaradas en línea 8.	136	-	
	22	Crédito por rentas de Fondos Mutuos.	171	-	
	23	Crédito por Impuesto Tasa Adicional ex. Art. 21.	176	-	
	24	Crédito por donaciones para fines culturales (Art. 8 Ley Nº 18.985/90).	807	-	
	25	Crédito por Impuesto de Primera Categoría sin derecho a devolución.	906	-	
	26	Crédito por donaciones a universidades o institutos profesionales (Art. 69, Ley Nº 18.66 1/87).	809	-	
	27	Crédito por Impuesto Unico 2ª Categoría.	182 850.549	-	
	28	Crédito por Ahorro Neto Positivo (Nº 4 letra B Art. 57 bis).	174	-	
	29	Crédito por Impuesto de Primera Categoría con derecho a devolución.	616 52.864	-	
	30	IMPTO. GLOBAL COMPLTVO DEBITO FISCAL DETERMINADO	304 7.786.487	=	
IMPUESTOS ANUALES A LA RENTA DETERMINADOS Y RECARGOS	31	IMPUESTOS / BASE IMPONIBLE / REBAJAS AL IMPUESTO		31	7.786.487
	32	Primera Categoría sobre rentas efectivas. 18	18	20	
	33	Primera Categoría sobre rentas presuntas. 187	188	189	
	34	Impuesto Unico Primera Categoría. 196		196	
	35	Impuesto Art. 2° D.L. 2398/78. 77	74	79	
	36	Impuesto Unico Inc. 2° Art. 21 Ley de la Renta. 113	120	114	
	37	Impuesto Adicional D.L. 600/74. 139	138	134	
	38	Impuesto Adicional Ley de la Renta. 32	73	34	
	39	Reliq. Impuesto Unico Form. 2514. 163	164	35	
	40	Impuesto Unico Talleres Artesanales.		81	
	41	Impuesto Unico Pescadores Artesanales.		82	
	42	Reliq. Glob. Compl. por Término de Giro. 81	83	71	
	43	Pagos provisionales.		26	989.760
	44	Crédito por Gastos de Capacitación.		82	
	45	Remanente de crédito por impuesto de Primera Categoría proveniente de línea 29.		110	
	46	Crédito Empresas Constructoras (Ley Nº 19.3 5) 83	Pago Provisional por Cuotas(as) Adicional 173	612	
	47	Crédito Art. 33 bis Ley de la Renta (Ley Nº 19.3 5) 196 1.025.278	Reliquidación por otros conceptos (Ley Nº 19.578) 84	611	1.025.278
	48	Remanente de impuesto por Donaciones Art. 57 bis, provenientes de Form. 2514 (Según Recuadro Nº 2) o línea 27 y/o 28.		119	
	49	Pago Provisional por Imptos. de Primera Categoría de utilidades absorbidas (Art. 31 Nº 3).		187	
	50	Pago Provisional exportadores, Art. 13, Ley 18.764/88.		181	
	51	Pago Moneda Extranjera Form. 22 Folio Nº Fecha:		139	
	52	Crédito puesto a disposición por la sociedad, con tope del total o saldo del impuesto adeudado (Según Recuadro Nº 7).		68	
	53	RESULTADO LIQUIDACION ANUAL IMPUESTO RENTA (Si el resultado es negativo, anótelo entre paréntesis).		306	5.771.449

Si el resultado es negativo, anótelo entre paréntesis y pase a línea 54

54	SALDO A FAVOR	85	-	87	Impuesto Adeudado	89 5.771.449
55	Monto Saldo Puesto a disposición de los socios (Según Recuadro Nº 7)	86	-	88	Rebaja Art. 72 línea 37: 1.1	99 63.486
56	DEVOLUCION SOLICITADA	87	=	58	TOTAL A PAGAR (LINEAS 87 - 88)	91 5.834.935

SOLICITO DEPOSITAR REMANENTE EN CUENTA CORRIENTE O DE AHORRO BANCARIA

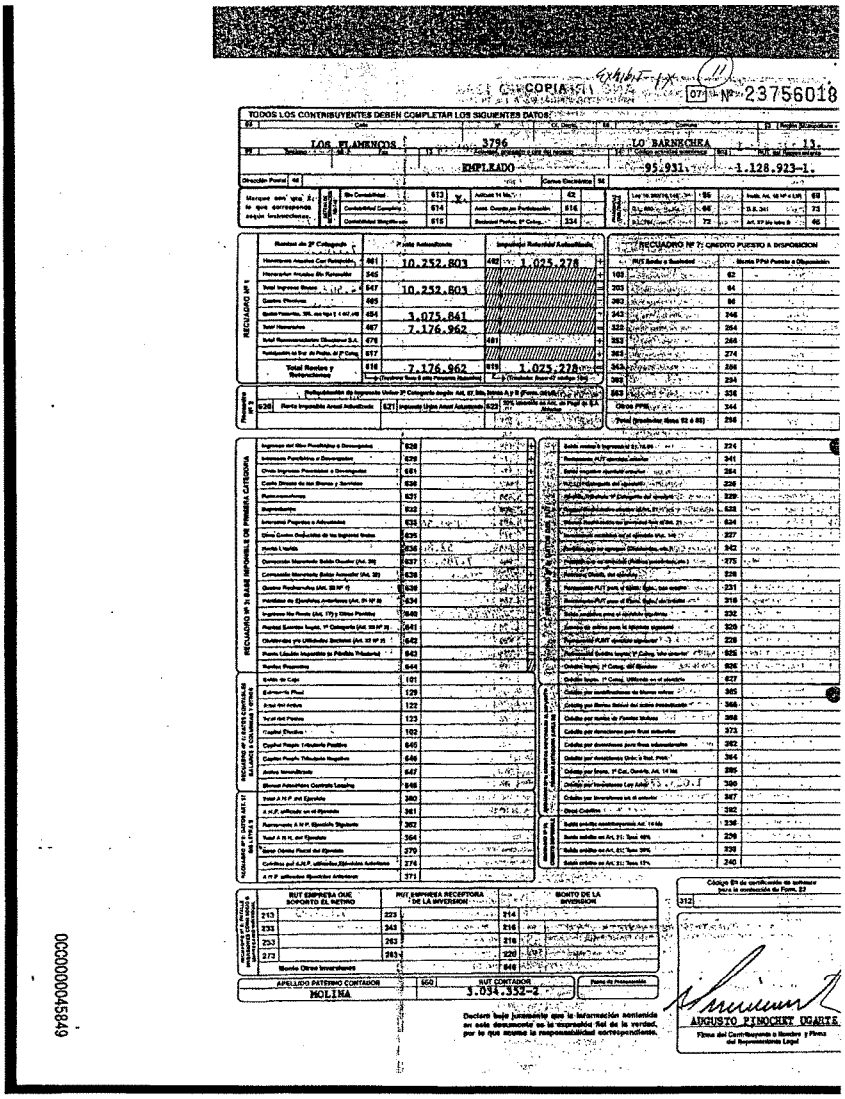
RECARGOS POR DECLARACION FUERA DE PLAZO

301	Nombre Institución Bancaria	305	Número de Cuenta	60	MAS: Recargos declaración fuera de plazo 92
				61	MAS: Intereses (Meses declaración fuera de plazo 93
				62	TOTAL A PAGAR (LINEAS 58+60+61) 94

ORIGINAL: SERVICIO DE TESORERIAS

Notas: Los datos destacados ( ) son obligatorios para todos los contribuyentes.

OCCC00000045848



COPIA

07 Nº 23756018

TODOS LOS CONTRIBUYENTES DEBEN COMPLETAR LOS SIGUIENTES DATOS

Calle		Nº	Comuna		
LOS FLAMENCOS		3796	LO BARNECHEA		13.
Teléfono	Fax	Actividad económica que declara	1er Código actividad económica		RUT del Representante
		EMPLEADO		95.931.	-1.128.923-1.

Dirección Postal | Comuna Electrónica

Marque con una X: si no corresponde según instrucciones

Sin Contabilidad	613	X	Artículo 14 letra	42	Ley 18.985/18.146	95	Inciso Art. 14 Nº 4 LIR	69
Contabilidad Completa	614		Acog. Gradual por Pro-Retención	616	D.L. 600	66	D.S. 341	73
Contabilidad Simplificada	615		Sociedad Profes. 2ª Categ.	334	D.L. 824	72	Art. 37 inc letra D	46

RECUADRO Nº 1

		Pesos Actualizados		Impuesto Retención Actualizado	
Honorarios Afectos Con Retención	661	10.252.803	482	1.025.228	
Honorarios Afectos Sin Retención	545				
Total Ingresos Brutos	547	10.252.803			
Costos Directos	485				
Renta Presunta, Art. 34 inciso 1 y 47 LIR	484	3.075.841			
Total Remuneraciones	487	7.176.962			
Total Remuneraciones Empresas S.A.	475		481		
Participación en Ent. de Profes. 2ª Categ.	617				
Total Rentas y Retenciones	618	7.176.962	619	1.025.228	

(Traspasar línea 8 otro Formulario Autorizado) (Traspasar línea 47 código 150)

Pensiones Art. 42 Nº 1

628	Renta Imponible Anual Actualizada	627	Impuesto Unico Anual Actualizado	522

Reliquidación de Impuesto Unico 2ª Categoría según Art. 47, 5to. Inciso A y B (Form. 3239/97) o F. 22 (Ver Instrucciones)

50% Utilidad en Art. 42 Nº 2 LIR

RECUADRO Nº 2: BASE IMPONIBLE DE PRIMERA CATEGORIA

Ingresos del Giro Provenientes o Devengados	628		
Intereses Percibidos o Devengados	629		
Otros Ingresos Percibidos o Devengados	681		
Costo Directo de los Bienes y Servicios	630		
Remuneraciones	631		
Intereses	632		
Intereses Pagados a Afectados	633		
Otros Costos Deducidos de los Ingresos Brutos	635		
Renta Líquida	636		
Corrección Monetaria Saldo Deudor (Art. 39)	637		
Corrección Monetaria Saldo Acreedor (Art. 39)	638		
Gastos Rechazados (Art. 33 Nº 1)	639		
Depreciación del Ejercicio Financiero (Art. 31 Nº 2)	634		
Ingresos No Renta (Art. 17) y Otros Rebajas	640		
Pérdidas de Ejercicios Anteriores (Art. 31 Nº 3)	641		
Donaciones y/o Utilidades Exentas (Art. 31 Nº 3)	642		
Pagos Cuenta Impuesto a Pérdida Tributaria	643		
Rentas Presuntas	644		

RECUADRO Nº 3: CUOTAS CONVALIDACION ART. 1 LETRA C) LEY 19.578

Saldo de Caja	101	
Compra de Pisos	120	
Arriendo de Pisos	122	
Total del Activo	123	
Capital Propio	102	
Capital Propio Utilidades Positivas	645	
Capital Propio Pérdidas Negativas	646	
Activos Inmobiliarios	647	
Bienes Adquiridos Contrato Leasing	648	

RECUADRO Nº 4: CREDITO POR IMPUESTO DE PRIMERA CATEGORIA

Total A.N.F. del Ejercicio	360	
A.N.F. utilizado en el Ejercicio	361	
Remanente A.N.F. Ejercicio Siguiente	362	
Total A.R.R. del Ejercicio	364	
Saldo Renta Fiscal del Ejercicio	370	
Créditos por A.N.F. utilizados Ejercicios Anteriores	374	
A.N.F. utilizados Ejercicios Anteriores	371	

RECUADRO Nº 5: CREDITOS POR IMPUESTOS

Saldo crédito a Imputación Art. 31 Nº 3	224	
Remanente PPM anterior	341	
Saldo negativo ejercicio anterior	364	
PPM del Ejercicio	228	
Retención Impuesto 1ª Categoría del ejercicio	229	
Crédito Impuesto Unico Art. 21 Ley 18.985	628	
Crédito por Donaciones Art. 31 Nº 3	624	
Remanente crédito Art. 31 Nº 3 ejercicio Act. 14	227	
Crédito por Impuesto Tasa Adicional Art. 21	342	
Crédito por Impuesto Renta Art. 21	375	
Crédito Capacitación	228	
Remanente PPUA para el ejercicio Siguiente	231	
Remanente PPUA para el Ejercicio Siguiente declarado	316	
Saldo crédito para el ejercicio siguiente	232	
Crédito de cobro para el ejercicio siguiente	320	
Remanente PUNA ejercicio siguiente	229	
Remanente Crédito Impto. 1ª Categ. Inm. ejercicio	625	
Crédito Impto. 1ª Categ. Utilizado en el ejercicio	627	

RECUADRO Nº 6: CUOTAS CONVALIDACION ART. 1 LETRA C) LEY 19.578

Créditos por contribuciones de bienes raíces	380	
Crédito por Rentas Brutas del Activo Inmobiliario	366	
Crédito por rentas de Fondos Mutuos	368	
Crédito por donaciones para fines culturales	373	
Crédito por donaciones para fines educacionales	382	
Crédito por donaciones Univ. e Inst. Prof.	364	
Crédito por Impto. 1ª Cat. Convin. Art. 14 ter	385	
Crédito por Inversiones Ley Austral	380	
Crédito por inversiones en el exterior	367	
Otros Créditos	382	

RECUADRO Nº 7: CREDITO PUESTO A DISPOSICION

PUT Saldo a Reinvertir		Monto PPM Puesto a Disposición	
105	62		
303	64		
382	66		
342	246		
225	264		
383	266		
363	274		
343	286		
380	284		
883	336		
Otros PPM	344		
Total (traspasar línea 62 a 66)	256		

RECUADRO Nº 8: RETIROS O DISTRIBUCIONES EFECTUADAS DURANTE EL EJERCICIO COMERCIAL

	RUT EMPRESA QUE SOPORTO EL RETIRO		RUT EMPRESA RECEPTORA DE LA INVERSION		MONTO DE LA INVERSION	
213		223		214		
233		243		216		
253		263		218		
273		283		220		
	Monto Otras Inversiones			848		

Código Nº de certificación de autocar para la confección de Form. 22: 312

APELLIDO PATERNO CONTADOR	650	RUT CONTADOR	Firma de Presentación
MOLINA		3.034.352-2	

Declaro bajo juramento que la información contenida en este documento es la expresión fiel de la verdad, por lo que asumo la responsabilidad correspondiente.

AUGUSTO PINOCHET UGARTE

Firma del Contribuyente o Nombre y Firma del Representante Legal

0CC0000045849

NOTARIA 42
NOTARIO - SANTIAGO

EXHIBIT X (12)

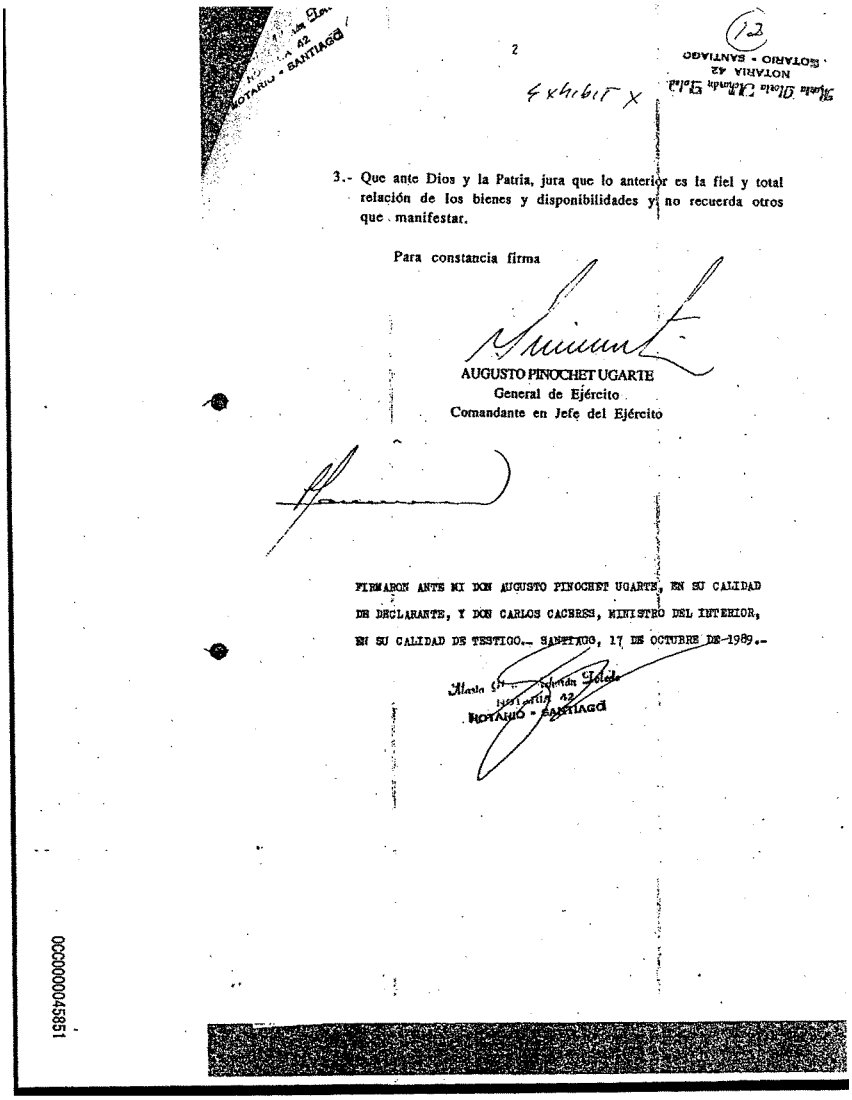
En Santiago, a diez y siete días del mes de octubre de mil novecientos ochenta y nueve, compareció el General de Ejército, Comandante en Jefe del Ejército Señor Augusto Pinochet Ugarte, carnet de Identidad N° 1.128.923 de Santiago, y expuso la siguiente declaración jurada de sus bienes a la fecha precedente:

1.- Que la probidad funcionaria corresponde a uno de los postulados esenciales que animan a las Instituciones que los miembros de la Junta representan y que, como consecuencia de ello, el compareciente ha procedido abrir el sobre con la declaración efectuada el 21 de septiembre de 1973 y dejando constancia de cuales son los actuales bienes de su propiedad personal.

2.- Que tales bienes son:

a.- 1 Jeep motor
b.- Una Cuenta de Ahorro por la suma de $6.210.000
c.- Una parcela ubicada en Melocotón de valor de $23.670.347 (veintitres millones, seiscientos setenta mil trescientos cuarenta y siete pesos).
d.- Paquete con joyas personales del matrimonio y familia estimado en unos $18.000.000 (diez y ocho millones de pesos)
e.- Dinero, en moneda dollars US$457.672,00(dinero ahorrado durante mi estada en Ecuador e incrementado por intereses durante estos dieciséis años).
f.- Dinero suelto en monedas, francos suizos, franceses, pesos mejicanos y otros evaluados en unos US$11.327,00
g.- Biblioteca particular con numerosos libros antiguos evaluación aproximada en $10.000.000.
h.- Muebles, adornos cuadros, porcelanas, alfombras, etc., etc., con un valor aproximado a $50.000.000.
i.- Un departamento de un valor de $19.812.800 (diecinueve millones, ochocientos doce mil ochocientos pesos).

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2

Exhibit X

3.- Que ante Dios y la Patria, jura que lo anterior es la fiel y total relación de los bienes y disponibilidades y no recuerda otros que manifestar.

Para constancia firma

AUGUSTO PINOCHET UGARTE
General de Ejército
Comandante en Jefe del Ejército

FIRMARON ANTE MI DON AUGUSTO PINOCHET UGARTE, EN SU CALIDAD DE DECLARANTE, Y DON CARLOS CACERES, MINISTRO DEL INTERIOR, EN SU CALIDAD DE TESTIGO.- SANTIAGO, 17 DE OCTUBRE DE 1989.-

NOTARIO - SANTIAGO

00000000045851

EXHIBIT XI (13)

En Santiago, a veintiun dias de septiembre de mil novecientos setenta y tres, compareció el General de Ejército, Comandante en Jefé del Ejército Sr. Augusto Pinochet Ugarte, carnet de Identidad No.1128923 de Santiago, y expuso:

1.- Que con fecha doce de septiembre del presente año, la Excma. Junta de Gobierno acordó que los miembros que la integran formulasen una declaración jurada de sus bienes.

2.- Que la probidad funcionaria corresponde a uno de los postulados esenciales que animan a las Instituciones que los miembros de la Junta representan y que, como consecuencia de ello, al comparecionte no sólo tiene el deber, sino que la íntima satisfacción de manifestar a la Nación toda, cuales son sus bienes de su propiedad personal a esta fecha.

3.- Que tales bienes son:

1 propiedad en las Condes, Laura de Naves 128 con un valor aproximado de Eo3.500.000,oo
1 automóvil Volkswagen motor 3255309
1 automóvil Fiat motor 2742965
1 automóvil Peugeot motor 5651919
1 automóvil peugeot vendido y por recibir Eo 275.000,oo
Cuenta de Ahorro por la suma de Eo 105,000,oo
1 terreno en adquisisiónen San Fco. de Limache, valor en dolar se estimaba dentro de la primera quincena de septiembre en US.$8.000,oo, pagado solo el 40% hasta firmar la escriturc.
Paquete con joyas personales del matrimonio y familia estimado en unos Eo500.000,oo
Dinero, en monedas dollars US$ 117.887,65 (dinero ahorrado durante mi estada en Ecuador e incremantadopor intereses durante estos quince años.
Dinero suelto en monedas, francos suizos, franceses, pesos mejicanos y otrbs evaluados en unos US$ 3.865.oo.
Biblioteca particular con numerosos libros antiguos evaluación aproximada en Eo750.000,oo
Muebles, adornos cuadros, porcelanas, alfombras, etc.,etc. con un valor aproximado a Eo5.ooo.ooo,oo

4.- Que antedios y la Patria, jura que lo anterior es la fiel y total relación de los bienes y disponibilidades y no recuerda otros que manifestar

Para constancia firma

AUGUSTO PINOCHET UGARTE
GENERAL DE EJERCITO
COMANDANTE EN JEFE DEL EJERCITO

Ante mi la firma.
Santiago 21 de Septiembre de 1973.

0000000045852

2254

TRACION
STICIA

Procedimiento: SUMARIO 19/97 P.S.
TERRORISMO Y GENOCIDIO
JUZGADO CENTRAL DE INSTRUCCIÓN
NÚMERO CINCO
AUDIENCIA NACIONAL
MADRID

AUTO

En Madrid a DIECINUEVE DE OCTUBRE DE MIL NOVECIENTOS NOVENTA Y OCHO.

HECHOS

ÚNICO.- En el día de ayer 18.10.98 se ha dictado Auto de prisión cuyo contenido íntegro dice:

«Procedimiento: SUMARIO 19/97 P.S.
TERRORISMO Y GENOCIDIO
JUZGADO CENTRAL DE INSTRUCCIÓN
NÚMERO CINCO
AUDIENCIA NACIONAL
MADRID

AUTO

En Madrid a dieciocho de Octubre de mil novecientos noventa y ocho.

HECHOS

PRIMERO.- El día 16 de Octubre se dicta Auto de prisión cuyos hechos dicen:

«**ÚNICO.-** De lo actuado se desprende que en Chile, desde septiembre de 1973, y al igual que en la República Argentina a partir de 1976, se producen toda una serie de acontecimientos y actividades delictivas cometidas bajo el manto de la más feroz represión ideológica contra los ciudadanos y residentes de estos países. Para el desarrollo de las mismas se siguen planes y consignas preestablecidas desde las estructuras de Poder, que tienen como fin la eliminación física, la desaparición, secuestro, previa la práctica generalizada de torturas de miles de personas, tal como se relata en el "Informe

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Rettig".

En el ámbito internacional se constata una coordinación que recibirá el nombre de "Operativo Cóndor", en el que intervendrán diferentes países, entre ellos Chile y Argentina, y que tiene por objeto coordinar la acción represiva entre ellos.

En este sentido, Augusto Pinochet Ugarte, a la sazón Jefe de las Fuerzas Armadas y del Estado chileno, desarrolla actividades delictivas en coordinación con las autoridades militares de Argentina entre los años 1976-1983 (período al que se extiende la investigación en esta Causa) impartiendo órdenes para la eliminación física de personas, torturas y secuestro y desaparición de otras de Chile y de diferentes nacionalidades y en distintos países a través de las actuaciones de los Servicios Secretos (DINA) y dentro del precitado "Plan Cóndor".»

SEGUNDO.- En el contexto descrito, Augusto Pinochet Ugarte, Nacido en Valparaiso (Chile) el 25 de Noviembre de 1915, con cédula de identidad chilena nº 1.128.923, aparece como uno de los responsables máximos de la organización, y liderazgo, en coordinación con otros responsables militares o civiles de otros países, entre ellos, y, en forma principal Argentina, de la creación de una organización internacional, que concibió, desarrolló y ejecutó un plan sistemático de detenciones ilegales (secuestros), torturas, desplazamientos forzosos de personas, asesinatos y/o desaparición de numerosas personas, incluyendo ciudadanos de Argentina, España, Reino Unido, Estados Unidos, Chile y otros estados, en diferentes países con la finalidad de alcanzar los objetivos políticos y económicos de la conspiración, exterminar a la oposición política y múltiples personas por razones ideológicas, a partir de 1973 y que coincide en el tiempo con los acontecimientos similares acaecidos en Argentina a partir de 1976 y 1983. Asimismo ha de resaltarse que además de los casos que se enmarcan en este auto, también existen otros, que, aun habiendo acontecido en fechas anteriores, integrarían la misma dinámica, y, perduran en sus efectos al tratarse de personas cuyo paradero todavía se desconoce.

TERCERO.- Los casos concretos y que conforman el objeto concreto de la imputación contra Augusto Pinochet Ugarte hasta este momento, y, sin perjuicio de su ampliación, asciende a noventa y cuatro:

1º. Edgardo Enrique Espinoza que se cita en el anterior auto de prisión, militante destacado del MIR y hermano del fallecido Secretario General de dicho Partido, es secuestrado el 10 de Abril de 1976 en Buenos Aires (Argentina) cuando por la tarde salía de una reunión de la Junta Coordinadora Revolucionaria; Es ingresado sucesivamente en los campos de concentración argentinos El Olimpo, Campo de Mayo y a la Escuela Mecánica de la Armada (ESMA), cerca de aquélla capital. Según la Comisión Rettig esta persona que gozaba de la protección de ACNUR, fue trasladado desde los recintos de detención argentinos a Villa Grimaldi en Santiago, sin que posteriormente se haya vuelto a tener noticias suyas. En unión de éste es detenida y permanece desaparecida la ciudadana brasileña Regina

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Marcondes y varias personas más. En fecha 23 de Diciembre de 1975, o sea cuatro meses antes de su captura, la DINA ya tenía tendido el cerco alrededor del alto dirigente del MIR y de varias personas más, ordenando a sus agentes en el extranjero su traslado a Chile, después de capturarlos. Asimismo se confecciona un telex que da la misión por cumplida. La DINA dependía directamente de Augusto PINOCHET UGARTE.

2°. El 3 de abril de 1976 **Luis Gonzalo MUÑOZ VELASQUEZ**, ex-secretario de la Sección Local del Partido Socialista en San Bernardo del PS y candidato a Regidor, Juan Humberto **HERNÁNDEZ ZASPE**, ex-presidente de la Federación de Estudiantes Industriales y Técnicos (Feitech), y **Manuel Jesús TAMAYO MARTÍNEZ**, sociólogo, dirigente socialista, quien trabaja estrechamente con los miembros del Comité Central de su Partido, teniendo el rol de "enlace" entre Carlos Lorca, Ricardo Lagos, también desaparecidos, y otra fracción socialista, fueron detenidos junto a otros chilenos en la vía pública, en Mendoza.

Los tres eran amigos y habían llegado a la Argentina en el transcurso del año 1974, abandonando Chile donde estaban perseguidos por razones políticas trabajaban juntos en la empresa Modernflood de Mendoza y estaban a cargo de reorganizar una coordinadora socialista participando en actividades de la denominada Comisión de consenso del PS.

En el operativo militar participaron fuerzas conjuntas de la Policía Federal Argentina y agentes de la DINA.

Los tres detenidos fueron trasladados por tierra desde Mendoza hasta Villa Grimaldi, a fines del mes de abril de 1976.

3°. El 15 de abril de 1976, fueron detenidos en Buenos Aires, los estudiantes y militantes del MIR **Frida Elena LASCHAN MELLADO**, casada con el estudiante argentino **Miguel Angel ATHANASIU JARA** y su hijo recién nacido **Pablo ATHANASIU LASCHAN.**

La joven pareja había abandonado Chile después del 11 de septiembre de 1973, luego de que Frida Laschan funcionaria de la CORA en Lautaro, fue detenida por carabineros de esa ciudad y procesada por la Fiscalía Militar. Ambos sintieron temor y vigilancia en Argentina.

La Comisión estableció que esta pareja y su hijo fueron víctimas de desaparición forzada en Argentina, en violación de sus derechos humanos, en el cuadro de la situación antes dicho.

4°. El dos de julio de 1976 fue detenido en La Paz, Bolivia, el contador agrícola **Julio del Tránsito VALLADARES CAROCA.** Fue entregado, conjuntamente con otros chilenos, por las autoridades Bolivianas a las autoridades Chilenas en la frontera de Charaña el 13 de noviembre de 1976, fecha en

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la cual se le perdió el rastro. El Ministerio del Interior reconoció la detención del afectado, aunque requerido por el Tribunal, se negó a proporcionar las identidades de los agentes que le detuvieron por "razones exclusivas de seguridad".

5°. En la madrugada del 16 de Julio de 1976, miembros del Ejército Argentino, detuvieron en su departamento de la calle Córdoba en Buenos Aires al matrimonio formado por **Guillermo TAMBURINI** y **María Cecilia MAGNET FERRERO**. El, médico de nacionalidad argentina, militante del MIR, radicado en Chile durante varios años, que había huído de la represión desatada con posterioridad al 11 de Septiembre de 1973. Ella, chilena militante del MAPU y socióloga, había llegado a Buenos Aires a fines de 1973. En la detención Guillermo Tamburini resultó herido de bala.

6°. El día 27 de julio de 1976, 25 días después de llegar a Argentina, **Luis Enrique ELGUETA DÍAZ** fue detenido junto con su compañera y la hermana de ésta, ambas de nacionalidad argentina. El se había refugiado en ese país, después de haber sido expulsado de la Escuela de Música de la Universidad de Chile debido a su conocida participación en el MIR de Santiago.

Antes de viajar dejó a un amigo la dirección de un pariente donde se alojaría en la capital Argentina. Su amigo, Sergio Fuenzalida, fue detenido en Santiago por la DINA el 28 de junio de 1976, junto a otras seis personas, todas las cuales se encuentran desaparecidas.

La Comisión Rettig establece que la víctima, intensamente buscada en Chile después del operativo de la DINA que aniquiló el grupo de sus amigos en Santiago, fue puesto a disposición de agentes de la DINA en Buenos Aires.

7°. En julio de 1976 desaparece **Miguel Ivan ORELLANA CASTRO**, de 27 años, militante del MIR, quien estaba exiliado en Cuba. La desaparición se produjo cuando la víctima se dirigía a Buenos Aires clandestinamente a una reunión política.

8°. El 24 de septiembre de 1976, fue detenida en el centro de Buenos Aires, la institutriz **Rachel Elizabeth VENEGAS ILLANES**, militante del MIR desde ese momento no se ha vuelto a saber de ella. Había sido procesada por la Fiscalía Militar de Victoria y condenada a un largo arresto domiciliario, luego del cual abandonó Chile. Estando en Buenos Aires obtuvo visa para viajar a Holanda pocos días antes de su detención.

9°. En julio de 1976 fue detenido **Patricio BIEDMA SCHADEWALDT**, el último de los líderes del MIR vinculado a la Junta Coordinadora Revolucionaria que habían detectado los órganos de seguridad.

De nacionalidad argentina pero con residencia definitiva en Chile desde 1968, el sociólogo Patricio Biedma volvió a Argentina, posteriormente al 11 de septiembre de 1973, debido a la persecución política de la cual fue objeto en Chile. Mantuvo sus actividad política al interior del MIR chileneo,

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trabajando junto a los máximos líderes de este movimiento.

Se ha acreditado que Patricio Biedma fue detenido en un registro "tipo rastrillo" en julio de 1976, en Buenos Aires y llevado a varios recintos, entre los cuales "Automotores Orletti" dependiente del SIDE -organismo de seguridad con el cual la DINA mantenía estrechas relaciones-. En dicho recinto, Patricio Biedma fue interrogado por un militar chileno, lo que consta en varios testimonios de detenidos argentinos.

La suerte final del sociólogo debe ser relacionada con la de Edgardo Enríquez y Jorge Fuentes. Durante su cautiverio Patricio Biedma comunicó a un testigo su aprensión de que sería trasladado a Chile.

10°. El 3 de agosto de 1976 fue detenido en San Bernardo, ante testigos, el militante comunista **Eduardo Enrique HERNÁNDEZ CONCHA**, desconociéndose los recintos en los cuales permaneció recluido y su suerte posterior a la detención.

11°. El 10 de enero de 1977, **José Luis APPEL DE LA CRUZ** fue secuestrado por un grupo de civiles armados, en plena vía pública de la ciudad de Cipolletti, provincia de Neuquen, Argentina, ante los ojos de su cónyuge, **Carmen Angélica DELARD CABEZAS** y de su hija. Carmen Delard desapareció en la comisaría de esa ciudad al hacer la denuncia de la desaparición de su cónyuge.

12°. El 17 de Enero, una semana más tarde, su hermana **Gloria Ximena DELARD CABEZAS** fue detenidas en su domicilio de Buenos Aires junto a su cónyuge **Roberto CRISTI MELERO** y sus dos hijos . Gloria Delard estaba embarazada de su tercer hijo. La patrulla de agentes de la Policía Federal los trasladó a la Escuela Mecánica de la Armada (ESMA), recinto en el que desaparecieron.

Las dos hermanas Carmen y Gloria Delard eran estudiantes y militantes del MIR de la Universidad de Concepción. Perseguidos en Chile después del 11 de Septiembre de 1973, aceptaron el ofrecimiento de un amigo de la familia, ex coronel de Ejército, de ayudarles a cruzar la frontera Chileno- argentina, instalándose en Neuquen y Buenos Aires respectivamente.

De los antecedentes se desprende que en la captura del dirigente del MIR participaron tanto los servicios de inteligencia argentinos, que dieron los datos del pasaporte falso de Jorge Fuentes.

Existen testimonios múltiples y coincidentes sobre la permanencia de Jorge Fuentes en Villa Grimaldi donde se le hicieron algunas curaciones para tratar la sarna al mismo tiempo que le seguían torturando y sometiendo a un trato degradante.

13°. El 6 de abril de 1977 el ex Director de Aeronáutica de la FACH, **Jorge SAGAUTA**

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HERRERA, de 51 años, fue detenido por fuerzas de seguridad argentinas en el domicilio de un amigo suyo en Buenos Aires. Al encontrársele durante el registro domiciliario un listado de los presos políticos chilenos, fue llevado por los agentes que lo hicieron desaparecer.

14°. El 16 de mayo de 1977 fue arrestado en Buenos Aires el estudiante chileno-suizo, **Alexei Vladimir JACCARD SIEGLER**, quien había llegado a ese país el día anterior, en escala del viaje que debía continuar hacia Chile al día siguiente.

Según antecedentes proporcionados a la Comisión, Alexei Jaccard traía consigo dinero que debía ingresar en Chile.

En el mismo operativo fueron detenidos Ricardo Ignacio RAMIREZ HERRERA, encargado de la organización y finanzas del Partido Comunista de Chile en Buenos Aires, y Hector Heraldo VELASQUEZ MARDONES, también militante comunista chileno. Los agentes chileno y argentinos capturaron en un mismo día a los tres ciudadanos chilenos y a cinco argentinos miembros del Comité de Solidaridad con Chile en Argentina, que albergaban a los detenidos. Los ocho están hasta hoy desaparecidos.

Alexei Jaccard es detenido en la vía pública y trasladado a un recinto de la Policía Federal Argentina donde será interrogado y luego transferido a la Escuela Mecánica de la Armada (ESMA) de Buenos Aires.

El papel especialmente activo que jugaron la DINA y el Gobierno de Chile en este caso comienza con el triple arresto ilegal en territorio extranjero bajo la complicidad de los servicios de seguridad argentinos, y termina con la entrega de falsa información a los diplomáticos suizos abocados a la búsqueda de un nacional helvético.

En cuanto a Ricardo Ramírez la Policía Internacional de Chile informó falsamente al Ministerio de Relaciones Exteriores Argentino sobre los supuestos viajes de la víctima, en los años 1977 a 1983.Tal información había sido solicitada a dicho organismo por los Tribunales de la República Argentina. Otro informe enviado por la Policía a esta Comisión, concordante con los hechos reales, muestra que la víctima sólo viajó desde Santiago a Alemania en marzo de 1976, fecha en que logró salir en calidad de exiliado político para radicarse en Hungría.

Con posterioridad a la triple detención en Buenos Aires de los militantes comunistas chilenos, los organismos de seguridad chilenos y argentinos desplegaron un arsenal de falsos documentos e informaciones para cubrirse mutuamente frente a la presión del gobierno suizo que insistía en conocer lo sucedido a un nacional en tránsito.

15°. El 23 de mayo de 1977 fue detenido **Humberto CORDANO LÓPEZ**, enfermero, miembro

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del PC, exiliado en Comodoro Rivadavia después del 11 de septiembre de 1973. La víctima fue detenida el día ya indicado en las cercanías del Hotel Centríco de Comodoro Rivadavia. Miembro del Comité Argentino de Solidaridad con Chile en esta provincia, Humberto Cordano había realizado gestiones en favor de detenidos chilenos a raíz de lo cual fue seguido en forma notoria por agentes de la DINA en esta ciudad argentina.

16°. El 19 de mayo de 1977 fue detenido junto a su cónyuge **Oscar Lautaro HUERAVILO SAAVEDRA**, de 23 años, empleado, sin militancia conocida, joven chileno radicado en Buenos Aires casado con una nacional argentina, **Mirta Mónica ALONSO**, embarazada de seis meses. Ese niño nació en cautiverio siendo recuperado por su abuela. El matrimonio desapareció.

17°. El 29 de mayo de 1977 fue detenido a la llegada del vuelo en que se desplazaban entre Santiago y Buenos Aires, antes de pasar el control de Policía Internacional el matrimonio chileno formado por **Matilde PESSA MOIS** y **Jacobo STOULMAN BOERTNIK**, sin militancia ni vinculaciones de tipo político. Posteriormente a su detención se encontró registrado en el Hotel Winston Palace de Buenos Aires, en esa época, usado por los servicios de seguridad de Argentina.

18°. El 19 de mayo de 1977 fue detenido **José Liberio POBLETE ROA**, miembro de la comunidad "Cristianos por el Socialismo", junto a su cónyuge de nacionalidad argentina y su hija de ocho meses **Claudia POBLETE HLACZIK**. El matrimonio y su hija desaparecieron, existiendo testimonios que indican su estadía en los centros de detención de el Banco y El Olimpo en Buenos Aires, perdiéndose allá su rastro a mediados de 1979.

19°. El 11 de septiembre de 1977 fue detenido en el barrio Quilmes, Buenos Aires, Argentina, **Cherif Omar AINIE ROJAS**, estudiante de química en la Universidad de esta ciudad, quien estaba radicado en Argentina desde su infancia. Al día siguiente, efectivos de las Fuerzas Armadas Conjuntas registraron su domicilio, llevando la cédula de identificación de la víctima.

20°. El 10 de enero de 1978 fue detenido por efectivos policiales argentinos **Guido Arturo SAAVEDRA INOSTROZA**, estudiante de la Universidad de Buenos Aires y empleado en Textil Gloria. Hasta esta fecha se encuentra desaparecido.

El joven universitario había salido de Chile con posterioridad al 11 de septiembre de 1973, después de haber sido detenido en la Universidad Federico Santa María de Valparaíso. Los antecedentes a disposición de la Comisión Rettig permitieron establecer que Guido Saavedra fue objeto de una detención ilegal y desaparición, cometida fuera del territorio nacional por agentes del estado de Chile o con su participación. Asimismo se constata el alto grado de comunicación existente entre los servicios de seguridad argentinos y chilenos a la fecha.

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21°. En 1978 fueron detenidos en Buenos aires los ciudadanos chilenos Raúl **TAPIA HERNÁNDEZ, Jaime Nury RIQUELME GANGAS y Luis ESPINOZA GONZÁLEZ**. Se trata de exiliados que trabajaban legalmente en Argentina y que desaparecieron en el contexto antes referido.

22°. En abril de 1978 desapareció **Carlos Patricio ROJAS CAMPOS**, militante comunista, quien había sido perseguido en Calama y Tocopilla hasta el año 1977, fecha en que se refugió en Buenos Aires, manteniendo un contacto epistolar regular con su familia en Chile. Desde la fecha indicada no se han tenido noticias suyas.

23°. El 26 de julio de 1978 desapareció en Argentina **Cristina Magdalena CARREÑO ARAYA**, militante comunista. Había llegado a ese país desde Hungría a principios de ese mes. El día 24 del mes reveló ante la oficina del CEAS, repartición de la Iglesia Católica que trabajaba en coordinación con ACNUR, en la Capital Federal, sentirse perseguida y solicitó el estatus de refugiada.

24°. El 27 de enero de 1979 **Oscar Orlando OYARZUN MANZO**, militante del PC de Chile, refugiado en Argentina desde 1974, fue secuestrado por agentes de civil y muerto en las cercanías de Buenos Aires.

25°. El 19 de febrero de 1981, fueron detenidos en la frontera chileno-argentina en el sector de Paimún, **José Alejandro CAMPOS CIFUENTES**, estudiante de enfermería **y Luis QUINCHAVIL SUAREZ**, ex dirigente mapuche, ambos militantes del MIR, quienes intentaron regresar a Chile clandestinamente, en la denominada "Operación Retorno". Ellos habían sido condenados anteriormente por Consejos de Guerra a penas privativas de libertad, que les fueron conmutadas por extrañamiento en al año 1975, por lo que tenían prohibición de ingreso al territorio nacional.

Los antecedentes que se conocieron sobre estos hechos, relacionados con los operativos de la CNI dieron como resultado la desarticulación de actividades guerrilleras en el sector de Neltume en el año 1981, condujeron a la Comisión a establecer que José campos y Luis Quinchavil fueron detenidos por gendarmes argentinos en la frontera, quienes los pusieron a disposición de agentes de seguridad nacionales, en manos de quienes desaparecieron.

CUARTO.- Asimismo las once personas siguientes de nacionalidad chilena fueron detenidos ilegalmente y aún permanecen desaparecidos:

- **Nelson Martín Cabello Pérez**, 23 años, detenido el 9 de Abril de 1976 en La Plata, Argentina, junto con su esposa y su cuñado.

- **Oscar Julián Urra Ferrarese**, 24 años, detenido a las 13.30 horas del día 22 de Mayo de 1976, en Buenos Aires, Argentina, junto con su esposa. En el operativo participó personal de la Aeronáutica

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Argentina. La pareja fue llevada a la cárcel de Campo de Mayo, y desde allí trasladada al penal militar de Magdalena. Ahí se pierde su rastro.

- **Rafael Antonio Ferrada,** 49 años, detenido el 3 de Agosto de 1976 en su domicilio en San Martín, provincia de Buenos Aires, Argentina. Su detención fue denunciada ante el Juzgado número 2 de San Martín sin obtener respuesta.

- **José Francisco Pichulmán Alcapán,** 20 años, detenido el 12 de Agosto de 1976 en su domicilio en Neuquén (Argentina) por un grupo de militares. Según testimonios fue visto por última vez por un guardia en el recinto de la localidad de Río Mayo.

- **Juan Raul Pichulmán Alcapán,** 24 años, detenido el 27 de Enero de 1977, en su domicilio, en la localidad de J.J. Gómez en Río Negro (Argentina), junto con su esposa por efectivos del ejército, integrado por un grupo de 20 a 30 personas que dijeron pertener a las "fuerzas conjuntas".

- **Nelson Flores Ugarte,** 28 años, detenido el 18 de Febrero de 1977 en su domicilio, en Buenos Aires, por un grupo de individuos fuertemente armados. La detención de este ciudadano chileno no fue nunca reconocida por las autoridades argentinas, se desconoce su paradero.

- **María Isabel Navarrete,** 24 años, fue detenida el 17 de Mayo de 1977 a la salida de la Facultad de Medicina de La Plata.

- **Reinaldo Miguel Pinto Rubio,** 23 años, detenido el 19 de Junio de 1977 en Buenos Aires por un grupo de individuos. Opuso resistencia al secuestro pero fue tiroteado y conducido a la Comisaría de Claypole.

- **María Angélica Pinto Rubio,** 21 años, vista por última vez en Buenos Aires el 10 de Febrero de 1977. Aparentemente su detención estuvo vinculada con la de su hermano.

- **José Luis de la Maza Asquet,** 27 años, detenido el 1 de Noviembre de 1977 en la vía pública en ciudad de Tucumán (Argentina) y desapareció. No se ha podido determinar su paradero.

- **Juan Adolfo Coloma Machuca,** detenido el 11 de Diciembre de 1978 en Buenos Aires, junto a su esposa. Juan Adolfo Coloma, a quien llamaban Hernán, fue visto en el campo de prisioneros de El Olimpo a fines de 1979.

QUINTO.- Asimismo fueron secuestrados en el mismo esquema organizado de eliminación física diseñado, entre otros por Augusto Pinochet Ugarte las siguientes personas:

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- María Eliana Acosta Velasco, de 34 años de edad, de nacionalidad chilena, fue detenida en La Plata Argentina el 28 de Septiembre e internada en los Centros de detención clandestinos conocidos como "BIM-3" y " ARANA" y desaparecida en Enero de 1977.

- Luis Adolfo Jaramillo Jaramillo, de 42 años, desaparecido el 26 Noviembre, Quilmes, Argentina.

- José Heriberto del Carmen Leal Sanhueza, de 25 años de edad, soltero, estudiante universitario, desaparecido probablemente en Córdoba, Argentina.

- Luis Guillermo Guzmán Osorio, de nacionalidad chilena, que desapareció en Argentina y que aparece registrados en los listados de la Asamblea permanente de Derechos Humanos de ese país.

- Enrique Lomas Pontigo, desaparecido el 24 de Mayo, en Buenos Aires, desaparición que aparece registrada en ACNUR-Argentina.

- Luis Arnaldo Zaragoza Olivares, empleado, detenido en Argentina el 17 de Agosto, Argentina, desaparecido desde esa fecha según consta en las listas de la CONADEP y APDH de dicho país.

- Gaspar Medina Medina, de 42 años, detenido el 9 de Septiembre en Futaleufú, Argentina, su desaparición aparece registrada en la Asamblea Permanente de Derechos Humanos y en el CELS (Centro de Estudios Legales y Sociales de Argentina).

- René Alejandro Moscoso Espinoza, fotograbador detenido el 15 de Septiembre en la fábrica donde trabajaba GRAFFA S.A. de Buenos Aires, Argentina, según consta en los Registros de la Asamblea Permanente Derechos Humanos y CONADEP.

- Salvador Cubillos Maturana, detenido el 10 de Noviembre en Buenos Aires, Argentina y desaparecido en esa fecha según consta en los listados de la APDH de Argentina.

- Nora Mardikiand, de nacionalidad argentina casada con el chileno Nelson Cabello, permanece desaparecida.

- Susana Ossola, ciudadana argentina casada con el chileno Oscar Urra y embarazada en el momento de la detención, permaneciendo hasta la fecha desaparecida.

- Clara Haydeé Fernández, de nacionalidad argentina casada con el chileno Luis Elgueta, permanece desaparecida desde la fecha de secuestro de su marido.

- Cecilia María Fernández, de nacionalidad argentina cuñada del chileno Luis Elgueta y desaparecida desde la misma fecha que éste.

- Esteban Badell, argentino, casado con la chilena M. Eliana Acosta, permanece desaparecido desde la misma fecha que esta.

- Julio Badell, hermano del anterior y permanece desaparecido desde la misma fecha que éste.

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- Carmen Angélica Delard Cabezas, 24, 10 de Enero, Cipolletti, Argentina.

- María Eugenia Escobar Silva, desaparecida el 18 de Febrero en Buenos Aires, Argentina.

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- Daniel Tapia Contardo, de 26 años, detenido en el 26 de Marzo en Buenos Aires, Argentina, según aparece en la APDH y la CONADEP.

- Hernán Leopoldo Caballero, de 26 años, detenido el 26 de Marzo en Buenos Aires Argentina. Según datos de la APDH y la CONADEP.

- Gastón Riquelme Cifuentes, detenidos 5 de Junio, Argentina.

- Norma Riquelme Cifuentes, detenida 5 de Junio, Argentina. Según registros de APDH y CONADEP.

- Hernán Artemio Rojas Fajardo, albañil, detenido el 7 de Junio en Mar del Plata, Argentina, desde cuya fecha permanece desaparecido, según los registros APDH y CONADEP.

AÑO 1978

- Luis Alfredo Espinoza González, de 25 años, detenido 3 de Diciembre en Mendoza, Argentina, desde cuya fecha permanece desaparecido.

- Eduardo Kurt Fuentes, detenido en Enero en Argentina, según los listados de APDH.

- Ester Elena Jiménez Torrealba, desaparecida en Enero en Argentina, según registros ACNUR, desde cuya fecha permanece desaparecido.

- Rafael Eduardo Ulloa Sánchez, detenido en Argentina el 12 de Junio, desde cuya fecha permanece desaparecido.

- Rubén Gómez Quesada, periodista, detenido el 30 de Diciembre en Salta, Argentina, desde cuya fecha permanece desaparecido según consta en la APDH.

- Susana Larubia, detenida el 11 de Diciembre en Buenos Aires y desaparecida desde entonces.

AÑO 1979

- Juan Antonio Rodríguez, chileno, detenido el 8 de Enero en Mar del Plata, Argentina, desde cuya fecha permanece desaparecido.

- Sylvia Lilian Almendras Zapata, desaparecida en Argentina.

- Santiago Pedro Astelarra, desaparecido en Argentina.

- Yolanda Barría Santana, desaparecida en Argentina.

- Omar José Ojeda Mera, desaparecido en Argentina.

- Mario Juan Villa Colombo, desaparecido en Argentina.

- Ricardo Lancelot Carvajal Vargas, desaparecido en Argentina.

- Gary Nelson Olomos Guzmán, desaparecido en Argentina.

- José Fernando Fanjul Mallea, desaparecido en Argentina.

- Silvia Teresa Marrambio Silva, desaparecida en Argentina.

- Angel Manuel Martínez Fernández, desaparecido en Argentina.

- Luisa Aurora Arredondo Fernández, desaparecida en Argentina.

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RAZONAMIENTOS JURÍDICOS

PRIMERO.- Los hechos relatados en esta resolución podrían ser constitutivos respecto del imputado Augusto Pinochet Ugarte, de un delito de genocidio, que se integra por una serie de detenciones ilegales seguidas en unos casos de asesinato o desapariciones de las 94 personas víctimas que se relacionan, y, que según los testimonios y datos obrantes en la causa fueron precedidos de torturas en cada uno de los casos; delito tipificado en el artículo 607 del Código Penal, en relación con el artículo 139 (asesinato), 163 y 166 y 167 (detención ilegal y secuestro), todos del Código Penal; de un delito de terrorismo de los artículos 515, 516.2, 571, 572 y 577 del Código Penal; de delitos de torturas del artículo 174 del Código Penal; todos estos estaban tipificados como delitos en el Código Penal vigente en el momento de ocurrir los hechos.

Asimismo, la calificación jurídico-penal de los hechos se apoya en las normas de carácter internacional siguientes:

a) La Declaración de Moscú de 1943, suscrita por el Reino Unido de Gran Bretaña, EEUU y la Unión Soviética sobre crímenes contra la Humanidad.

b) El Estatuto del Tribunal de Nüremberg de 1945, suscrito por el Reino Unido.

c) La resolución de 16 de Diciembre de 1946 de la Asamblea General de Naciones Unidas aprobando los principios de los Estatutos y de la Sentencia de Nüremberg.

d) El Convenio de las Naciones Unidas de 9 de Diciembre de 1948 contra el genocidio.

e) El Pacto de derechos civiles y políticos de las NN.UU. de 16 de Diciembre de 1966.

f) La resolución de la Asamblea General de Naciones Unidas de Diciembre de 1973 sobre persecución de crímenes contra la Humanidad.

g) La Convención contra la tortura de NN.UU. de 10 de Diciembre de 1984.

h) La Declaración de la Asamblea General de NN.UU. sobre la desaparición forzada de personas de 1992.

i) El Convenio Europeo sobre Represión del Terrorismo de 27 de Enero de 1977.

Según tales disposiciones, aplicables en el Reino Unido, los crímenes de esta naturaleza son imprescriptibles, sus responsables no disfrutan de inmunidad diplomática ni pueden obtener estatuto de refugiado ni asilo político, y todos los Estados del Mundo están obligados a perseguirles y a colaborar en la persecución que de tales crímenes hagan otros Estados.

SEGUNDO.- Tal como consta acreditado, se crea una organización armada, aprovechando la estructura militar y la usurpación del poder para, con impunidad, institucionalizar un régimen terrorista que subvirtió en sí mismo el orden constitucional para desarrollar con eficacia el plan de desaparición y eliminación sistemática de miembros de grupos nacionales, imponiéndoles desplazamientos forzosos, secuestros, torturas, asesinatos y desapariciones, aprovechando la ayuda y coordinación con otros países, en particular Argentina.

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De acuerdo con lo dispuesto en el artículo 23.4 de la Ley Orgánica del Poder Judicial, la jurisdicción española es competente para tramitar el Procedimiento, tal como está establecido en los Autos de 28 de junio de 1996, 25 de marzo y 11 de mayo de 1998 y en el de 16 de octubre de 1998, de admisión de querella. Por ello, y en atención a la gravedad de los hechos que se imputan y la situación del querellado, que se encuentra fuera del alcance de la jurisdicción española, procede acordar la prisión provisional incondicional de AUGUSTO PINOCHET UGARTE, al amparo de lo dispuesto en los artículos 503, 504 y 539 de la Ley de Enjuiciamiento Criminal, en relación a los preceptos penales citados, por lo que se librarán las correspondientes órdenes de búsqueda y captura internacionales para proceder a su detención a efectos de extradición.

Resulta evidente que al no hallarse el imputado a disposición de este Juzgado no puede celebrarse la Audiencia prevista en el artículo 504 bis 2 de la Ley de Enjuiciamiento Criminal, teniendo por tanto el Juez potestad para decretar la prisión como única medida para impulsar adecuadamente la instrucción y posibilitar que aquél comparezca ante la Autoridad Judicial.

Por lo expuesto y vistos los artículos citados y demás de general aplicación

DISPONGO

Ampliar la prisión provisional incondicional de AUGUSTO PINOCHET UGARTE por los hechos descritos en esta resolución que integran los presuntos delitos de genocidio, terrorismo y torturas, en relación con el Auto de Prisión de fecha 16.10.98 dictado contra el mismo.

Librar urgentemente orden internacional de detención ante las Autoridades Judiciales Británicas para su incorporación a la de 16.10.98, de la que es ampliación, dictada contra el mencionado Augusto Pinochet Ugarte.

Así lo manda y firma el Iltmo. Sr. D. Baltasar Garzón Real, Magistrado-Juez del Juzgado Central de Instrucción Número Cinco de la Audiencia Nacional, doy fe

E/

DILIGENCIA; seguidamente se cumple lo acordado. Doy fe.»

RAZONAMIENTOS JURÍDICOS

ÚNICO.- De acuerdo con lo dispuesto en los artículos 13 y 299 de la Ley de Enjuiciamiento Criminal el Juez de Instrucción ha de tomar las medidas necesarias para asegurar el objeto del proceso así como los instrumentos, responsabilidades civiles del presunto responsable, todo ello para preparar

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adecuadamente el Juicio Oral, así como garantizar la efectividad de las medidas que se adopten.

Por tanto, entre esas medidas se manifiesta urgente y necesaria la inmovilización de los saldos y la obtención de documentación que el Sr. Pinochet Ugarte pueda tener, directa o indirectamente, y, en particular a través de los miembros de su familia puedan tener en entidades de seguridad de distintos países. Por ello, es preciso adoptar la medida de embargo y cursar las pertinentes Comisiones Rogatorias.

Por lo expuesto y vistos los artículos citados y demás de general aplicación

DISPONGO

1°. Ordenar el embargo, bloqueo y depósito de todos los saldos que puedan tener todas las cuentas bancarias que Augusto Pinochet Ugarte, directamente o a través de terceras personas y de los miembros de su familia en cualquier país; en tal sentido y, a efectos preventivos cúrsese la correspondiente Comisión Rogatoria a Suiza y Luxemburgo, sin perjuicio de ampliar el catálogo de países.

2°. Recabar toda la documentación, transferencias, origen de los fondos y destino desde la apertura de las cuentas hasta este momento y aunque estuvieran clausuradas.

Así lo manda y firma el Iltmo. Sr. D. Baltasar Garzón Real, Magistrado-Juez del Juzgado Central de Instrucción Número Cinco de la Audiencia Nacional, doy fe

E

DILIGENCIA: Seguidamente se cumple lo acordado. Doy fe.

FULBRIGHT & JAWORSKI L.L.P.
A REGISTERED LIMITED LIABILITY PARTNERSHIP
801 PENNSYLVANIA AVENUE, N.W.
WASHINGTON, D.C. 20004-2615

MEMORANDUM

Attorney – Client Privilege
Confidential
Hand delivery

TO: Joseph M. Cahill
Raymond M. Lund

DATE: May 21, 2001

FROM: Steven B. Pfeiffer

RE: General Augusto Pinochet

Dear Joe and Ray:

As requested by Ray last Friday, over the week-end we reviewed certain online public news sources for articles that address the source of General Augusto Pinochet's wealth and/or attempts to freeze and/or seize General Pinochet's assets. We focused our online news searches on the following publications for the time periods indicated.

- Financial Times (since 1982)
- New York Times (since 1980)
- Newsweek (since 1980)
- The Economist (since 1980)
- The Times (since 1990)
- Time (since 1981)
- Wall Street Journal (abstracts since 1980)

Based on the results of our searches, it does not appear that there has been a significant amount of articles in the press regarding matters related to the source of General Pinochet's wealth. Most of the articles we identified relate to General Pinochet's human rights record while in power and the efforts by the Spanish Judge Baltasar Garzon to extradite General Pinochet from Britain to face charges in Spain.

We did, however, identify certain articles in recent years that address matters related to (i) the demands by "leading political figures" in Chile to investigate the source of the Pinochet family's fortune (Sunday Times (London), March 12, 2000), and (ii) efforts by Judge Garzon to search for assets of Pinochet in the United States, Switzerland and Luxembourg (The New York Times, December 11, 1998). Copies are attached at Tab 1.

In addition, we also searched all available online news sources on Lexis-Nexis for the last two weeks for any articles related to the Financial Times story of May 18, 2001. Copies of certain articles are attached at Tab 2.

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Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 83

It appears from these articles that in an effort to seize assets of General Pinochet as a means to compensate victims of human rights abuses in Chile, Judge Garzon sent "Rogatory Letters" dated April 20 to the federal Department of Justice in Canada and the Attorney General of Bermuda. According to the news articles we identified, Judge Garzon appears to be focusing on the Edinburgh-based financial services group Standard Life and, in particular, its Bermudan and Canadian subsidiaries (the latter having a branch office in Bermuda). There is also reference to "two Bermudan insurance agencies."

The news articles report that the letter to the Attorney General of Bermuda requests, "the embargo, blockage and deposit of the balances associated with insurance policies or insurance contracts of any nature, including bank accounts and/or deposits, shares of investment funds, and certificates of deposit, owned by Augusto Pinochet Ugarte either directly or through third persons, and those that his family may have in Bermuda." The Financial Times reported on May 16, 2001 that "Bermuda's deputy governor, Tim Gurney, said Tuesday unspecified assets had been frozen over the weekend in response to a request from the Spanish judiciary via Britain's foreign office, but would give no further details."

Please let me know if there is more we can do.

Regards

SBP

Attachments

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WASHINGTON, D.C. 20004-2615

MEMORANDUM

Attorney-Client Privilege
Confidential
Hand Delivery

TO: Steven B. Pfeiffer

DATE: May 21, 2001

FROM: Andres Rigo

RE: Attachment of bank accounts: status and background

There has been an attachment order against bank accounts held directly by Mr. Pinochet or indirectly through third parties in any country since October 1998. This order also refers to accounts held in the name of family members (Auto del Juzgado Central de Instrucción No 5, dated October 19, 1998). The order was ratified in the indictment ("auto de procesamiento") of December 10, 1998 (page 278), and confirmed by the Audiencia Nacional (the court seized with the case in Spain) on November 5, 1999.

The attachment order is a cautionary measure to ensure that funds in bank accounts in the name or for the benefit of Mr. Pinochet will be available to meet his responsibility for damages if he is found guilty of the crimes with which he has been charged. The order is based on articles 589 and following of the Spanish law of criminal procedure (Ley de Enjuiciamiento Criminal).

Although the request to extradite Mr. Pinochet to Spain failed, he continues to be indicted in that country on charges of terrorism, genocide and torture. For the same reason, the attachment order of 1998 still stands and it is on that basis that recent rogatory letters have been sent.

The Spanish investigation of the alleged crimes of Mr. Pinochet began with a criminal action filed in July 1996 by the Association of Progressive Prosecutors, acting in a private capacity, for the murder or "disappearance in Chile of seven Spanish citizens". From this limited beginning, the prosecution expanded to a massive indictment for genocide, terrorism and the torture of thousands of Chilean subjects both inside and outside Chilean borders.

The criminal action against Mr. Pinochet is known in Spanish law as a "popular action" (acción popular) and may be used by any Spanish citizen, even if he or she is not an affected party, in cases of public interest. The action may or may not be supported by the public prosecutor, in which case it is more difficult for the action to succeed. In the instant case, the public prosecutor repeatedly tried to stop the process, including the attachment order. On each occasion, the Audiencia Nacional ruled against him.

The indictment describes with excruciating detail in over 270 pages the facts and lists thousands of people who were assassinated, tortured or disappeared during Mr. Pinochet's tenure as president of Chile. The indictment explains the reasons for linking such crimes to Mr. Pinochet. The instructing judge, Mr. Garzón, finds that the facts are typified in the Penal Code of Spain as genocide (article 607), terrorism (articles 516, 556 and 571) and torture (articles 173 and 174). The indictment also refers extensively to developments in international law in these three criminal areas and, particularly, to the Genocide Convention of 1948, the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment of 1984, and the Covenant on Civil and Political Rights of 1966. Spain and Chile have ratified all three documents.

A.R. AR

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Sunday Times (London)

March 12, 2000, Sunday

SECTION: Overseas news

LENGTH: 787 words

HEADLINE: Chileans demand inquiry into Pinochet's fortune

BYLINE: Christopher Goodwin Santiago

BODY:

FOR Chile, it remains the great taboo. While the country's newspapers have been filled with charges of murder and torture against Augusto Pinochet, they have been strangely silent about Chile's most closely guarded secret: the huge wealth of the former president and his children.

Leading political figures are now demanding an investigation to establish how the former first family acquired a fortune believed to have made it one of the richest in South America.

"There is no way that Pinochet could have got all the things he has got on his salary, as he has always claimed," said Jorge Schaulson Brodsky, a confidant of Ricardo Lagos, sworn in yesterday as the first socialist president since Salvador Allende was overthrown and killed in 1973.

"When people alleged there was $ 1m (Pounds 632,000) in one of his bank accounts, his daughter said that any money he had was money he had saved. That is ridiculous." During Pinochet's term, the presidential salary was just $ 40,000 a year.

Those pressing for an investigation believe it should encompass not only the financial affairs of the former president and his wife, Lucia, but of his children, sons Augusto Jr, 54, and Marco Antonio, 42 (both have refused to disclose how they became wealthy) and his daughters Lucia, 56, Veronica, 52, and Jacqueline, 40.

Questions have also been asked about the financial affairs of Julio Ponce Lerou, Veronica's ex-husband and chairman of Soquimich, an enormously profitable Chilean mineral company that he acquired during a wave of privatisations that marked the Pinochet era. It now has assets of more than $ 1.5 billion and rights to the world's largest deposits of nitrates and iodine.

Several state enterprises allegedly found their way into the hands of Pinochet family associates and political supporters. "Of course there should be an investigation," said Carmen Hertz, a leading human rights lawyer. "The privatisations were handed over on a silver platter to a small group of friends

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of Pinochet."

The former president appears to hold much of his wealth in property. He has made extensive use of three properties but is believed to own others. After his release from house arrest in Britain this month, he returned to his heavily guarded mansion on one acre of land in La Dehesa, the most expensive suburb in Santiago. Last Thursday he left for El Convento, a country estate 100 miles to the south. Covering 150 acres, it is surrounded by high-wire fencing and has its own small church.

Pinochet also owns an estate at Melocoton, 35 miles east of Santiago. Asked about its purchase in the early 1980s, he claimed that he had paid $ 6,100 "using money that I saved during many years". Records, however, show he paid $ 128,000 for 25 acres of land there in 1981 and insured his house for $ 700,000. The state then bought two nearby parcels of land for $ 85,000 and spent $ 2.3m on improvements, including upgrading the property's security and surrounding roads.

The property, once his favourite, may have recently lost its attraction, however: Rolando Ibanez Escobar, who recently bought the house next door, was involved with the Patriotic Front of Manuel Rodriguez, a leading Chilean Marxist guerrilla group that staged a botched assassination attempt on Pinochet in 1986 in which six of his bodyguards died.

Members of Pinochet's family have faced questions in the past. In 1993 the state prosecutor's office began an inquiry into three cheques worth $ 4m allegedly received by Augusto Pinochet Jr, after a company he owned bought SIG Valmoval, an arms manufacturer, and sold it to the Chilean army. The case was dropped soon afterwards.

Jorge Aravena, the second husband of Pinochet's daughter Lucia, was investigated in 1983 after receiving $ 360,000 in brokers' commissions from the state insurance agency. Jean Zeigler, a deputy in the Swiss parliament, has called for "the seizure of large private bank accounts in Switzerland belonging to some Chilean generals, notably Augusto Pinochet".

Politicians in both Switzerland and Spain have alleged that after leaving office in 1990, Pinochet took multi-million-dollar commissions on arms deals. His family's lawyers have denied that there are any Swiss accounts and described suggestions of impropriety as politically motivated.

"Among his (Zeigler's) unfounded remarks, the deputy acknowledges the Swiss practice of paying illegal commissions for the purchase of military equipment and production, and affirms that this practice could have implicated the ex-president," the lawyers said. "We deny this insinuation and declare that these assertions are absolutely false."

Additional reporting: Jessica Alexander

LOAD-DATE: March 13, 2000

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The New York Times

December 11, 1998, Friday, Late Edition - Final

SECTION: Section A; Page 11; Column 1; Foreign Desk

LENGTH: 399 words

HEADLINE: Judge Lays Out Pinochet Case In Full Detail

BYLINE: By AL GOODMAN

DATELINE: MADRID, Dec. 10

BODY:

A Spanish judge indicted Gen. Augusto Pinochet today "for the crimes of genocide, terrorism and torture" during his 17-year dictatorship in Chile, a key step toward his trial in Madrid if he is eventually extradited from Britain.

The 285-page indictment lays out the most detailed case to date against General Pinochet, 83, who has been under arrest in London since Oct. 16. It will be sent to support a Spanish extradition request, which Britain's Home Secretary ruled on Wednesday could go forward in English courts. Extradition proceedings could last for months.

After General Pinochet's 1973 coup, the indictment charges, he created and led a "criminal organization" supported by Chile and five other South American countries to kill or cause the disappearance of about 3,000 opponents of his right-wing regime.

Judge Baltasar Garzon, who drew up the indictment, also issued the arrest warrant for General Pinochet in October and later decreed a worldwide embargo on his assets, which the indictment reiterated. It declared that General Pinochet is "provisionally" liable for undetermined civil damages stemming from the human rights charges.

The judge has so far asked investigators to search for General Pinochet's assets only in the United States, Switzerland and Luxembourg, and the search has only just begun, a Madrid court official said.

The charge of genocide is included in the indictment, even though Home Secretary Jack Straw ruled that genocide was not an extraditable crime in Britain. The final charges will depend on the extradition conditions set by the English courts and the Spanish court's interpretation of them, said Manuel Murillo, a Madrid lawyer for families of the victims of repression in Chile.

Judge Garzon's indictment detailed a "fierce repression" that it said began with General Pinochet's coup on Sept. 11, 1973, and continued until 1990. The

general, the indictment says, arranged for repression against Chileans and citizens of other countries with the help of military leaders in Argentina, Paraguay, Bolivia, Uruguay and Brazil.

It named more than 2,500 victims, including Orlando Letelier, the former Chilean Foreign Minister, and an American, Ronni Moffitt, who died when a bomb exploded in their car in Washington in 1976. The indictment says the bombing was carried out by Chile's secret police on orders from General Pinochet.

LOAD-DATE: December 11, 1998

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The New York Times

October 31, 1998, Saturday, Late Edition - Final

SECTION: Section A; Page 6; Column 1; Foreign Desk

LENGTH: 1360 words

HEADLINE: Judges in Spain Assert Pinochet Can Face Trial

BYLINE: By MARLISE SIMONS

DATELINE: MADRID, Oct. 30

BODY:

In a landmark ruling, an 11-member panel of senior Spanish judges decided unanimously today that Spain had the legal right to bring criminal charges against Chile's former dictator, Gen. Augusto Pinochet, and to seek his extradition from Britain.

The judges' decision is based on international law, including conventions on genocide and torture, but contrasts with a ruling by the High Court in London on how to deal with General Pinochet.

That court said on Wednesday that Britain had no authority to arrest the 82-year-old general since it said he had immunity for actions committed while he was head of state. Nonetheless, it ordered that he remain in detention pending an appeal to the House of Lords. General Pinochet was arrested two weeks ago at the request of a Spanish magistrate while he was on a medical visit to Britain.

The decision today was a sweeping finding that Spain had jurisdiction over crimes committed by the Chilean and Argentine dictatorships two decades ago. Some experts in international law said the decision set a precedent because while international conventions gave Spain or any signatory the right and obligation to prosecute crimes against humanity, this right was seldom applied.

The experts pointed out that several countries had prosecuted crimes, for instance Nazi war crimes, that had been committed outside their territory, but that the countries almost always tried individuals who were on their soil.

But the ruling here affirms Spain's jurisdiction over a much broader claim: for a multitude of crimes against humanity committed over a long period by a whole group of people not in Spanish custody. Until now, such ambitious goals have been pursued only by international tribunals.

The Spanish decision thus opens the way for Madrid's request for General Pinochet's extradition to face trial here on charges of genocide, terrorism and torture. By reinforcing Spain's legal case, today's ruling may bolster the

appeal pending in Britain against granting the general immunity and releasing him.

The decision came from Spain's National Court, the country's second highest tribunal, but in this case no appeals are possible. Thus the ruling ends a long struggle between Spain's conservative Government and two independent Spanish magistrates.

In the last two years, the magistrates, responding to the relatives of victims, have been investigating the torturing and killing by the Chilean and Argentine dictatorships. But the Government argued that they had no authority to do so and said the investigations were complicating Spain's diplomatic and commercial relations with Chile and Argentina. The National Court in Madrid met to settle the issue of jurisdiction.

After seven hours of public hearings on Thursday and four hours of closed-door deliberations on Friday, the 11-judge panel announced its decision in a tense and crowded court house. As one of the judges read out that by unanimous decision "the jurisdiction of Spain has been confirmed," there was an burst of applause and sobs of relief from lawyers and relatives of victims of the South American dictatorships. Some shouted, "Viva, viva la justicia!"

"This is a breath of fresh air, a breath of justice, for all us," said Patricia Isaza, a 38-year-old architect from Chile. Ms. Isaza said she had been kidnapped at age 16 by Chilean security and held and tortured for 26 months in a camp. "Even if Pinochet goes back to Chile, things will not be the same for us."

Outside the courthouse, Sergio Requena, a 52-year-old Chilean engineer who was tortured and imprisoned for a year in 1975, said, "The door of justice has opened just a crack," adding, "I hope that this is the beginning of the end of impunity."

After the ruling was announced, some lawyers and human rights workers rushed to an upper floor of the court building to thank Baltasar Garzon, the investigating magistrate who set in motion the investigations into the crimes in Chile and Argentina. Mr. Garzon, long seen here as a quixotic figure, filed the request that led to General Pinochet's arrest in London on Oct. 16.

Judge Garzon earlier brought charges against 110 former and active military and police officers in Argentina and issued international arrest warrants against at least 11 senior Argentine military officers, including a former President, Gen. Leopoldo Galtieri.

European legal experts said the Spanish ruling was a strong signal of encouragement to prosecutors in France, Italy, Sweden and Switzerland, where in recent days relatives of victims of the Chilean dictatorship have filed suits against General Pinochet and several courts have sought his arrest.

The experts said that even if Britain eventually allowed the former dictator to return home, the Spanish legal system would now be able to pursue him as well as other senior Chilean and Argentine military officers through arrest warrants if they travel outside their countries and by blocking bank accounts they may have in Europe.

Spain could not try any of the suspects in absentia, but France, for instance, could. France did try Capt. Alfredo Astiz of the Argentine Navy in absentia, sentencing him to life in prison for killing two French nuns.

Mr. Garzon had already signed a number of arrest warrants and asked Switzerland to block bank accounts. But if the National Court had said today that Spain had no jurisdiction, he would probably have been forced to annul those steps.

Court officials here said that as long as General Pinochet remained in Britain, Mr. Garzon would continue to seek his extradition, for which the formal request will be filed in the coming days. Two British Government lawyers have been working with Mr. Garzon's team over the last week as it prepares the extradition request. The reason for their assistance, court officials said, is to insure that the request matches British technical requirements.

The Spanish Government, though it has been opposed to the investigations, has said in recent days that it would comply with whatever the judiciary decided.

"The Government must now send on the request because it cannot block it," said Diego Lopez Garrido, professor of constitutional law at the University of Castilla-La Mancha at Albacete.

The National Court in Madrid today did not outline the arguments behind its ruling. Carlos Cazon, the judge who made the announcement, said the court would provide written arguments next week.

But court officials said the ruling was based on Spanish law and on the large body of international law adopted in recent decades, including the Geneva Conventions and the United Nations conventions against torture and genocide. Nations that are parties to these conventions, including Britain and Spain, have the right and the obligation to pursue crimes against humanity, without limit on place or time.

Mr. Garzon has argued that such grave crimes were committed against civilians in Chile and Argentina. The Argentine military killed 10,000 of its political opponents between 1976 and 1983. In Chile, according to a Chilean Government report, almost 4,300 people were killed during General Pinochet's rule between 1973 and 1990, and many thousands were imprisoned and tortured. Less than a dozen cases were brought to trial in Chile.

"We are seeing a groundswell of support for international humanitarian law," said Graham Blewitt, a senior prosecutor at the tribunal in The Hague that deals with war crimes in the former Yugoslavia. "Frankly, this support is very encouraging."

Carlos Slepoy, an Argentine lawyer who was in Madrid representing the Argentine Association for Human Rights, also celebrated the Spanish ruling. "At last we have heard that the great violators of human rights can be caught and tried anywhere," he told reporters.

British Bail for Pinochet

LONDON, Oct. 30 (AP) -- A British judge granted bail today to General Pinochet. Judge Stephen Richards decreed, however, that the general must remain in Grovelands Priory Hospital here, where he is recuperating from back surgery, and be under police guard at all times.

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1. **EUROPE & LATIN AMERICA: Pinochet's fragile health may resolve case CHILE RECENT JUDICIAL REFORMS COULD STRENGTHEN THE CASE FOR INDEFINITE SUSPENSION OF CHARGES AGAINST EX-DICTATO:**

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EUROPE & LATIN AMERICA: Pinochet's fragile health may resolve case CHILE RECENT JUDICIAL REFORMS COULD STRENGTHEN THE CASE FOR INDEFINITE SUSPENSION OF CHARGES AGAINST EX-DICTATO:

Financial Times; May 18, 2001
By MARK MULLIGAN

The case against Augusto Pinochet on charges related to the death and disappearance of scores of political prisoners appears to be losing momentum because of the failing health of the former Chilean dictator.

The Appeals Court of Santiago this week postponed for the third time the registration of General Pinochet in police files after judges accepted defence arguments that the process would aggravate the delicate condition of the 85-year-old.

The latest delay, on the strength of a report from Gen Pinochet's dentist, comes amid growing signs from the public prosecutor that recent judicial reforms could strengthen the defence case for an indefinite suspension of the charges against him.

Gen Pinochet, who ruled Chile with an iron fist between 1973 and 1989, was this year formally charged with being an accessory to the death of 57 people and the "aggravated kidnap" of 18 others during the infamous "Caravan of Death", in which military commanders rounded up, tortured and shot political opponents.

His arrest in Chile was partly the result of his detention in the UK in October 1998 on an international warrant presented by Baltasar Garzon, the Spanish judge, on charges related to the disappearance of Spaniards during the Chilean dictatorship.

Judge Garzon has pursued the case against Gen Pinochet and other military strongmen in Latin America, and this week was reported to have frozen the assets of a life insurance policy belonging to Gen Pinochet registered in Bermuda.

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In Chile there is constant talk of secret accounts held by the general around the world, and of the millions of dollars he salted away from the proceeds of state asset sales during his dictatorship. He has also been linked to drug and arms trafficking.

His family, however, has maintained that no such accounts exist, scoffing at suggestions that he became wealthy during his time in power.

"I know nothing of any money," his daughter Lucia said this week.

Pablo Rodriguez, one of his defence lawyers, said: "The only thing that I'm aware of is that Gen Pinochet has neither bank accounts nor funds that have come from illegal enrichment."

Meanwhile, defence lawyers in Chile have maintained throughout that Gen Pinochet is unfit for trial, despite medical reports suggesting that his mental health is sound. According to the Chilean penal code, a defendant can only be excused from trial if he or she is "demented".

However, Raul Rocha, public prosecutor attached to the Court of Appeals, this week hinted that the law might be open to interpretation.

In an interview yesterday with El Mostrador, the investigative online newspaper, Mr Rocha said: "One has to consider that this law is 100 years old. Therefore, these notions of dementia are not . . in play, or at least there could be a broader interpretation."

The prosecutor, who has been charged with reviewing the case against Gen Pinochet, is expected to deliver his findings to the appeals court next week. Then, by the end of May, the court is to rule on a petition for the suspension of the case on health grounds.

Although the government of Ricardo Lagos, the Socialist who was once detained by Gen Pinochet's secret police, has been at pains to keep the judicial process out of the political arena, the case has aggravated historic divisions in Chile.

After more than 2 1/2 years of legal manoeuvres, there are quiet hopes across the political spectrum that the case will be resolved by the ill health - or death - of the man who divided a nation.

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1. US AND CANADA: Bermuda blocks Pinochet assets NEWS DIGEST

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US AND CANADA: Bermuda blocks Pinochet assets NEWS DIGEST

Financial Times; May 16, 2001
By AP: AGENCY MATERIAL

Bermuda blocks Pinochet assets

Bermudian officials have frozen the assets of Augusto Pinochet, the former Chilean dictator, following a request from the Spanish judiciary.

The UK's Foreign Office received a request on Friday to freeze Mr Pinochet's assets at a Bermuda financial institution, and the assets were frozen over the weekend, Tim Gurney, deputy governor, said. Bermuda is a British territory in the mid-Atlantic.

Mr Gurney would not confirm which company was involved. Officials have not said how much Mr Pinochet's local assets are worth. AP, Hamilton

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Lawyers dismiss Pinochet asset freeze report

SANTIAGO, Chile (Reuters) -- Lawyers for Augusto Pinochet Tuesday dismissed as a smear campaign reports that assets belonging to the former Chilean leader had been frozen in Bermuda and said he had no bank accounts outside Chile.

Bermuda's Royal Gazette newspaper carried a report Tuesday saying Pinochet's assets were frozen over the weekend after a writ was filed in the island's Supreme Court following a request from Spanish judicial authorities.

"There is no account in the Bermudas or anywhere else," said Pinochet's defense lawyer, Jose Maria Eyzaguirre.

"This is without doubt part of the campaign to try and sully General Pinochet and the armed forces," he added.

Spanish Judge Baltasar Garzon, who tried unsuccessfully to extradite Pinochet to Spain from Britain in 1998 on charges of torture and human rights abuses during his iron-fisted 1973-1990 military regime, filed documents in the United Kingdom in a bid to freeze Pinochet's assets.

Bermuda's deputy governor, Tim Gurney, said Tuesday unspecified assets had been frozen over the weekend in response to a request from the Spanish judiciary via Britain's Foreign Office, but would give no further details.

Pinochet faces trial in Chile on charges of covering up kidnappings and killings under his rule after original charges of planning them were watered down by a Chilean appeals court.

But the judge hearing the case is still studying the evidence before either formally accusing Pinochet or throwing out the case.

More than 3,000 mostly suspected leftists were killed or "disappeared" under Pinochet's regime.

Chile's courts are expected to announce later Tuesday whether to again delay having Pinochet's fingerprints and mug shots registered with local police after his lawyers lodged another appeal against the move, considered a symbolic affront by his supporters.

Pinochet escaped prosecution in Spain when Britain ruled him mentally unfit for trial last year.

Garzon issued an international arrest order Monday against a former Chilean defense minister who served under Pinochet in the mid-1970s, charging him with genocide, terrorism and torture, apparently believing him to be in Germany.

The official, Herman Brady, was instead in Chile, and legal sources said that meant the chances the order would be carried out were very slim.

FOCUS - 8 of 24 DOCUMENTS

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AP Worldstream

May 15, 2001; Tuesday

SECTION: International news

DISTRIBUTION: Europe;Britian;Scandinavia;England

LENGTH: 136 words

HEADLINE: Bermuda freezes Pinochet's assets

DATELINE: HAMILTON, Bermuda

BODY:

Bermudian officials have frozen former Chilean dictator Augusto Pinochet's assets in the British mid-Atlantic territory upon a request from the Spanish judiciary.

The Foreign Office in Britain received a request Friday to freeze the assets of Pinochet in the Bermuda subsidiary of Standard Life Assurance Co., and the assets were frozen over the weekend, Deputy Gov. Tim Gurney said in Tuesday's edition of The Royal Gazette newspaper.

Gurney would not confirm the value of Pinochet's assets in Bermuda.

The Spanish judge who requested the action, Baltasar Garzon, is best known abroad for his failed attempt to extradite Pinochet from London in 1998 and put him on trial in Spain for human rights abuses committed in Chile.

Standard Life's lawyers did not return calls for comment.

(mt-em)

LOAD-DATE: May 15, 2001

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FOCUS - 16 of 24 DOCUMENTS

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National Post
(formerly The Financial Post)

May 14, 2001 Monday NATIONAL EDITIONS

SECTION: FINANCIAL POST; Pg. C01 / Front

LENGTH: 806 words

HEADLINE: Pinochet probe hits insurer: Standard Life of Canada: Spanish judge seeks to freeze former dictator's accounts

BYLINE: Theresa Tedesco, Chief Business Correspondent;ttedesco@nationalpost.com

BODY:

A Spanish judge who is trying to seize the assets of Augusto Pinochet has asked Standard Life of Canada Inc. to freeze any funds and accounts it holds on behalf of the former Chilean dictator and members of his immediate family.

The request was made by Judge Baltasar Garzon as part of an investigation by the Central Court of Investigation in Madrid into offences of 'genocide, terrorism and torture,' allegedly carried out by the 85-year-old former military dictator.

In a letter dated April 20, Judge Garzon named the Montreal-based mutual insurer and its branch office in Bermuda as financial institutions that may be holding investments linked to Mr. Pinochet.

The Spanish judge, who has prosecutorial and investigative powers, has been probing the former Chilean leader for three years and been attempting to recover his assets to compensate victims of human rights abuses during his 17-year reign.

According to the four-page letter sent to the federal Department of Justice -- and obtained by the Financial Post -- Judge Garzon asked the Canadian government to assist in 'the embargo, blockage and deposit of the balances associated with insurance policies or insurance contracts of any nature, including bank accounts and/or deposits, shares of investment funds, and certificates of deposit' owned by Mr. Pinochet either 'directly or indirectly or through third persons.'

The letter also requests a similar freeze be applied to any assets held in Canada by Mr. Pinochet's wife Lucia Hiriart Rodriguez, his children and their spouses.

Officials at the Justice Department were not available for comment yesterday. However, a source affiliated with the Spanish magistrate confirmed that 'a

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letter has been sent to Canada about assets invested on behalf of Mr. Pinochet.'

Under the Treaty for Mutual Assistance in Criminal Matters signed by Spain and Canada in July, 1994, Anne McLellan, Justice Minister, is obliged to review Judge Garzon's request if it was sent with the authority of the Spanish government.

Foreign judges do not have jurisdiction over corporations operating in Canada, even though they may be part of a criminal investigation.

Rogatory letters, such as the one sent by Judge Garzon, are often sent from one judge to another and are used by judicial authorities to obtain information or initiate legal action in other countries. Sources say the Justice Department's international legal assistance group in Ottawa is currently assessing whether Judge Garzon's request complies with the 1994 treaty and whether to assign a Canadian judge to enforce the request.

Officials at Standard Life's Canadian head office in Montreal did not return calls yesterday.

However, Raymond Charles, a spokesman for the parent company in Edinburgh, said yesterday 'Standard Life can confirm that it does not hold any insurance policies for Augusto Pinochet or for any family member named Pinochet, either in the U.K. or through overseas operations.'

At the same time, a similar Rogatory letter was sent by Judge Garzon to the Attorney General in Bermuda asking authorities to freeze any funds that may be held on behalf of Mr. Pinochet at Standard Life branches in the capital city of Hamilton. Standard Life, which is the largest mutual insurer in Europe, has a subsidiary in Bermuda, while the Canadian office, headed by Claude Garcia, chief executive officer, operates a branch in that country whose manager is directly responsible to Mr. Garcia.

According to Judge Garzon's missive, documentation is also requested from two other insurance companies operating in Bermuda that may hold assets on behalf of the former Chilean dictator.

The letter sent to Bermudian authorities cites 'the laws and regulations intended to combat illicit financial transactions,' among them, those that 'oblige insurance agents and insurance management companies to follow the 'know your client' rule.' ' According to that stipulation, financial services companies operating in Bermuda are required to know the identities of the registered owners of their accounts.

The letters to Canadian and Bermuda authorities are the latest salvo fired by the Spanish magistrate-judge in his crusade to bring Mr. Pinochet to justice. In October, 1998, the Central Court of Investigation in Madrid decided to order the seizure of the assets of Mr. Pinochet and his family that may be held in international financial institutions. Two months later, in December, 1998, the court indicted the former dictator.

Last year, Judge Garzon failed in attempts to have Mr. Pinochet extradited from Britain to stand trial in Spain for his alleged involvement in an estimated 5,000 deaths during his military rule in Chile.

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Mr. Pinochet is facing charges in Chile relating to the alleged cover-up of crimes while he was in power from 1972 to 1990.

GRAPHIC: Black & White Photo: Pierre Obendrauf, the Gazette / The Canadian office of Standard Life, run by Claude Garcia, reportedly does not hold any Pinochet policies.; Color Photo: Martin Thomas, Reuters / (Augusto) Pinochet: may have assets frozen

LOAD-DATE: May 14, 2001

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The Scotsman

May 14, 2001, Monday

SECTION: Pg. 24

LENGTH: 475 words

HEADLINE: PINOCHET FUNDS PROBE ENVELOPS STANDARD LIFE

BYLINE: Ian Watson Business Editor

BODY:

STANDARD Life, the Edinburgh-based financial services group, has become embroiled in attempts by a Spanish judge to recover assets owned by Chile's former president Augusto Pinochet.

The company's Bermuda branch has been named in documents filed by Judge Baltasar Garzon. Last year, Garzon failed to have Pinochet extradited from Britain to stand trial in Spain for his alleged involvement in political killings and human rights abuses during his 17 year rule.

A spokeswoman for Standard Life strongly denied that the company, which takes pride in its reputation for integrity, had ever transacted any business with Pinochet or his family.

In a letter to the Bermudan Attorney General, dated 20 April, Judge Garzon demands that any insurance contracts that may be held by Pinochet in a Bermuda -based subsidiary of Standard Life be blocked. The judge suggests that the office may be a possible home of investments made by Pinochet.

The letter, however does not explain on what basis the Spanish judge believes that Standard Life's Bermudan business has a business connection with Pinochet or his family. It is possible that the crusading judge is simply trawling the most likely areas where Pinochet could have financial assets hidden.

But the spokeswoman for Standard Life said the company could confirm that General Pinochet was not a customer, nor was any member of Pinochet's family. Standard Life added that Pinochet did not hold any insurance policies with it, either in the United Kingdom or overseas.

Yesterday Scotland on Sunday, sister paper of The Scotsman, Scotland published extracts from a Rogarty Letter issued by Spain's Central Court of Investigation and sent to the Bermudan Attorney General.

These letters are used by justice authorities to obtain financial information or initiate legal action in other countries. The letter calls for

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"the embargo, blockage and deposit of the balances associated with insurance policies or insurance contracts of any nature, including bank accounts and/or deposits, shares of investment funds, and certificates of deposit, owned by Augusto Pinochet Ugarte either directly or through third persons, and those that his family may have in Bermuda".

The Rogarty Letter names the offices of Standard Life's Canadian subsidiary in Montreal, the Standard Life branch office in Bermuda and the subsidiary of the life house at Front Street in Hamilton, Bermuda's capital.

The Foreign Office has confirmed that it had received a Rogatory Letter from Judge Garzon requesting the blockade of any funds and investments held by General Pinochet and any members of his family.

Standard Life's spokeswoman said that after inquiries the company was "satisfied that he (Pinochet) is not a customer".

Bermuda, which has low taxes, is popular as a tax haven.

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Scotland on Sunday

May 13, 2001, Sunday

SECTION: Pg. 1

LENGTH: 224 words

HEADLINE: STANDARD LIFE IN PINOCHET FUNDS INVESTIGATION

BYLINE: By Mark Williamson Business Correspondent

BODY:

STANDARD Life could face a major political controversy after it was named in a legal action started by the Spanish judge who is trying to seize the assets of Augusto Pinochet to compensate victims of torture in Chile.

Crusading judge Baltasar Garzon, who last year failed in attempts to extradite the former military dictator from Britain to face charges in Spain, thinks Standard Life's Bermudan branch may hold funds controlled by Pinochet or his associates.

Garzon lists Standard Life's Bermudan operations in a letter he has sent to the Bermudan Attorney-General, ordering the "embargo, blockage and deposit" of any policies or accounts owned by Pinochet either directly or through third parties.

The letter refers to the Standard Life branch in Bermuda, as well as the company's Canadian subsidiary. Two Bermudan insurance agencies are also listed.

In an indication of the seriousness of the investigation, the letter, a copy of which has been seen by Scotland on Sunday, has been sent through diplomatic channels and Interpol.

Confirmation of any business link with Pinochet would be a commercial disaster for Standard Life, which prides itself on its squeaky-clean image.

A spokeswoman for Standard Life vehemently denied that the company had ever done business with Pinochet.

Business: Page 1

LOAD-DATE: May 15, 2001

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FOCUS - 20 of 24 DOCUMENTS

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Scotland on Sunday

May 13, 2001, Sunday

SECTION: Business; Pg. 1

LENGTH: 544 words

HEADLINE: STANDARD IN PINOCHET FUNDS PROBE

BYLINE: By Mark Williamson

BODY:

STANDARD Life has been dragged into the controversy surrounding Augusto Pinochet after the company was named in documents filed by a Spanish judge who is trying to recover the assets of the former dictator to compensate victims of human rights abuses in Chile.

Judge Baltasar Garzon last year failed in attempts to have Pinochet extradited from Britain to stand trial in Spain, for his alleged involvement in around 5,000 deaths in his 17-year rule.

In his latest move against the former president of Chile, Garzon has written to the Bermuda authorities calling on them to freeze any funds held on the military strong-man's behalf in the island state.

In a letter dated April 20 the crusading judge identifies the Bermudan subsidiary of Edinburgh-based Standard Life as a possible home of investments made by Pinochet or his associates.

Garzon has started the latest stage of his campaign with a Rogatory Letter issued by Spain's Central Court of Investigation, which has been seen by Scotland on Sunday.

Rogatory letters are used by justice authorities to obtain information or initiate legal action in other countries.

In the letter to the Bermudan Attorney General, Garzon orders: "The embargo, blockage and deposit of the balances associated with insurance policies or insurance contracts of any nature, including bank accounts and/or deposits, shares of investment funds, and certificates of deposit, owned by Augusto Pinochet Ugarte either directly or through third persons, and those that his family may have in Bermuda."

"In particular," the letter lists the offices of Standard Life's Canadian subsidiary in Montreal, the Standard Life branch in Bermuda and the subsidiary of the life house at Front Street in Hamilton, the Bermudan capital.

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Garzon could not be contacted last week to discuss the action. It is not known how many Rogatory Letters have been issued.

A spokeswoman for the Foreign and Commonwealth office confirmed it had received a Rogatory Letter from Judge Garzon requesting a blockade of any funds held on Pinochet's behalf in Bermuda.

The letter had been forwarded to Bermuda, which has complete authority about how to respond although Queen Elizabeth is still its head of state.

The spokeswoman declined to say if any companies were named on the letter.

A spokeswoman for Standard Life in Edinburgh said : "Standard Life can confirm that it does not hold any insurance policies for Augusto Pinochet or for any family member named Pinochet, either in the UK or through overseas operations."

Asked what steps the company had taken to ensure no parties connected with Pinochet were customers, she said: "I can't say what we've done but we are satisfied that he is not a customer."

Under Bermudan 'know your client' regulations financial services companies operating in the colony, which has low taxes making it a popular location for offshore investments, are obliged to know the identities of anyone with a beneficial interest in the products they sell.

In 1998 charges of genocide, terrorism and torture were filed against Pinochet in Madrid, where the National Court ruled that Spanish Courts had jurisdiction to try such offences wherever they were committed.

LOAD-DATE: May 15, 2001

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Certificate of Deposit Receipt

Riggs Bank N.A.

Plan Code 606

Today's Date: 03/26/1999

Type: 85-Corporate CD

Account Number: 81442002

Branch Number:

Accountholder Name(s):

ALTHORP INVESTMENT CO., LTD

Issue/Effective Date: 03/26/99

Maturity Date: 06/25/99

Term: 91 days

Initial Deposit Amount: $1,619,500.00

Interest Rate: 04.38%

Annual Percentage Yield * 00.00%

Interest Payment Frequency: Maturity

Interest Payment Method:

- ☐ Compound (Credit CD)
- ☒ Credit Account # 08460124
- ☐ Mail Check

Maturity Disbursement Method: Automatic Renewal

*** Annual Percentage Yield assumes compounding of interest.**

This receipt is non-negotiable and non-transferable.

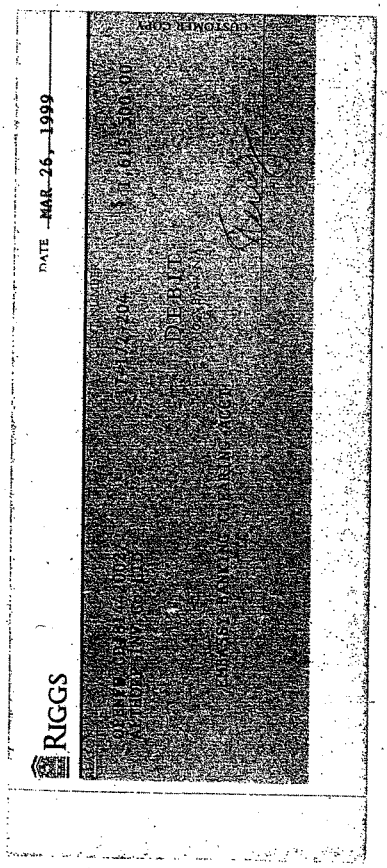
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EXHIBIT #58 – FN 87



RNB 030053

RIGGS

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AUGUSTO PINOCHET UGARTE
LUCIA HIRIART DE PINOCHET
IPBD - HOLD MAIL
MAIL CODE G-4002

76-835-282 PAGE 1

STATEMENT PERIOD 12-22-2000 THROUGH 01-23-2001

MONEY MARKET SUMMARY

OPENING BALANCE	23,191.92	ACCOUNT #	76-835-282
+DEPOSITS	.00	# OF ENCLOSURES	0
+INTEREST	77.29	AVERAGE BALANCE	23,191.92
-CHECKS AND DEBITS	.00	INTEREST PAID YTD	77.29
=NEW BALANCE	23,269.21		

MONEY MARKET ACTIVITY

DEPOSITS	DATE	AMOUNT	DEPOSITS	DATE	AMOUNT
REF 01	01-23	77.29			

REFERENCE DESCRIPTION

REF 01 INTEREST CREDIT

MONEY MARKET BALANCES

12-21	23,191.92	01-23	23,269.21

MONEY MARKET INTEREST

ANNUAL PERCENTAGE YIELD EARNED 3.74%

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Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 96

RIGGS

STATEMENT

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IPBD - HOLD MAIL
MAIL CODE G-4002

76-835-282 PAGE 1

STATEMENT PERIOD 01-24-2001 THROUGH 02-22-2001

MONEY MARKET SUMMARY

OPENING BALANCE	23,269.21	ACCOUNT #	76-835-282
+DEPOSITS	.00	# OF ENCLOSURES	0
+INTEREST	66.94	AVERAGE BALANCE	23,269.21
-CHECKS AND DEBITS	.00	INTEREST PAID YTD	144.23
=NEW BALANCE	23,336.15		

MONEY MARKET ACTIVITY

DEPOSITS	DATE	AMOUNT	DEPOSITS	DATE	AMOUNT
REF 01	02-22	66.94			

REFERENCE DESCRIPTION

REF 01 INTEREST CREDIT

MONEY MARKET BALANCES

01-23	23,269.21	02-22	23,336.15

MONEY MARKET INTEREST

ANNUAL PERCENTAGE YIELD EARNED 3.55%

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ARP RECON Fax:301-887-6658 Jun 19 2002 15:07 P.01

6/19/02

To: Richard Dunbar FAX 6749

From: TOTO x 6857

RIGGS

International Private Banking
P.O. Box 65724
Washington, D.C. 20035-5724
Tel: (202) 835-5366
Fax: (202) 835-6749

Date: June 19, 2002

To: Toto

Fax Number: 6658
Phone Number: 6658

From: Richard Dunbar, International Operations Manager, IPBS

Pages: 1 (including cover)

Comments: Cashier's Check Clear Dates - 2

Here is another list of Cashier's Checks (09-220-704) that I need to clear dates for:

08/18/00	#1674309	$50,000.00	— rd. 9/7/00	
	#1674310	$50,000.00	— " 9/14/00 ✓	
	#1674311	$50,000.00	— " 1/3/01 ✓	
	#1674312	$50,000.00	— " 1/8/01 ✓	Please fax
	#1674313	$50,000.00	— " 12/6/00 ✓	to ext. -6749
	#1674314	$50,000.00	— " 10/20/00 ✓	
	#1674315	$50,000.00	— " 11/28/00 ✓	
	#1674316	$50,000.00	— " 9/7/00 ✓	

If you have any questions concerning the request, please contact me at (202) 835-5366.

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Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 107

Fax:301-887-6658 Jun 18 2002 14:15 P.01

TO: RICHARD DUNBAR
TEL. 5366
FAX 6749

RIGGS

International Private Banking
P.O. Box 65721
Washington, D.C. 20035-57
Tel: (202) 835-5366
Fax: (202) 835-6749

FR: TOTO KILLEEN
X 6451

Date: June 18, 2002

To: Toto

Fax Number: -6658
Phone Number: -6658

From: Richard Dunbar, International Operations Manager, IPBD

Pages: 2 (including cover)

Comments: Cashier's Check Clear Dates

Please provide me with the clear dates for the following Cashier's Checks (09-220-704):

04/08/02	#1681476	$50,000.00
	#1681477	$50,000.00
	#1681478	$50,000.00
	#1681479	$50,000.00
	#1681480	$50,000.00
	#1681481	$50,000.00
	#1681482	$50,000.00
	#1681483	$50,000.00
	#1681484	$50,000.00
	#1681485	$50,000.00

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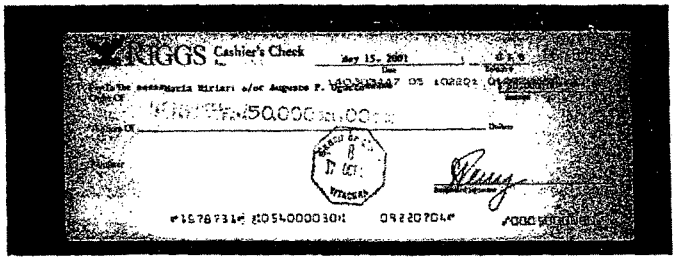
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10/10/01	#1679439	$50,000.00	– PD. 6/14/02
	#1679440	$50,000.00	– " 6/14/02
	#1679441	$50,000.00	– " 6/18/02
	#1679442	$50,000.00	– " 5/29/02
	#1679443	$50,000.00	x } OUTSTANDING AS OF 6/17/02
	#1679444	$50,000.00	x
	#1679445	$50,000.00	x
	#1679446	$50,000.00	– PD. 5/13/02
	#1679447	$50,000.00	– " 11/9/01
	#1679448	$50,000.00	– OUTSTANDING AS OF 6/17/02
05/15/01	#1678727	$50,000.00	– PD. 5/23/01
	#1678728	$50,000.00	– " 9/21/01
	#1678729	$50,000.00	– " 9/20/01
	#1678730	$50,000.00	– " 10/4/01
	#1678731	$50,000.00	– " 10/23/01
	#1678732	$50,000.00	– " 10/23/01
	#1678733	$50,000.00	– " 11/13/01
	#1678734	$50,000.00	– " 12/14/01
	#1678735	$50,000.00	– " 7/13/01
	#1678736	$50,000.00	– " 5/31/01

If you have any questions concerning the request, please contact me at (202) 835-5366.

Thank you!

This message is intended only for the use of the individual or entity to which it is addressed and may contain information that is privileged, confidential, and exempt from disclosure under applicable law. If the reader of this message is not the intended recipient, the employee or the agent responsible for delivering the message to the intended recipient, you are hereby notified that any dissemination, distribution, or copying of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately by telephone. Thank you.


RIGGS Cashier's Check May 15, 2001

Pay to the order of Maria Mirlari a/c Augusto P.

Amount $45,000.00

Remitter

Authorized Signature

0000000045746

RESEARCH & ADJUST Fax:301-887-4279 Jun 20 2002 7:43 P.01

RESEARCH & ADJUST Fax:301-887-4279 Jun 20 2002 1:44 P.02
0000000045747

RIGGS

NEGOTIABLE INSTRUMENT ISSUANCE LOG

Riggs Bank N.A.

Cashiers' Checks
International Private Banking

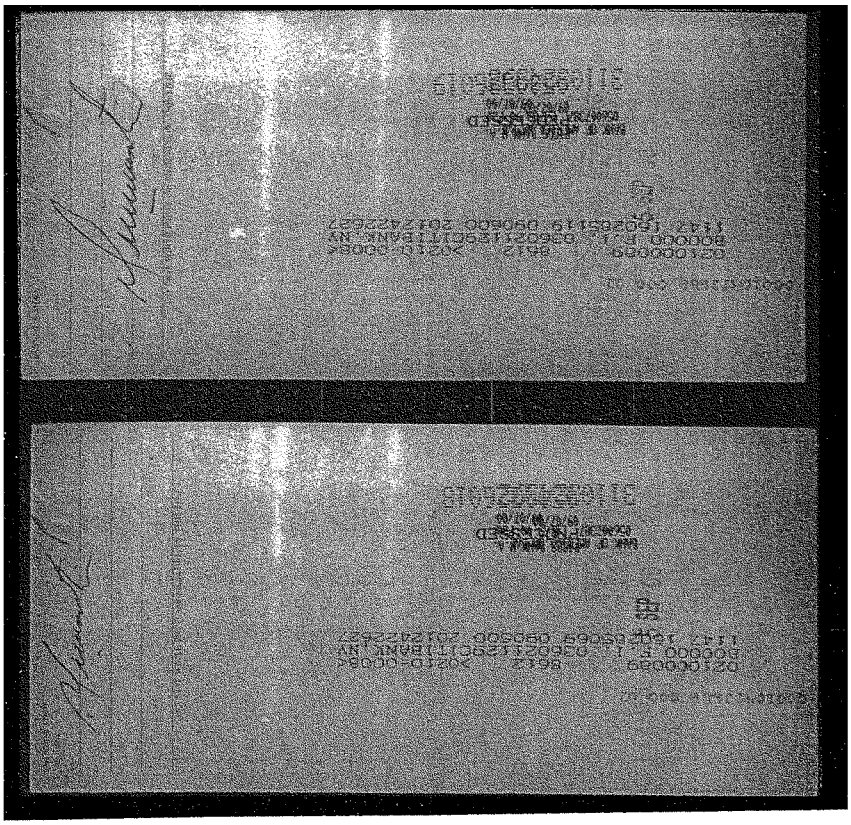
DATE	CHECK #	AMOUNT	CUSTOMER'S NAME	ACCOUNT #	FEE	SELLER'S INITIALS	ITEM COUNT	VERIFIED BY
			Redacted by Permanent Subcommittee on Investigations					
8/18/00	1674309	50,000.00	A.P.	76835282	7.00			
8/18/00	1674310	50,000.00	A.P.	" "	7.00			
8/18/00	1674311	50,000.00	A.P.	" "	7.00			
8/18/00	1674312	50,000.00	A.P.	" "	7.00			
8/18/00	1674313	50,000.00	A.P.	" "	7.00			
8/18/00	1674314	50,000.00	A.P.	" "	7.00			
8/18/00	1674315	50,000.00	A.P.	" "	7.00			
8/18/00	1674316	50,000.00	AP	" "	7.00			
			Redacted by Permanent Subcommittee on Investigations					

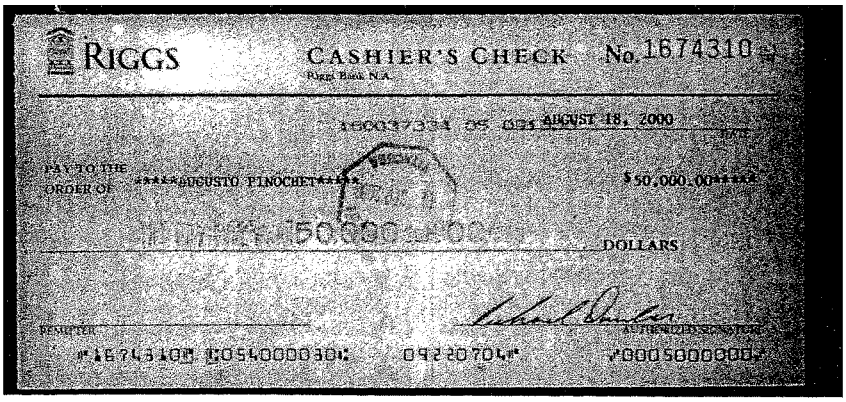
Redacted by Permanent Subcommittee on Investigations



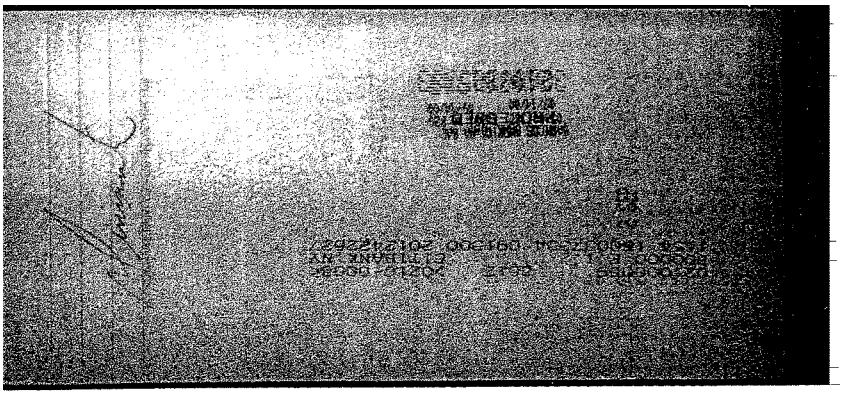
RIGGS
Riggs Bank N.A.
CASHIER'S CHECK No. 1674309
AUGUST 18, 2000
PAY TO THE ORDER OF *****AUGUSTO PINOCHET*****
$50,000.00*****
DOLLARS
REMITTER
AUTHORIZED SIGNATURE
"1674309" "054000030" 09220704" "0005000000"

RIGGS
Riggs Bank N.A.
CASHIER'S CHECK No. 1674316
AUGUST 18, 2000
PAY TO THE ORDER OF *****AUGUSTO PINOCHET*****
$50,000.00*****
DOLLARS
REMITTER
AUTHORIZED SIGNATURE
"1674316" "054000030" 09220704" "0005000000"

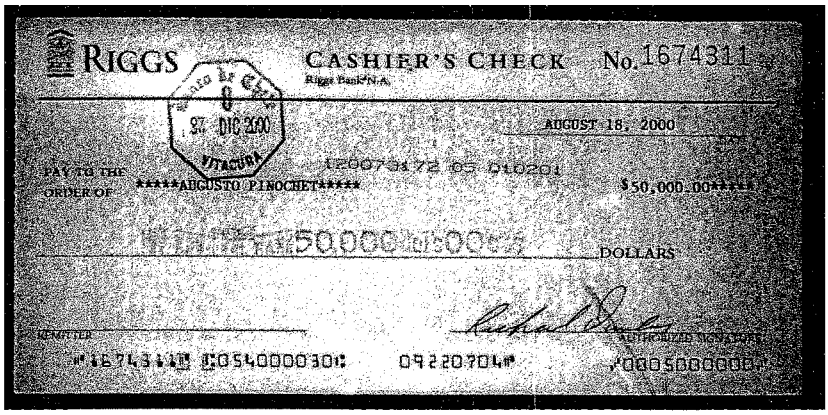



RIGGS
Riggs Bank N.A.
CASHIER'S CHECK No. 1674310
1600373341 05 0221 AUGUST 18, 2000
DATE
PAY TO THE ORDER OF *****AUGUSTO PINOCHET*****
$50,000.00*****
DOLLARS
REMITTER
AUTHORIZED SIGNATURE
⑈1674310⑈ ⑆054000030⑆ 0922070⑆ ⑈0005000000⑈

OCC0000045751



OCC000004575



RIGGS

CASHIER'S CHECK No. 1674311

Riggs Bank N.A.

27 DIC 2000

AUGUST 18, 2000

PAY TO THE ORDER OF *****AUGUSTO PINOCHET***** $50,000.00*****

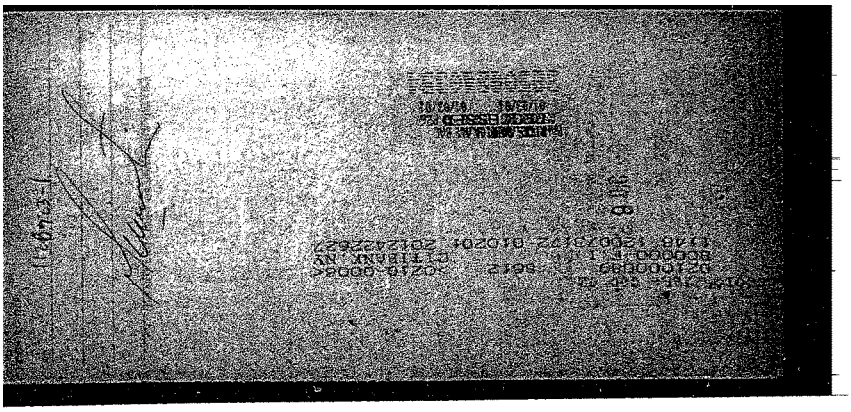
DOLLARS

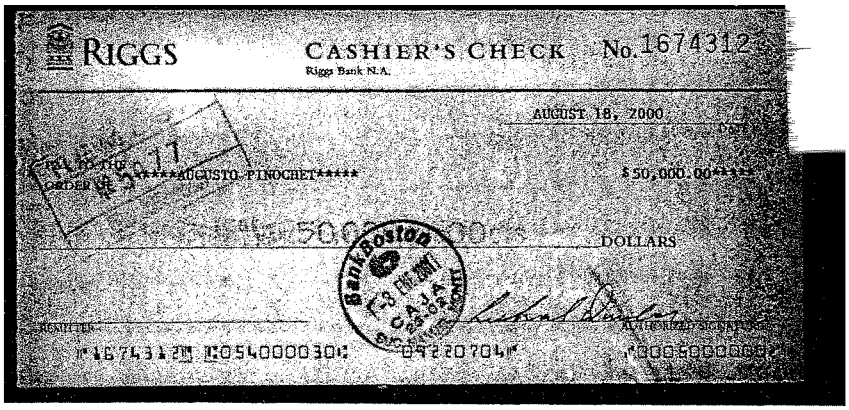
REMITTER

AUTHORIZED SIGNATURE

"1674311" C0540000301: 09220704" "000500000"

0CC0000045753





RIGGS

CASHIER'S CHECK No. 1674312

Riggs Bank N.A.

AUGUST 18, 2000

PAY TO THE ORDER OF ****AUGUSTO PINOCHET*****

$50,000.00

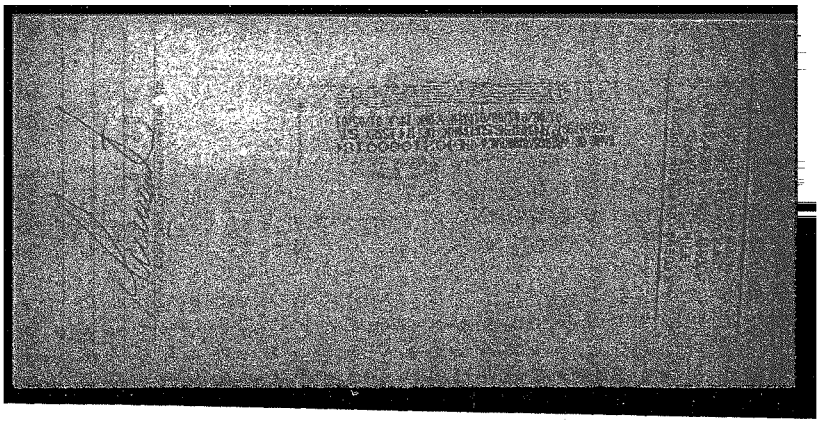
DOLLARS

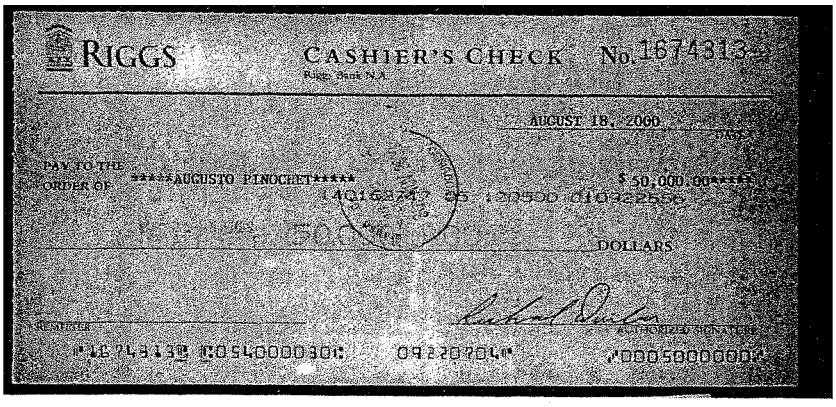
Bank Boston

AUTHORIZED SIGNATURE

"1674312" "054000030" 092207041" "000500000000"

OCC0000045755





RIGGS

CASHIER'S CHECK No. 1674313

Riggs Bank N.A.

AUGUST 18, 2000

PAY TO THE ORDER OF *****AUGUSTO PINOCHET*****

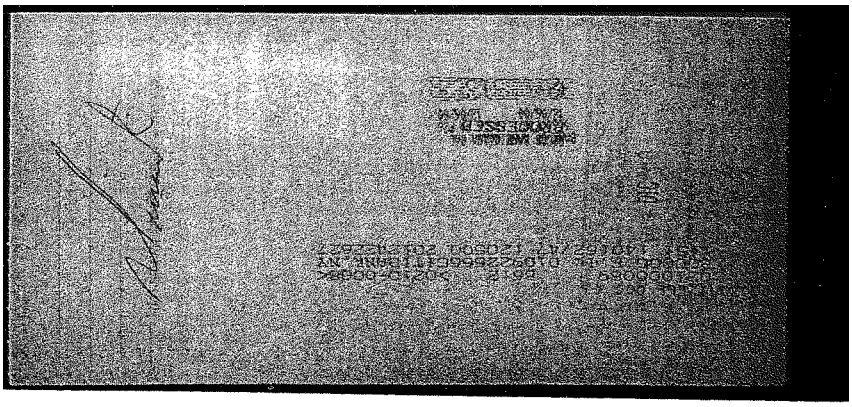
$ 50,000.00*****

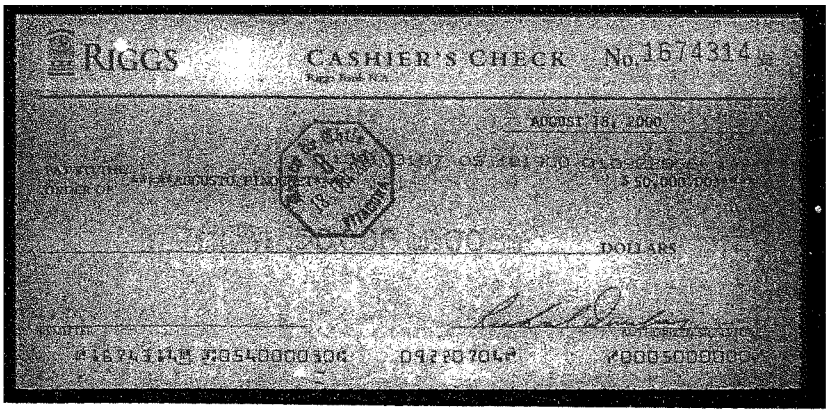
DOLLARS

REMITTER

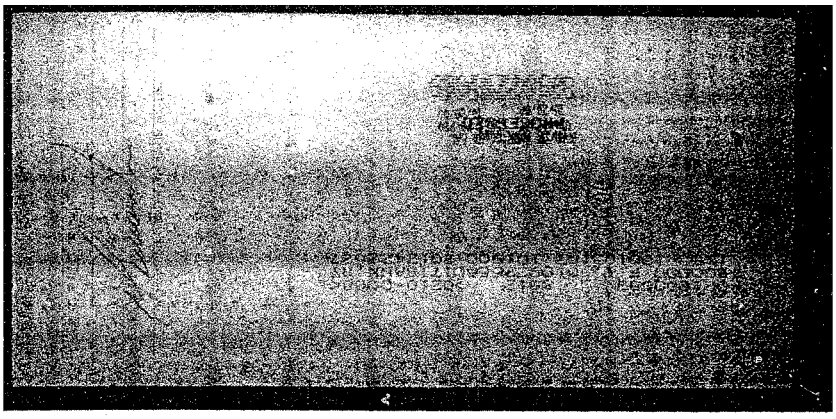
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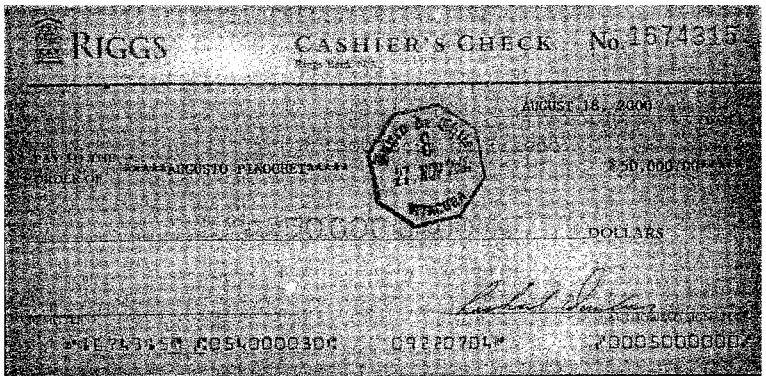
OCC0000045757




RIGGS
CASHIER'S CHECK No. 1674314
AUGUST 16, 2000
DOLLARS

OCC0000045759



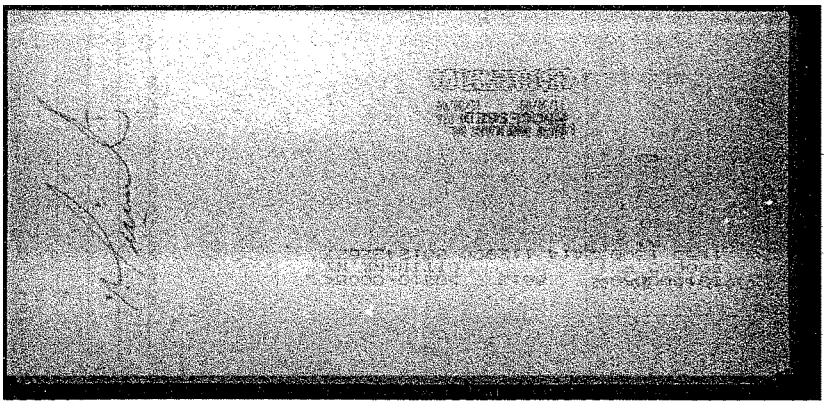

RIGGS CASHIER'S CHECK No. 1574315

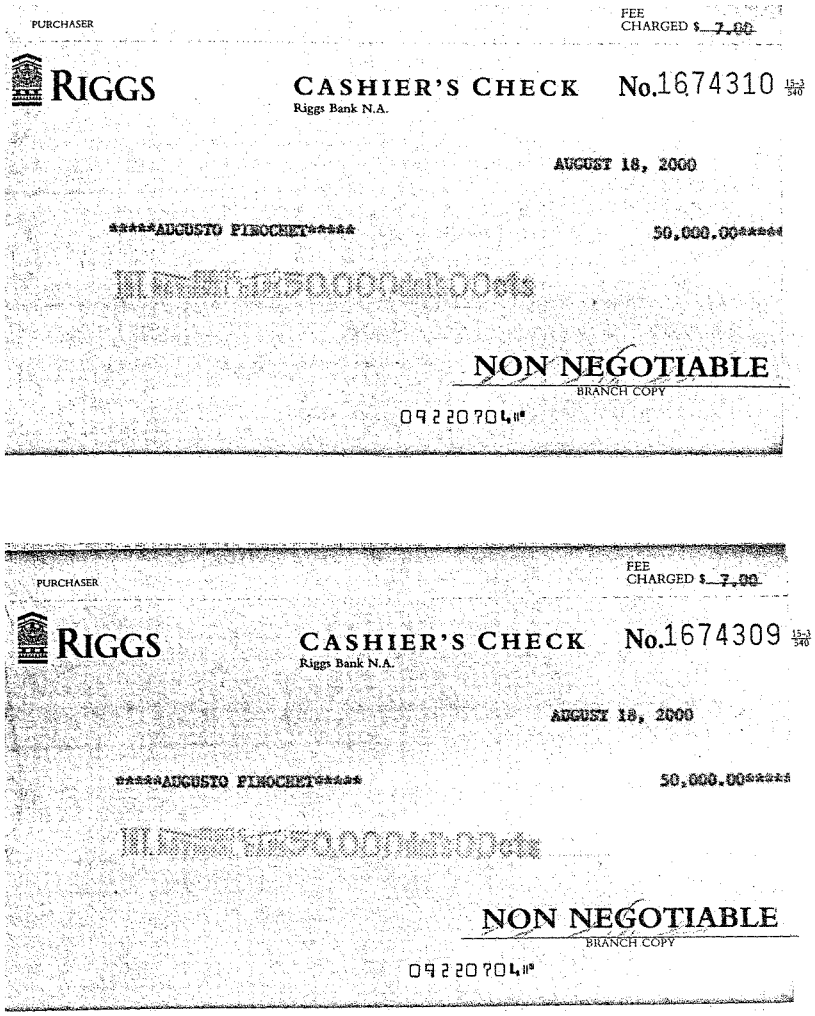
AUGUST 16, 2000

PAY TO THE ORDER OF AUGUSTO PLAUCHET $50,000.00

DOLLARS

OCC0000045761





PURCHASER

FEE CHARGED $ 7.00

RIGGS

CASHIER'S CHECK No. 1674310 15-3/540

Riggs Bank N.A.

AUGUST 18, 2000

*****AUGUSTO PINOCHET***** 50,000.00*****

NON NEGOTIABLE

BRANCH COPY

092207041

PURCHASER

FEE CHARGED $ 7.00

RIGGS

CASHIER'S CHECK No. 1674309 15-3/540

Riggs Bank N.A.

AUGUST 18, 2000

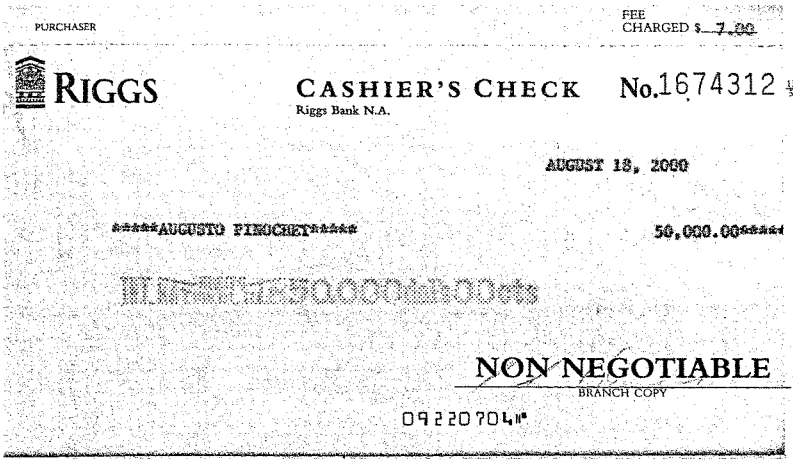
*****AUGUSTO PINOCHET***** 50,000.00*****

NON NEGOTIABLE

BRANCH COPY

092207041

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PURCHASER

FEE CHARGED $ 7.00

RIGGS

CASHIER'S CHECK No. 1674312 13-3/540

Riggs Bank N.A.

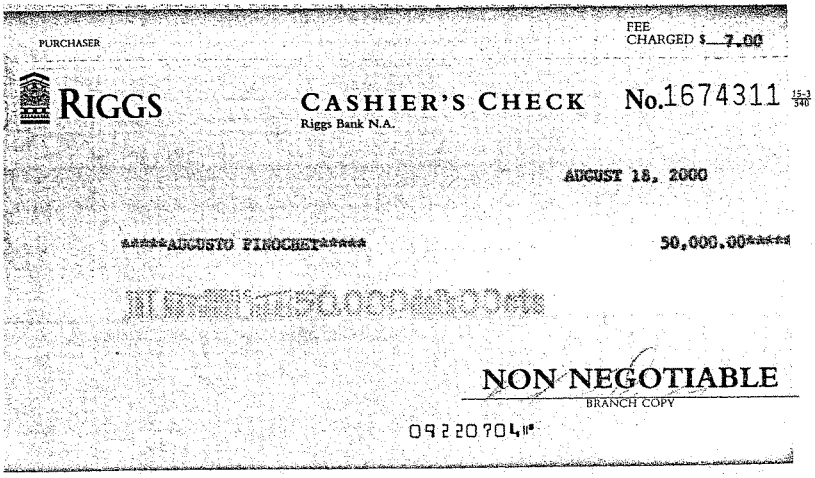
AUGUST 18, 2000

*****AUGUSTO FIROCHET***** 50,000.00*****

NON NEGOTIABLE

BRANCH COPY

092207041*



PURCHASER

FEE CHARGED $ 7.00

RIGGS

CASHIER'S CHECK No. 1674311 15-3/540

Riggs Bank N.A.

AUGUST 18, 2000

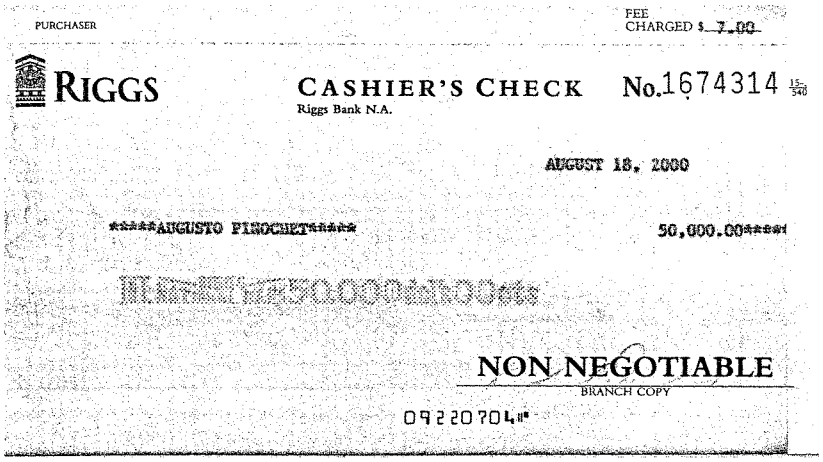
*****AUGUSTO FIROCHET***** 50,000.00*****

NON NEGOTIABLE

BRANCH COPY

092207041*

OCC0000045764



PURCHASER

FEE CHARGED $ 7.00

RIGGS

CASHIER'S CHECK No. 1674314

Riggs Bank N.A.

AUGUST 18, 2000

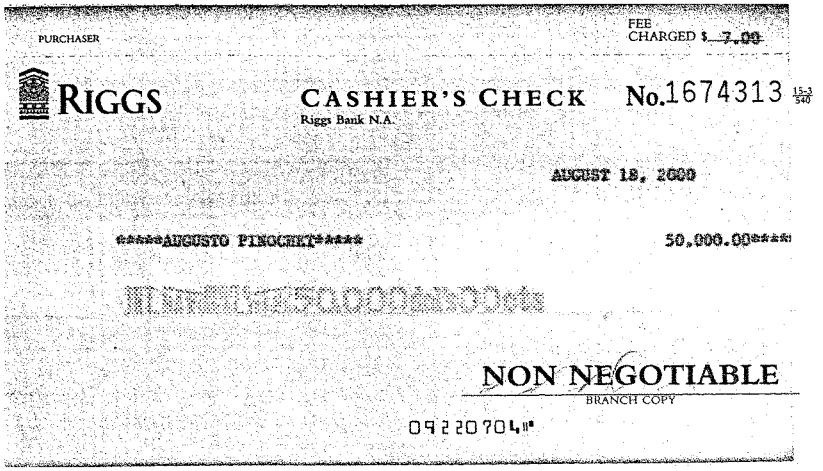
*****AUGUSTO PINOCHET*****

50,000.00*****

NON NEGOTIABLE

BRANCH COPY

092207041



PURCHASER

FEE CHARGED $ 7.00

RIGGS

CASHIER'S CHECK No. 1674313

Riggs Bank N.A.

AUGUST 18, 2000

*****AUGUSTO PINOCHET*****

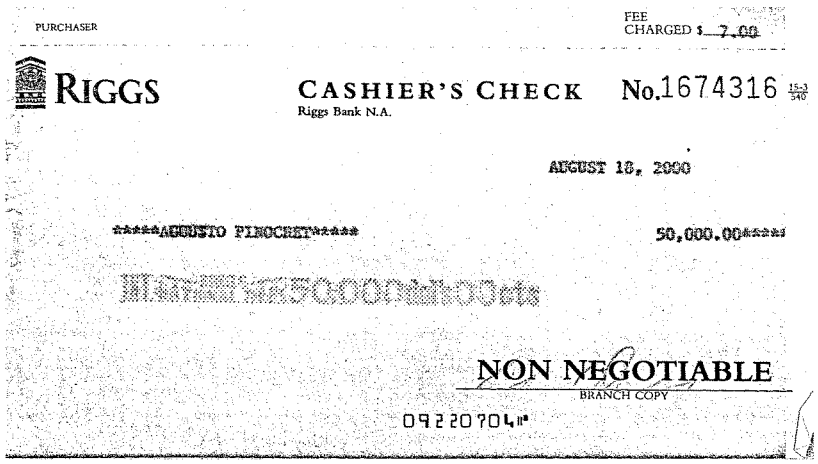
50,000.00*****

NON NEGOTIABLE

BRANCH COPY

092207041

OCC0000045765



PURCHASER

FEE CHARGED $ 7.00

RIGGS

CASHIER'S CHECK No. 1674316

Riggs Bank N.A.

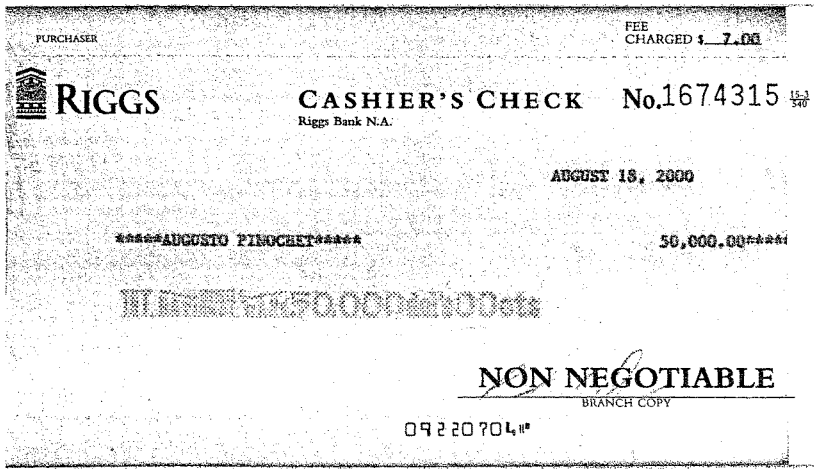
AUGUST 18, 2000

*****AUGUSTO PINOCHET***** 50,000.00*****

NON NEGOTIABLE

BRANCH COPY

092207041*



PURCHASER

FEE CHARGED $ 7.00

RIGGS

CASHIER'S CHECK No. 1674315

Riggs Bank N.A.

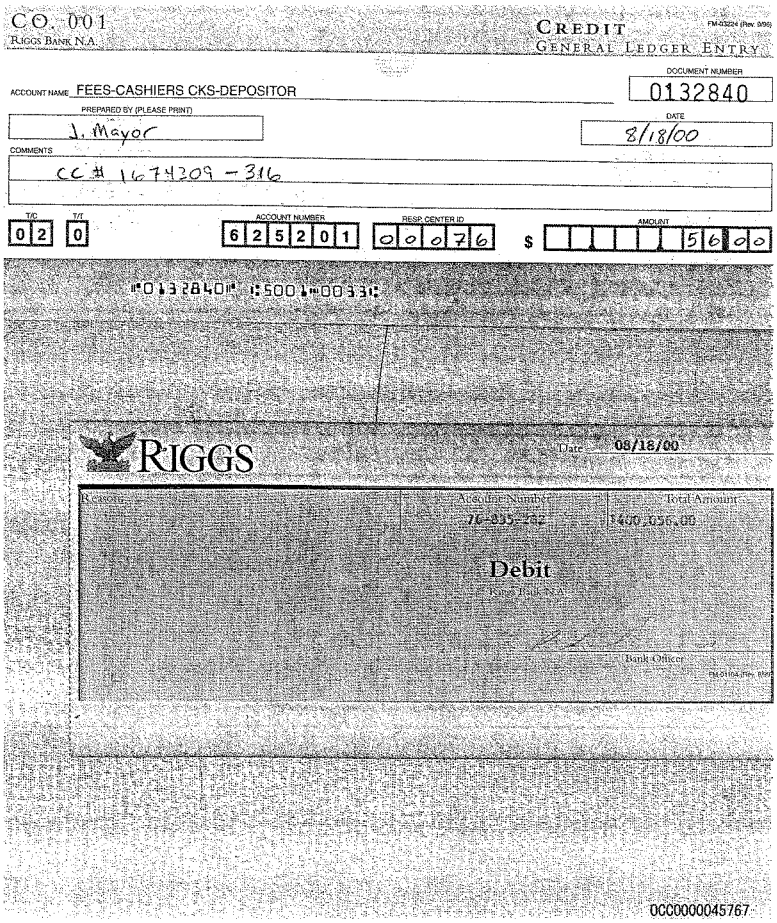
AUGUST 18, 2000

*****AUGUSTO PINOCHET***** 50,000.00*****

NON NEGOTIABLE

BRANCH COPY

092207041*



CO. 001
RIGGS BANK N.A.

CREDIT
GENERAL LEDGER ENTRY

FM-0322A (Rev. 8/96)

DOCUMENT NUMBER 0132840

ACCOUNT NAME FEES-CASHIERS CKS-DEPOSITOR

PREPARED BY (PLEASE PRINT) J. Mayor

DATE 8/18/00

COMMENTS cc # 1674309 - 316

T/C	T/I	ACCOUNT NUMBER	RESP. CENTER ID	AMOUNT
02	0	625201	00076	$ 56.00

⑈0132840⑈ ⑆500⑆00331⑈

RIGGS

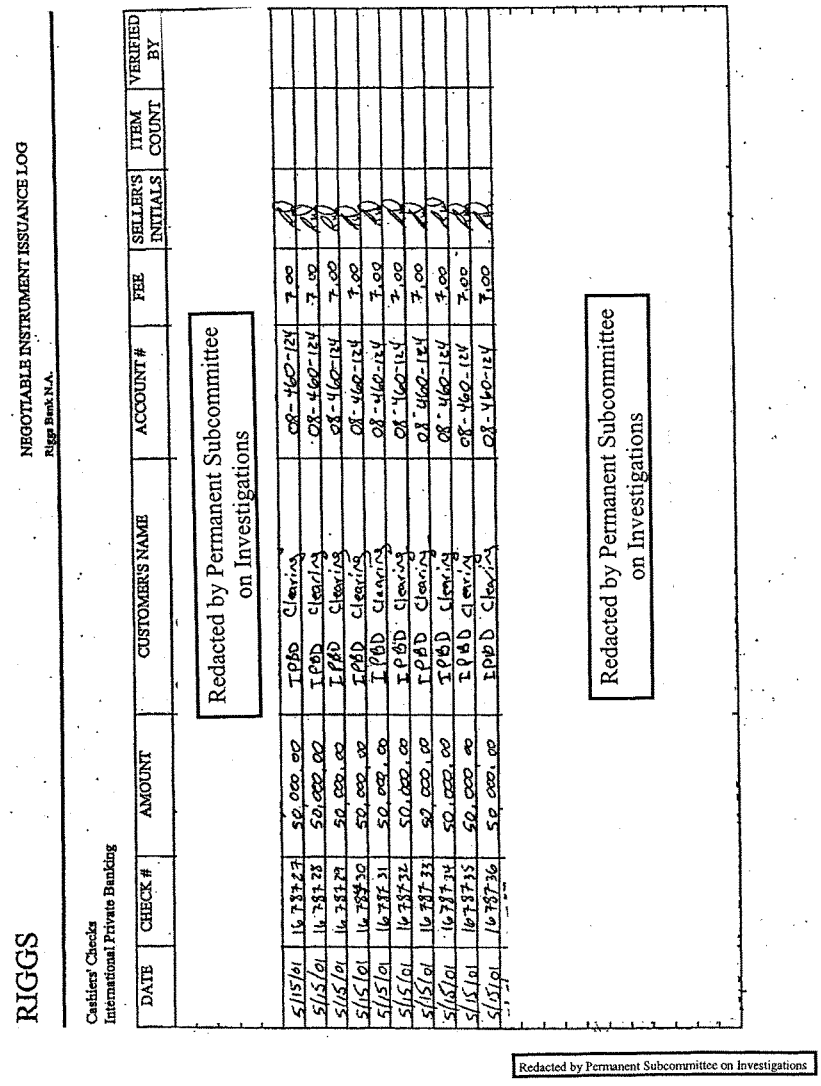
Date 08/18/00

Reason	Account Number	Total Amount
	76-035-782	1400,056.00

Debit

Bank Officer

OCC0000045767



RIGGS

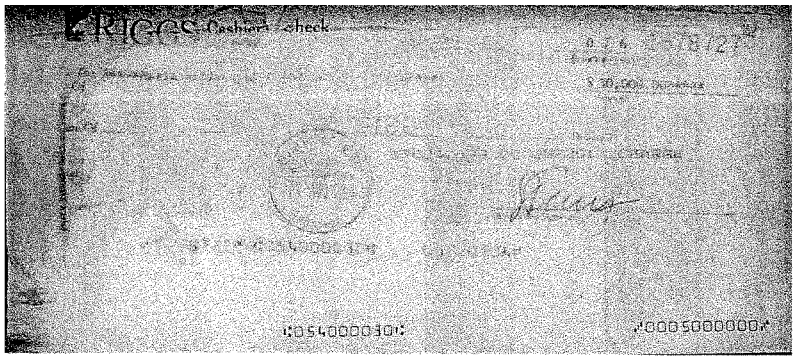
NEGOTIABLE INSTRUMENT ISSUANCE LOG

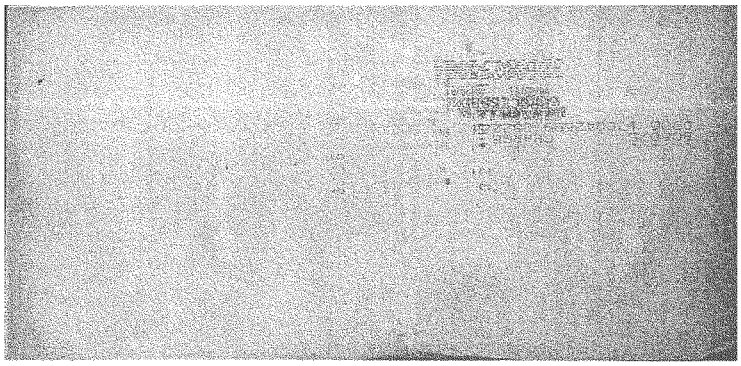
Riggs Bank N.A.

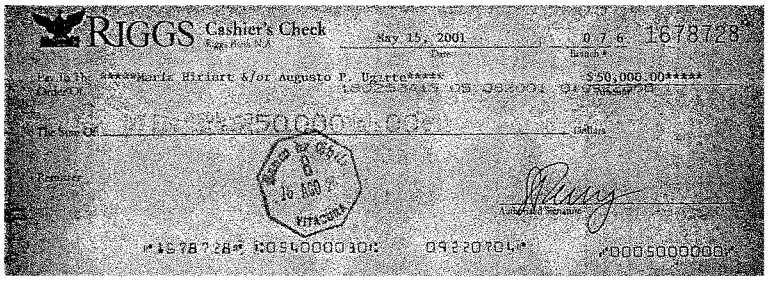
Cashiers' Checks
International Private Banking

DATE	CHECK #	AMOUNT	CUSTOMER'S NAME	ACCOUNT #	FEE	SELLER'S INITIALS	ITEM COUNT	VERIFIED BY
Redacted by Permanent Subcommittee on Investigations								
5/15/01	167837-27	50,000.00	IPBD Clearing	08-460-124	7.00	AA		
5/15/01	167837-28	50,000.00	IPBD Clearing	08-460-124	7.00	AA		
5/15/01	167837-29	50,000.00	IPBD Clearing	08-460-124	7.00	AA		
5/15/01	167837-30	50,000.00	IPBD Clearing	08-460-124	7.00	AA		
5/15/01	167837-31	50,000.00	IPBD Clearing	08-460-124	7.00	AA		
5/15/01	167837-32	50,000.00	IPBD Clearing	08-460-124	7.00	AA		
5/15/01	167837-33	50,000.00	IPBD Clearing	08-460-124	7.00	AA		
5/15/01	167837-34	50,000.00	IPBD Clearing	08-460-124	7.00	AA		
5/15/01	167837-35	50,000.00	IPBD Clearing	08-460-124	7.00	AA		
5/15/01	167837-36	50,000.00	IPBD Clearing	08-460-124	7.00	AA		
Redacted by Permanent Subcommittee on Investigations								

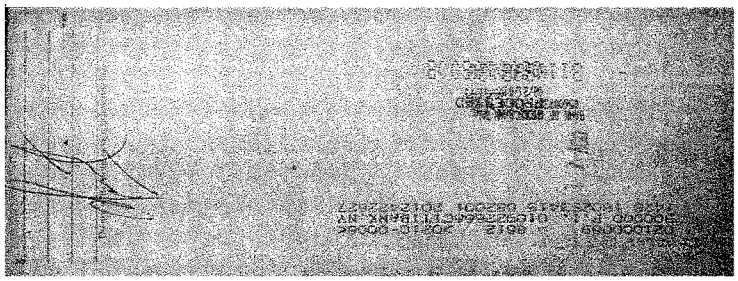
Redacted by Permanent Subcommittee on Investigations

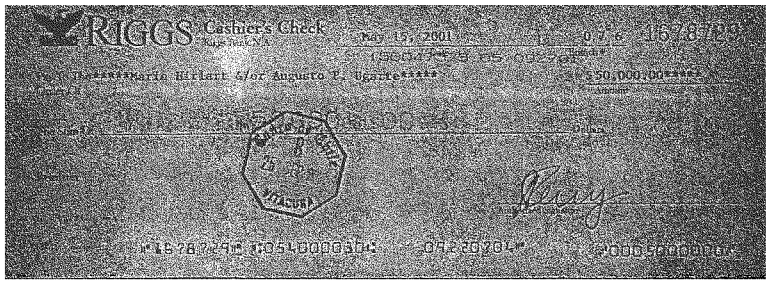

RIGGS Cashier's Check
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:000500000000:



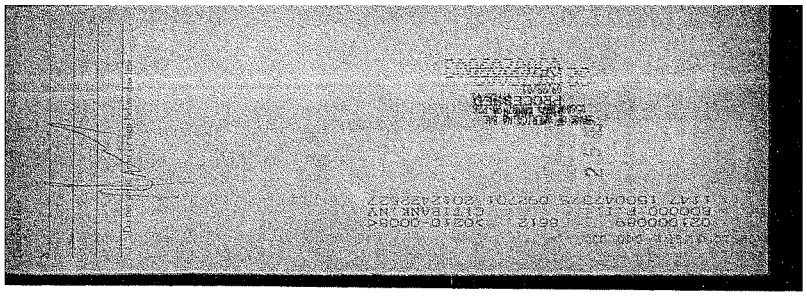

RIGGS Cashier's Check
May 15, 2001
1678728
Pay to the Order of ****Maria Hiriart &/or Augusto P. Ugarte*****
$50,000.00*****
The Sum Of
Dollars
Remitter
Authorized Signature
1678728 0054000030 0932070 000500000

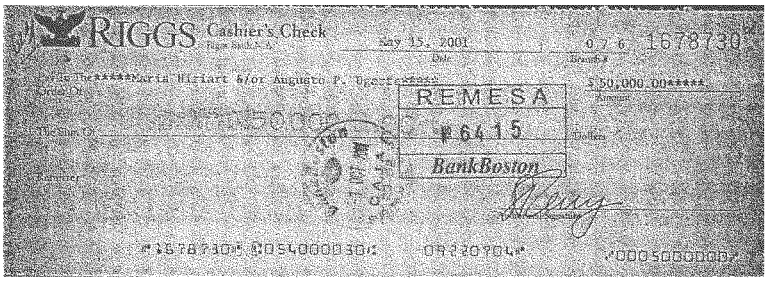
OCC0000045771



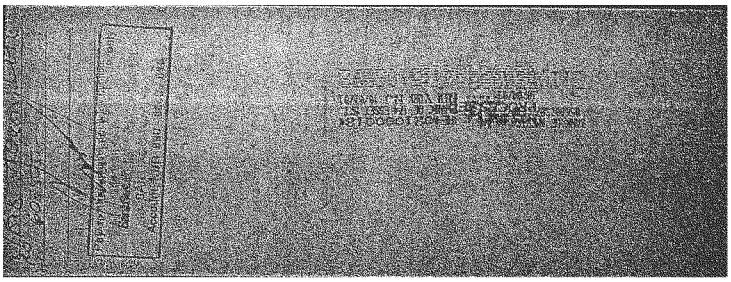


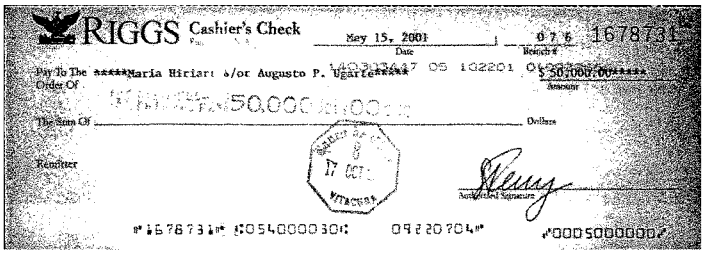
OCC0000045773




RIGGS Cashier's Check
Riggs Bank N.A.
May 15, 2001
Date
076 1678730
Pay to the ***** Maria Hiriart &/or Augusto P. Ugarte *****
$50,000.00*****
REMESA
₱6415
BankBoston
Authorized Signature
Dollars
Remitter
Purchaser
⑈1678730⑈ ⑆054000030⑆ 093207044⑈ ⑈0005000000⑈

OCC0000045775




RIGGS Cashier's Check

May 15, 2001
Date

076 1678731
Branch #

Pay To The Order Of ******Maria Hiriart &/or Augusto P. Ugarte******

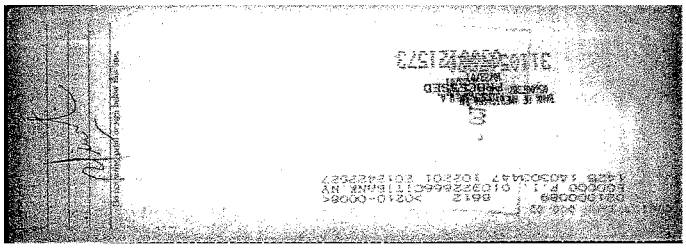
$ 50,000.00******
Amount

The Sum Of _____ Dollars

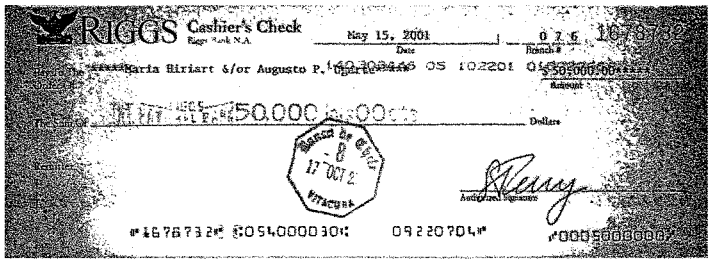
Remitter

Authorized Signature

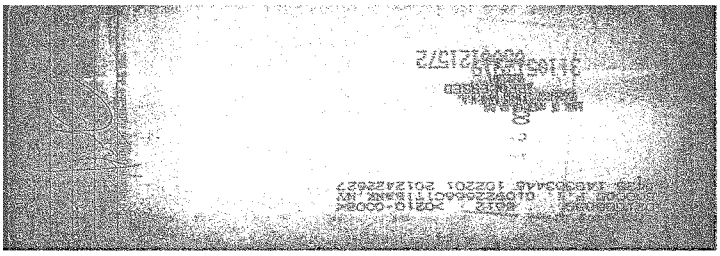
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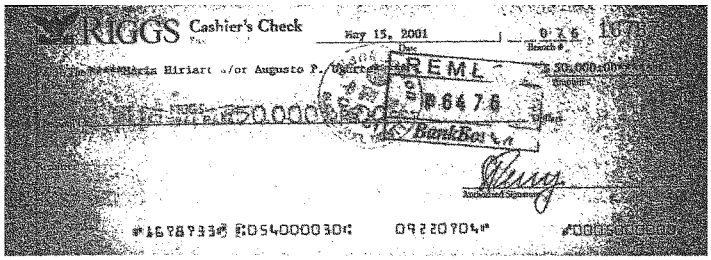


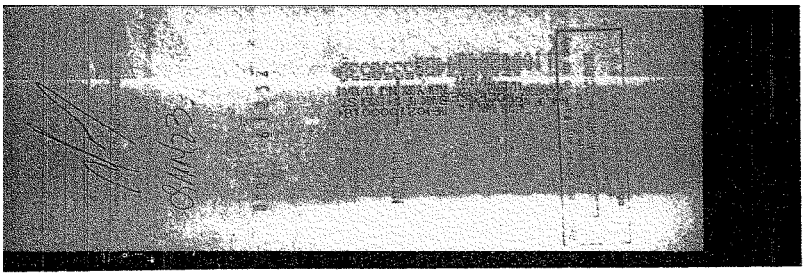
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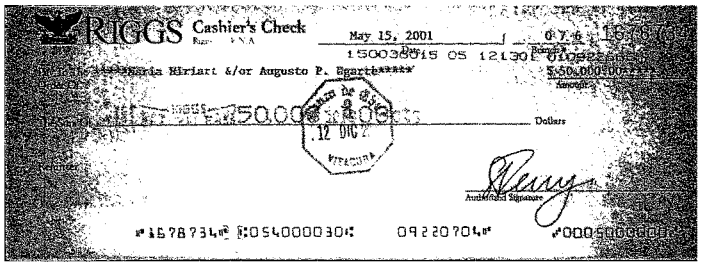

RIGGS Cashier's Check
Riggs Bank N.A.
May 15, 2001
Date
076
Branch #
Maria Biriart &/or Augusto P.
OS 102201
Amount
50,000
Dollars
Banque de Crédit
17 OCT 2
Authorized Signature
0540000301
09220704

0CC0000045779

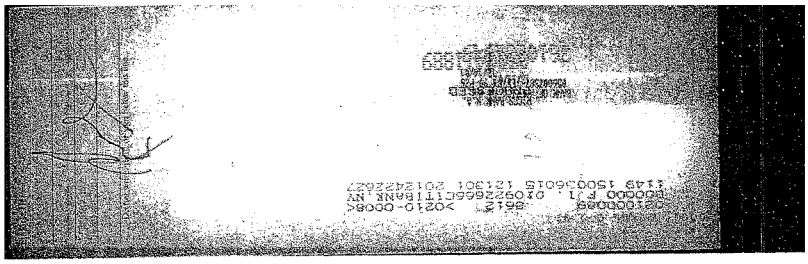


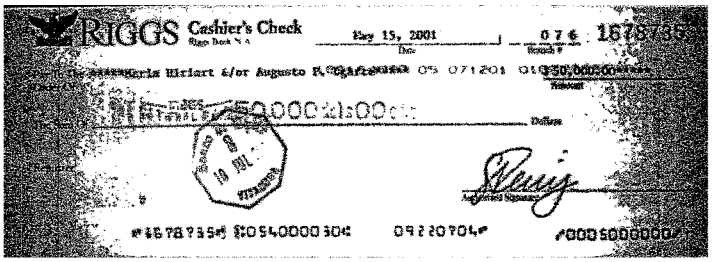

RIGGS Cashier's Check
May 15, 2001
REML
Bank Boston



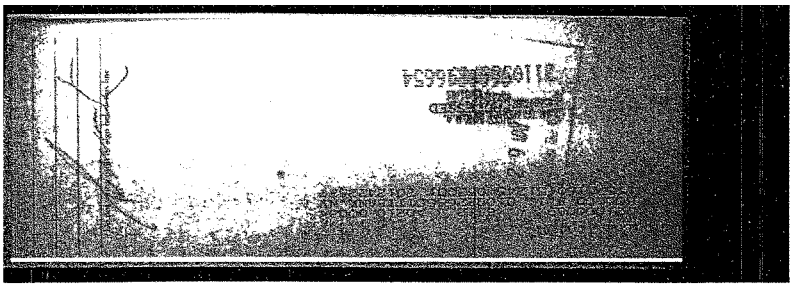

RIGGS Cashier's Check
May 15, 2001
Dollars
Authorized Signature

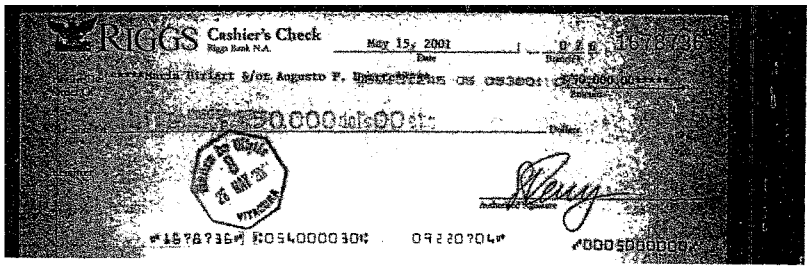
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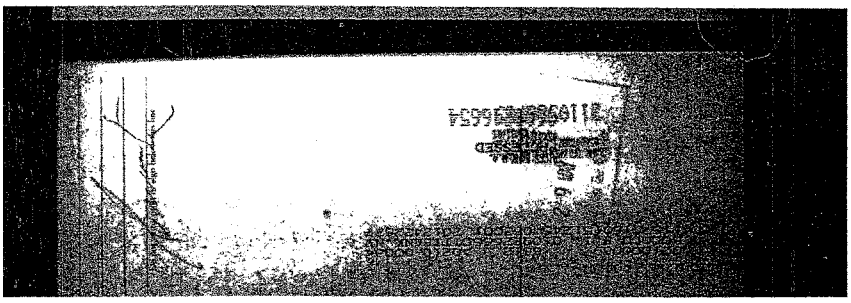



RIGGS Cashier's Check
May 15, 2001
076
1678736
071201
$50,000.21
Dollars
Authorized Signature
#1678736# 1:054000304: 09220704# /000500000000#

0CC0000045785




RIGGS Cashier's Check
Riggs Bank N.A.
May 15, 2001
Date
Dollars
Authorized Signature
0CC0000045787





Purchaser | Daytime Phone # | Payment Method ☐ Debit Account # _____ ☐ Cash ☐ Check | Bank Fee 7.00 | Other Charges | Total Dollar Amount

RIGGS Cashier's Check
Riggs Bank N.A.
Debit

May 15, 2001
Date

076 1678727
Branch #

Pay To The Order Of ****Maria Hiriart &/or Augusto F. Ugarte*****

$ 50,000.00*****
Amount

NON NEGOTIABLE

The Sum Of _____ Dollars

Remitter

Customer's Signature

Authorized Signature

⑈1678727⑈ ⑆510100828⑆

Purchaser | Daytime Phone # | Payment Method ☐ Debit Account # _____ ☐ Cash ☐ Check | Bank Fee 7.00 | Other Charges | Total Dollar Amount

RIGGS Cashier's Check
Riggs Bank N.A.
Debit

May 15, 2001
Date

076 1678728
Branch #

Pay To The Order Of ****Maria Hiriart &/or Augusto F. Ugarte*****

$ 50,000.00*****
Amount

NON NEGOTIABLE

The Sum Of _____ Dollars

Remitter

Customer's Signature

Authorized Signature

⑈1678728⑈ ⑆510100828⑆

Purchaser | Daytime Phone # | Payment Method ☐ Debit Account # _____ ☐ Cash ☐ Check | Bank Fee 7.00 | Other Charges | Total Dollar Amount

RIGGS Cashier's Check
Riggs Bank N.A.
Debit

May 15, 2001
Date

076 1678729
Branch #

Pay To The Order Of ****Maria Hiriart &/or Augusto F. Ugarte*****

$ 50,000.00*****
Amount

NON NEGOTIABLE

The Sum Of _____ Dollars

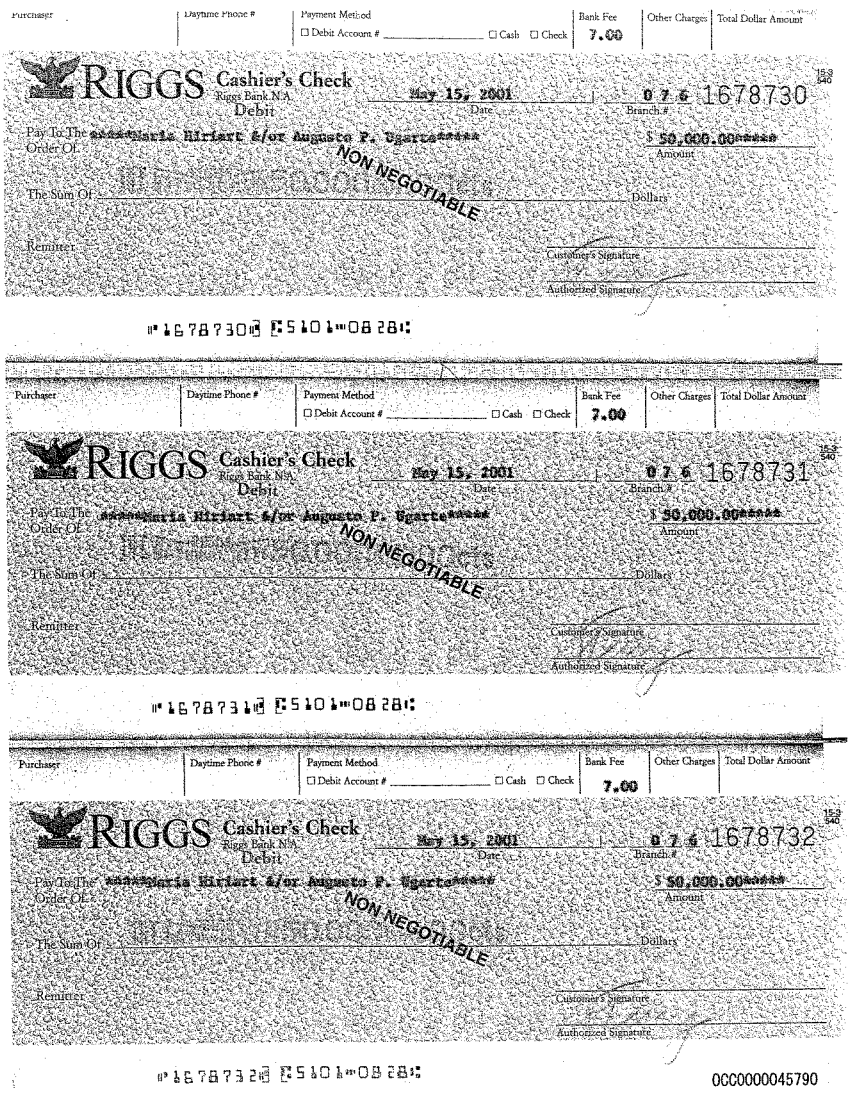
Remitter

Customer's Signature

Authorized Signature

⑈1678729⑈ ⑆510100828⑆

OCC0000045789



Purchaser | Daytime Phone # | Payment Method ☐ Debit Account # _____ ☐ Cash ☐ Check | Bank Fee 7.00 | Other Charges | Total Dollar Amount

RIGGS Cashier's Check
Riggs Bank N.A.
Debit

May 15, 2001 (Date) | 076 1678730 (Branch #)

Pay To The Order Of ****Maria Hiriart &/or Augusto P. Ugarte**** | $ 50,000.00***** (Amount)

NON NEGOTIABLE

The Sum Of _____ Dollars

Remitter

Customer's Signature

Authorized Signature

⑈1678730⑈ ⑆510100828⑆

Purchaser | Daytime Phone # | Payment Method ☐ Debit Account # _____ ☐ Cash ☐ Check | Bank Fee 7.00 | Other Charges | Total Dollar Amount

RIGGS Cashier's Check
Riggs Bank N.A.
Debit

May 15, 2001 (Date) | 076 1678731 (Branch #)

Pay To The Order Of ****Maria Hiriart &/or Augusto P. Ugarte**** | $ 50,000.00***** (Amount)

NON NEGOTIABLE

The Sum Of _____ Dollars

Remitter

Customer's Signature

Authorized Signature

⑈1678731⑈ ⑆510100828⑆

Purchaser | Daytime Phone # | Payment Method ☐ Debit Account # _____ ☐ Cash ☐ Check | Bank Fee 7.00 | Other Charges | Total Dollar Amount

RIGGS Cashier's Check
Riggs Bank N.A.
Debit

May 15, 2001 (Date) | 076 1678732 (Branch #)

Pay To The Order Of ****Maria Hiriart &/or Augusto P. Ugarte**** | $ 50,000.00***** (Amount)

NON NEGOTIABLE

The Sum Of _____ Dollars

Remitter

Customer's Signature

Authorized Signature

⑈1678732⑈ ⑆510100828⑆

OCC0000045790



Purchaser | Daytime Phone # | Payment Method ☐ Debit Account # _____ ☐ Cash ☐ Check | Bank Fee 7.00 | Other Charges | Total Dollar Amount

RIGGS Cashier's Check
Riggs Bank N.A.
Debit

May 15, 2001 (Date) 076 1678733 (Branch #)

Pay To The Order Of ******Maria Biriart &/or Augusto P. Ugarte***** $ 50,000.00***** (Amount)

NON NEGOTIABLE

The Sum Of _____ Dollars

Remitter _____ Customer's Signature _____

Authorized Signature _____

⑈1678733⑈ ⑆510100828⑆

Purchaser | Daytime Phone # | Payment Method ☐ Debit Account # _____ ☐ Cash ☐ Check | Bank Fee 7.00 | Other Charges | Total Dollar Amount

RIGGS Cashier's Check
Riggs Bank N.A.
Debit

May 15, 2001 (Date) 076 1678734 (Branch #)

Pay To The Order Of ******Maria Biriart &/or Augusto P. Ugarte***** $ 50,000.00***** (Amount)

NON NEGOTIABLE

The Sum Of _____ Dollars

Remitter _____ Customer's Signature _____

Authorized Signature _____

⑈1678734⑈ ⑆510100828⑆

Purchaser | Daytime Phone # | Payment Method ☐ Debit Account # _____ ☐ Cash ☐ Check | Bank Fee 7.00 | Other Charges | Total Dollar Amount

RIGGS Cashier's Check
Riggs Bank N.A.
Debit

May 15, 2001 (Date) 076 1678735 (Branch #)

Pay To The Order Of ******Maria Biriart &/or Augusto P. Ugarte***** $ 50,000.00***** (Amount)

NON NEGOTIABLE

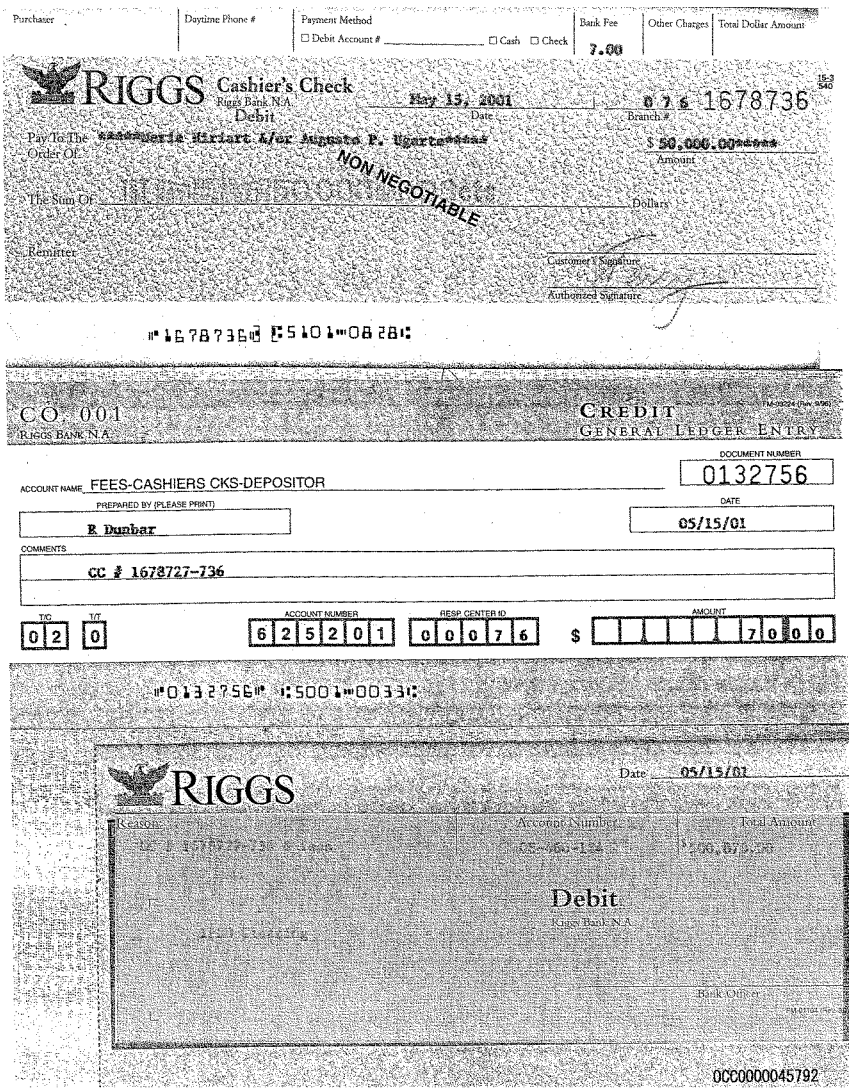
The Sum Of _____ Dollars

Remitter _____ Customer's Signature _____

Authorized Signature _____

⑈1678735⑈ ⑆510100828⑆

OCC0000045791



Purchaser | Daytime Phone # | Payment Method ☐ Debit Account # _____ ☐ Cash ☐ Check | Bank Fee 7.00 | Other Charges | Total Dollar Amount

RIGGS Cashier's Check
Riggs Bank N.A.
Debit

May 15, 2001 (Date) 0 7 6 1678736 (Branch #)

Pay To The Order Of: ****Gloria Hiriart &/or Augusto P. Ugarte**** $ 50,000.00**** (Amount)

NON NEGOTIABLE

The Sum Of: Fifty Thousand and 00/100 ***** (Dollars)

Remitter

Customer's Signature

Authorized Signature

⑈1678736⑈ ⑆510100828⑆

CO 001
Riggs Bank N.A.

CREDIT
GENERAL LEDGER ENTRY

DOCUMENT NUMBER 0132756

ACCOUNT NAME FEES-CASHIERS CKS-DEPOSITOR

PREPARED BY (PLEASE PRINT) E Dunbar

DATE 05/15/01

COMMENTS CC # 1678727-736

T/C	T/T	ACCOUNT NUMBER	RESP CENTER ID	AMOUNT
02	0	625201	00076	$ 700 00

⑈0132756⑈ ⑆500100033⑆

RIGGS

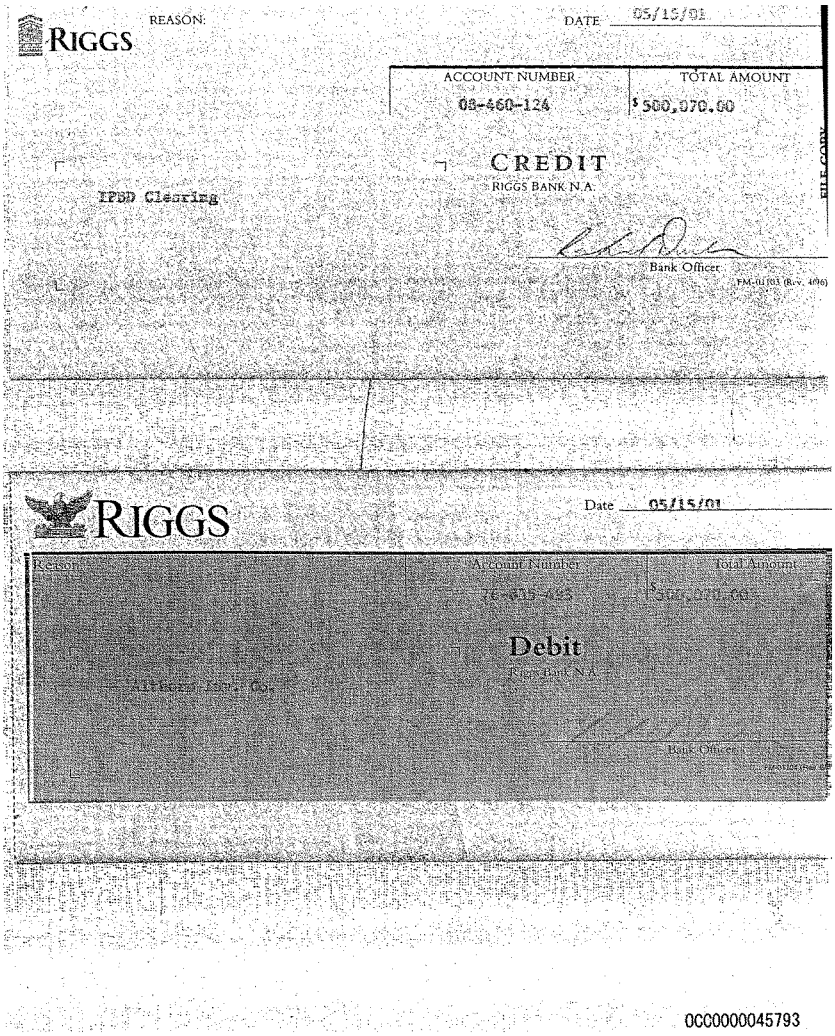
Date 05/15/01

Reason	Account Number	Total Amount
CC # 1678727-736 Fees	GE-060-154	700.00

Debit
Riggs Bank N.A.

Bank Officer

OCC0000045792



RIGGS

REASON:

DATE 05/15/01

ACCOUNT NUMBER	TOTAL AMOUNT
08-460-124	$500,070.00

IPBD Clearing

CREDIT

RIGGS BANK N.A.

Bank Officer

FM-01/03 (Rev. 4/96)

RIGGS

Date 05/15/01

Reason	Account Number	Total Amount
Allegro Invt. Co.	76-619-493	$500,070.00

Debit

Riggs Bank N.A.

Bank Officer

OCC0000045793

RIGGS

Investment CD's in Process — File

Document Number: 31092051

From: IPBD R/C 0 0 0 7 6

To: CD DEPT. R/C 0 0 6 0 1

Comments: PARTIAL REDEMPTION OF CD# 81-442-002

Amount: 500,000.00

Initiated By: VICKY TRANG

Official Approval:

Date: MAY 15, 2001

Riggs Bank N.A.

FM-00023 (Rev. 7/98)

⑆5968188⑈

RIGGS

REASON: PARTIAL REDEMPTION OF CD

DATE: MAY 15, 2001

ACCOUNT NUMBER: 76-835-493

TOTAL AMOUNT: $ 500,000.00

CREDIT

RIGGS BANK N.A.

ALTHERP INVESTMENT CO. LTD

Bank Officer

FILE COPY

OCC0000045794

RIGGS

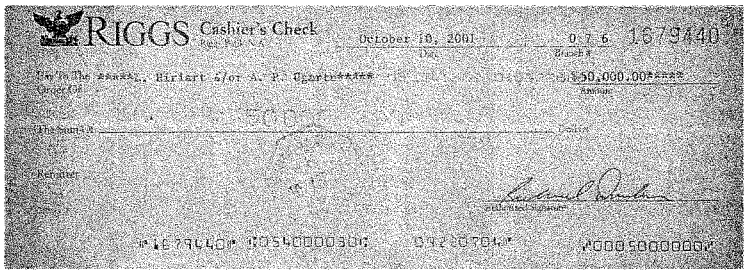
NEGOTIABLE INSTRUMENT ISSUANCE LOG

Riggs Bank N.A.

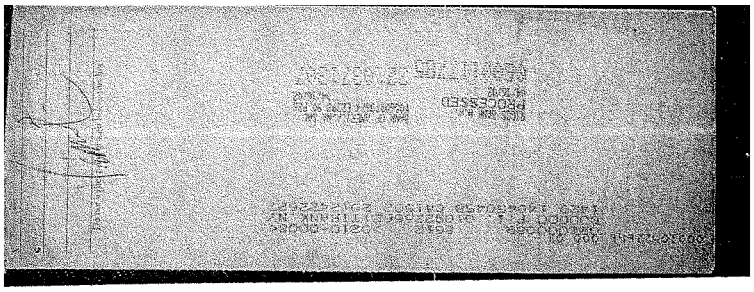
Cashiers' Checks
International Private Banking

DATE	CHECK #	AMOUNT	CUSTOMER'S NAME	ACCOUNT #	FEE	SELLER'S INITIALS	ITEM COUNT	VERIFIED BY
			Redacted by Permanent Subcommittee on Investigations					
10/10/01	16794 39	50,000.00	IPBD Clearing	08-460-124	—			
10/10/01	16794 40	50,000.00	IPBD Clearing	08-460-124	—			
10/10/01	16794 41	50,000.00	IPBD Clearing	08-460-124	—			
10/10/01	16794 42	50,000.00	IPBD Clearing	08-460-124	—			
10/10/01	16794 43	50,000.00	IPBD Clearing	08-460-124	—			
10/10/01	16794 44	50,000.00	IPBD Clearing	08-460-124	—			
10/10/01	16794 45	50,000.00	IPBD Clearing	08-460-124	—			
10/10/01	16794 46	50,000.00	IPBD Clearing	08-460-124	—			
10/10/01	16794 47	50,000.00	IPBD Clearing	08-460-124	—			
10/10/01	16794 48	50,000.00	IPBD Clearing	08-460-124	—			
			Redacted by Permanent Subcommittee on Investigations					

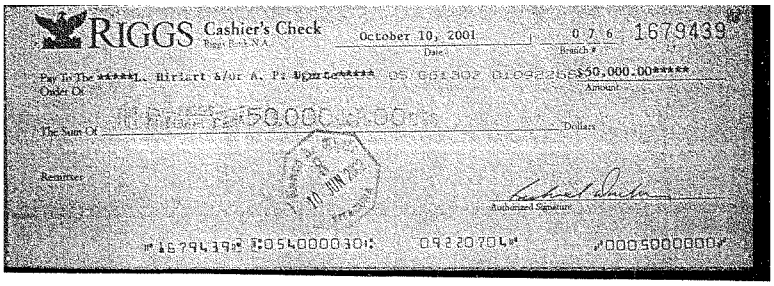
Redacted by Permanent Subcommittee on Investigations


RIGGS Cashier's Check
Reg. P.O. N.A.
October 10, 2001
Date
0 7 6 1879440
Branch #
Pay to the ******, Hirlart &/or A. P. Ogarit*****
Order Of
$50,000.00*****
Amount
The Sum Of
Dollars
Remitter
Authorized Signature
1879440 :054000030: 0922D704.* #0005000000#

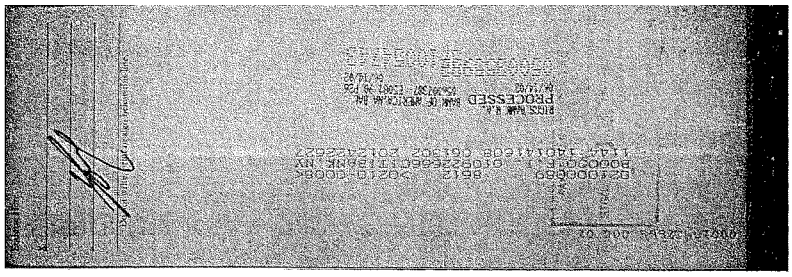
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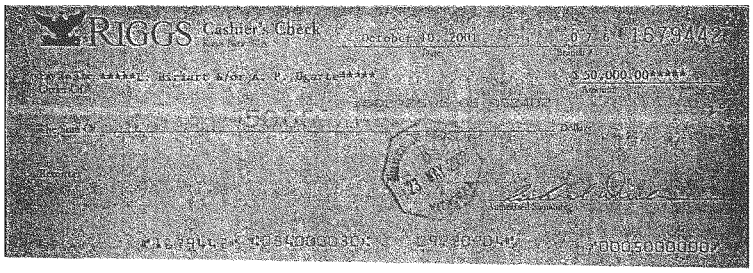


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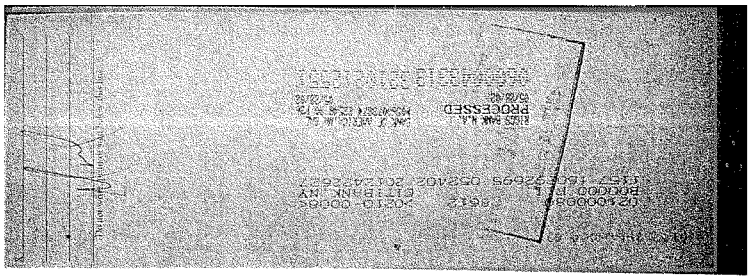

RIGGS Cashier's Check
Riggs Bank N.A.
October 10, 2001
Date
0 7 6 1679439
Branch #
Pay To The Order Of *****L. Birlart &/or A. P. [illegible]
$50,000.00*****
Amount
The Sum Of [illegible] 50,000 [illegible]
Dollars
Remitter
Authorized Signature
1679439 ⑆054000030⑆ 092207041 ⑈0005000000⑈

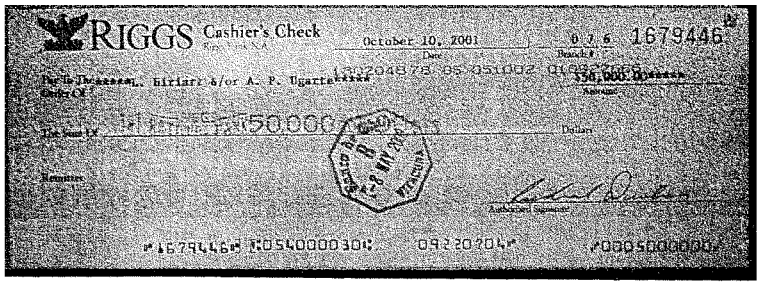
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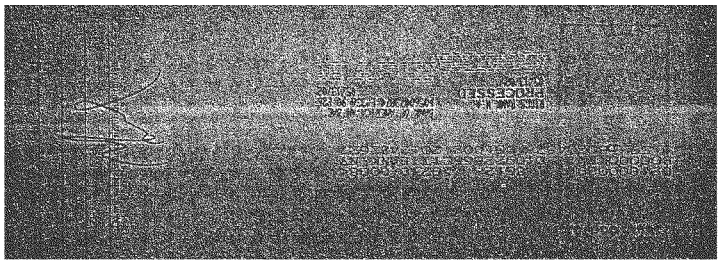



RIGGS Cashier's Check

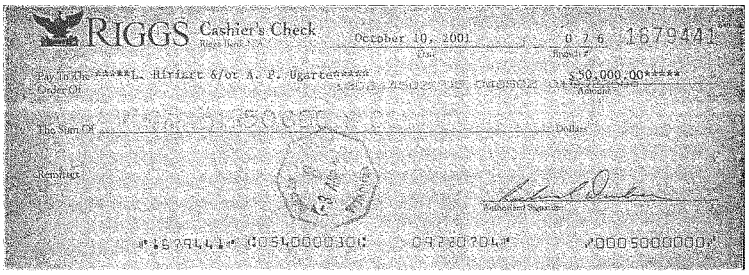
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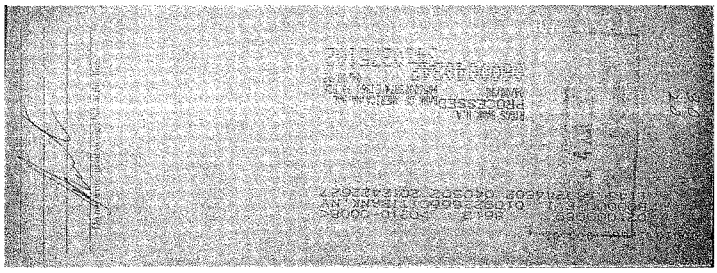


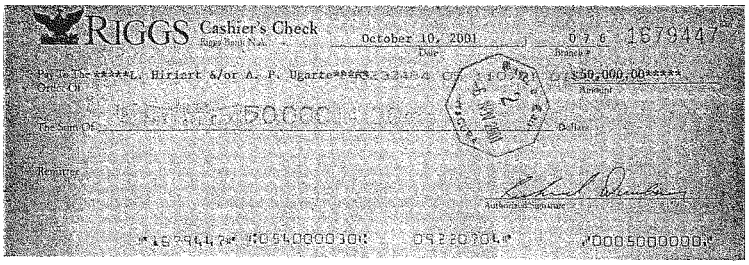

RIGGS Cashier's Check
October 10, 2001
076 1679446
Hilarr &/or A. P. Ugarte
$50,000
Dollars
Authorized Signature
⑈1679446⑈ ⑆054000030⑆ 09220204⑈ ⑈0005000000⑈



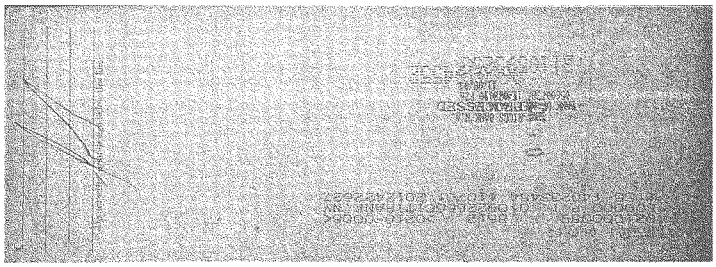
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RIGGS Cashier's Check
Riggs Bank N.A.
October 10, 2001
Date
076 1679441
Branch #
Pay to the Order Of ******L. Hiriart &/or A. P. Ugarte******
$50,000.00*****
Amount
The Sum Of
Dollars
Remitter
Authorized Signature
1679441 :054000030: 0472070?* *0005000000*

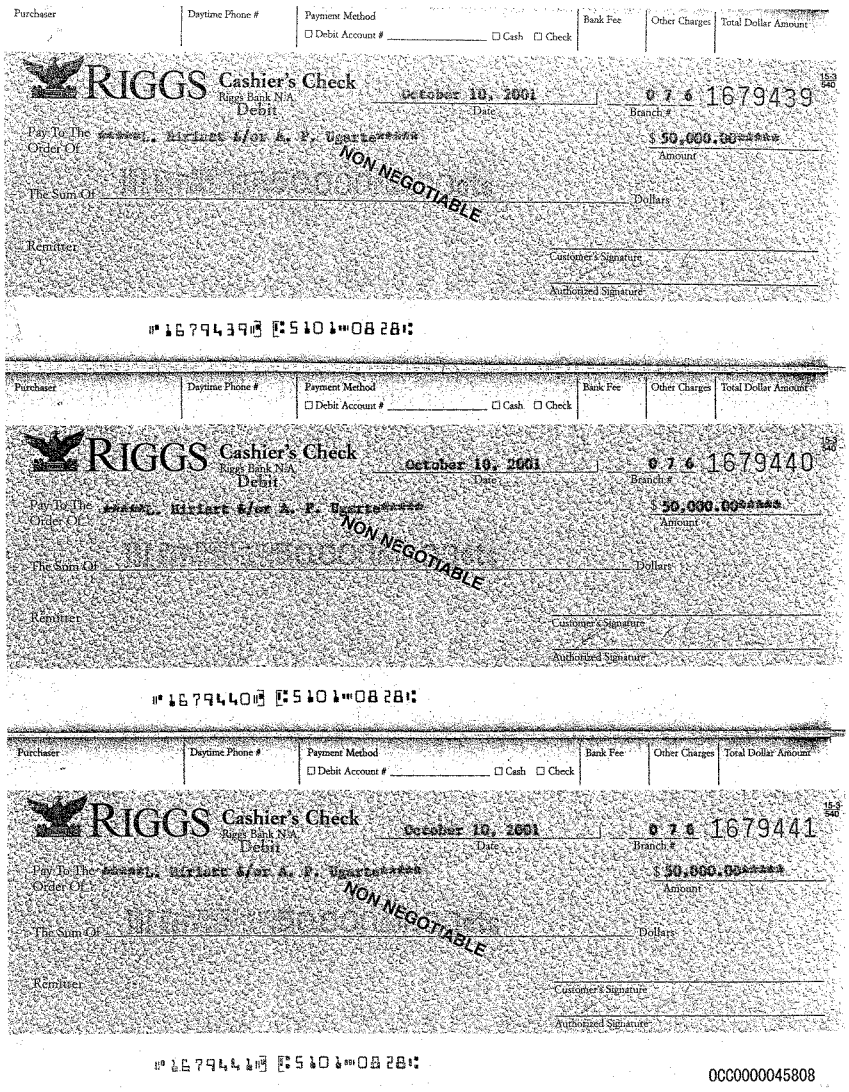



RIGGS Cashier's Check
Riggs Bank N.A.
October 10, 2001
Date
076 1679447
Branch #
Pay to the Order Of **L. Hiriart &/or A. F. Ugarte**** $50,000.00*****
Amount
The Sum Of 50000
Dollars
Remitter
Authorized Signature
"1679447" "059000030" 052207041" "00050000000"

OCC0000045806



0CC0000045807



Purchaser | Daytime Phone # | Payment Method ☐ Debit Account # _____ ☐ Cash ☐ Check | Bank Fee | Other Charges | Total Dollar Amount

RIGGS Cashier's Check
Riggs Bank N.A.
Debit

October 10, 2001
Date

076 1679439
Branch #

Pay To The Order Of: Miriam &/or A. P. Ugarte*****

$ 50,000.00*****
Amount

NON NEGOTIABLE

The Sum Of _____ Dollars

Remitter

Customer's Signature

Authorized Signature

⑈1679439⑈ ⑆510100828⑆

Purchaser | Daytime Phone # | Payment Method ☐ Debit Account # _____ ☐ Cash ☐ Check | Bank Fee | Other Charges | Total Dollar Amount

RIGGS Cashier's Check
Riggs Bank N.A.
Debit

October 10, 2001
Date

076 1679440
Branch #

Pay To The Order Of: Miriam &/or A. P. Ugarte*****

$ 50,000.00*****
Amount

NON NEGOTIABLE

The Sum Of _____ Dollars

Remitter

Customer's Signature

Authorized Signature

⑈1679440⑈ ⑆510100828⑆

Purchaser | Daytime Phone # | Payment Method ☐ Debit Account # _____ ☐ Cash ☐ Check | Bank Fee | Other Charges | Total Dollar Amount

RIGGS Cashier's Check
Riggs Bank N.A.
Debit

October 10, 2001
Date

076 1679441
Branch #

Pay To The Order Of: Miriam &/or A. P. Ugarte*****

$ 50,000.00*****
Amount

NON NEGOTIABLE

The Sum Of _____ Dollars

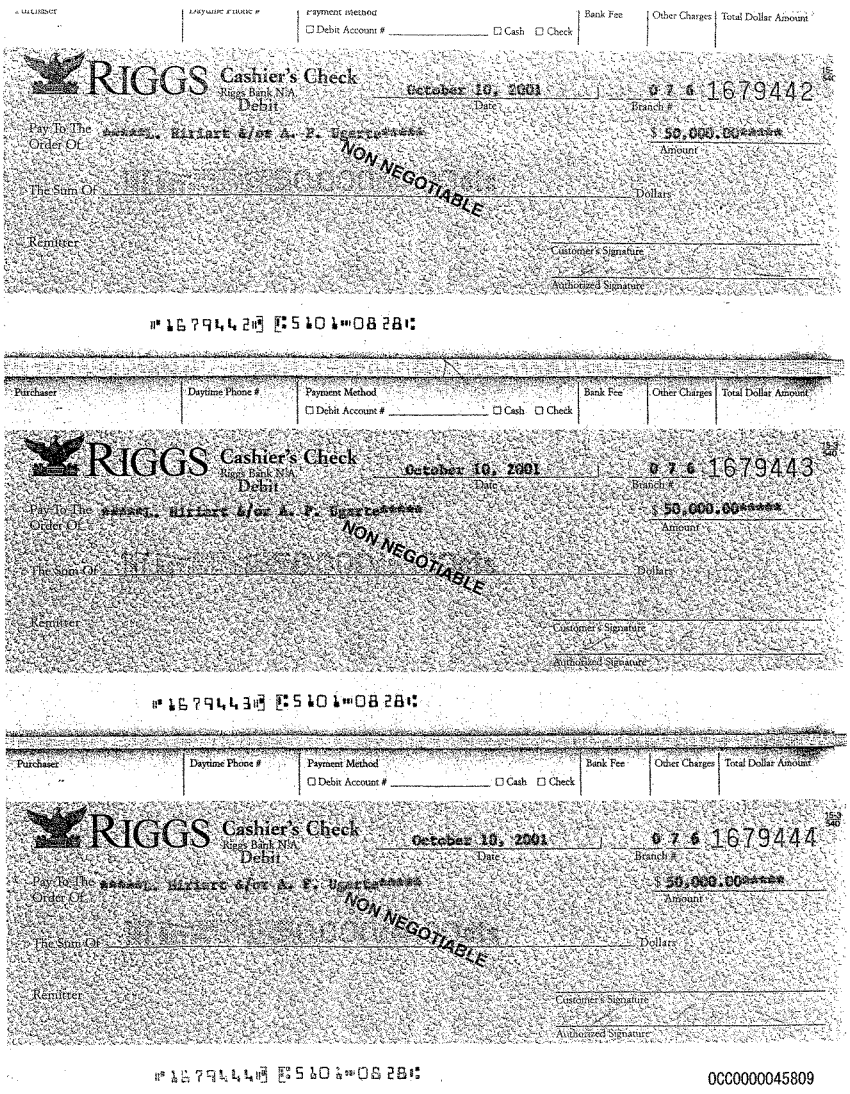
Remitter

Customer's Signature

Authorized Signature

⑈1679441⑈ ⑆510100828⑆

OCC0000045808



Purchaser | Daytime Phone # | Payment Method ☐ Debit Account # _____ ☐ Cash ☐ Check | Bank Fee | Other Charges | Total Dollar Amount

RIGGS Cashier's Check
Riggs Bank N.A.
Debit

October 10, 2001 (Date) — 0 7 6 1679442 (Branch #)

Pay To The Order Of: ******** Hiriart &/or A. P. Duarte***** — $ 50,000.00*****

The Sum Of: _____ Dollars

NON NEGOTIABLE

Remitter: _____ Customer's Signature: _____

Authorized Signature: _____

⑈1679442⑈ ⑆510⑆08281⑆

Purchaser | Daytime Phone # | Payment Method ☐ Debit Account # _____ ☐ Cash ☐ Check | Bank Fee | Other Charges | Total Dollar Amount

RIGGS Cashier's Check
Riggs Bank N.A.
Debit

October 10, 2001 (Date) — 0 7 6 1679443 (Branch #)

Pay To The Order Of: ******** Hiriart &/or A. P. Duarte***** — $ 50,000.00*****

The Sum Of: _____ Dollars

NON NEGOTIABLE

Remitter: _____ Customer's Signature: _____

Authorized Signature: _____

⑈1679443⑈ ⑆510⑆08281⑆

Purchaser | Daytime Phone # | Payment Method ☐ Debit Account # _____ ☐ Cash ☐ Check | Bank Fee | Other Charges | Total Dollar Amount

RIGGS Cashier's Check
Riggs Bank N.A.
Debit

October 10, 2001 (Date) — 0 7 6 1679444 (Branch #)

Pay To The Order Of: ******** Hiriart &/or A. P. Duarte***** — $ 50,000.00*****

The Sum Of: _____ Dollars

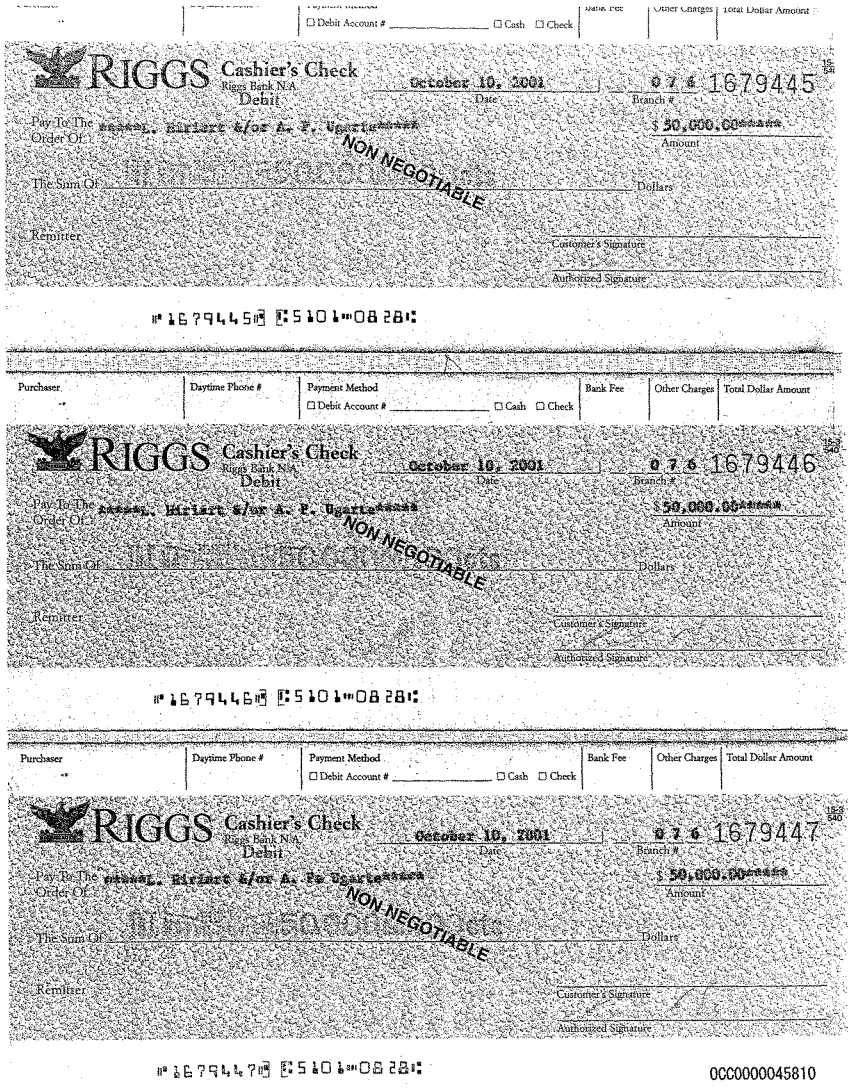
NON NEGOTIABLE

Remitter: _____ Customer's Signature: _____

Authorized Signature: _____

⑈1679444⑈ ⑆510⑆08281⑆

OCC0000045809



Purchaser	Daytime Phone #	Payment Method	Bank Fee	Other Charges	Total Dollar Amount
		☐ Debit Account # _____ ☐ Cash ☐ Check			

RIGGS Cashier's Check
Riggs Bank N.A.
Debit

October 10, 2001 (Date) 0 7 6 1679445 (Branch #)

Pay To The Order Of: [illegible] Hiriart &/or A. P. Duarte $ 50,000.00 (Amount)

NON NEGOTIABLE

The Sum Of _____ Dollars

Remitter

Customer's Signature

Authorized Signature

⑈1679445⑈ ⑆510108288⑆

Purchaser	Daytime Phone #	Payment Method	Bank Fee	Other Charges	Total Dollar Amount
		☐ Debit Account # _____ ☐ Cash ☐ Check			

RIGGS Cashier's Check
Riggs Bank N.A.
Debit

October 10, 2001 (Date) 0 7 6 1679446 (Branch #)

Pay To The Order Of: [illegible] Hiriart &/or A. P. Duarte $ 50,000.00 (Amount)

NON NEGOTIABLE

The Sum Of _____ Dollars

Remitter

Customer's Signature

Authorized Signature

⑈1679446⑈ ⑆510108288⑆

Purchaser	Daytime Phone #	Payment Method	Bank Fee	Other Charges	Total Dollar Amount
		☐ Debit Account # _____ ☐ Cash ☐ Check			

RIGGS Cashier's Check
Riggs Bank N.A.
Debit

October 10, 2001 (Date) 0 7 6 1679447 (Branch #)

Pay To The Order Of: [illegible] Hiriart &/or A. P. Duarte $ 50,000.00 (Amount)

NON NEGOTIABLE

The Sum Of _____ Dollars

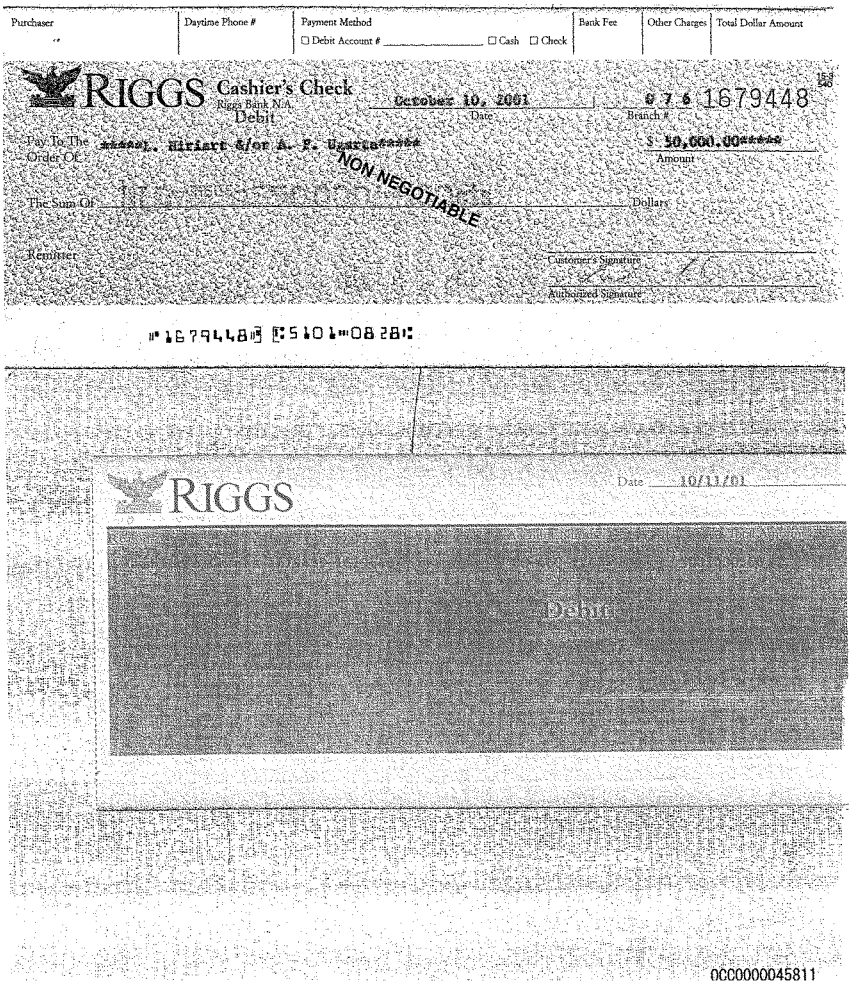
Remitter

Customer's Signature

Authorized Signature

⑈1679447⑈ ⑆510108288⑆

OCC0000045810



Purchaser	Daytime Phone #	Payment Method	Bank Fee	Other Charges	Total Dollar Amount
		☐ Debit Account # _____ ☐ Cash ☐ Check			

RIGGS Cashier's Check
Riggs Bank N.A.
Debit

October 10, 2001
Date

0 7 6 1679448
Branch #

Pay To The Order Of: ******L. Hiriart &/or A. F. Uzurra*****

$ 50,000.00*****
Amount

NON NEGOTIABLE

The Sum Of: ********** Dollars

Remitter:

Customer's Signature

Authorized Signature

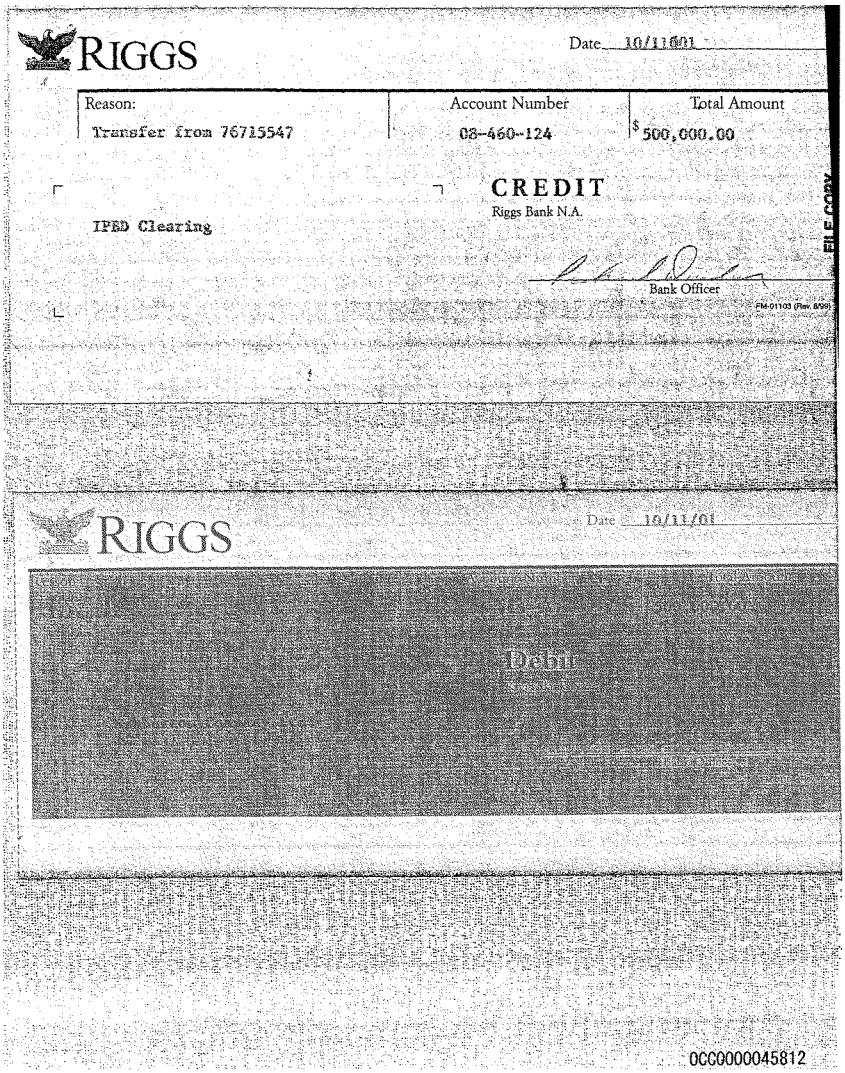
⑈1679448⑈ ⑆510108828⑆

RIGGS

Date 10/11/01

Debit

0CC0000045811



RIGGS

Date 10/11/01

Reason:	Account Number	Total Amount
Transfer from 76715547	03-460-124	$ 500,000.00

CREDIT
Riggs Bank N.A.

IPED Clearing

Bank Officer

FM-01103 (Rev. 8/99)

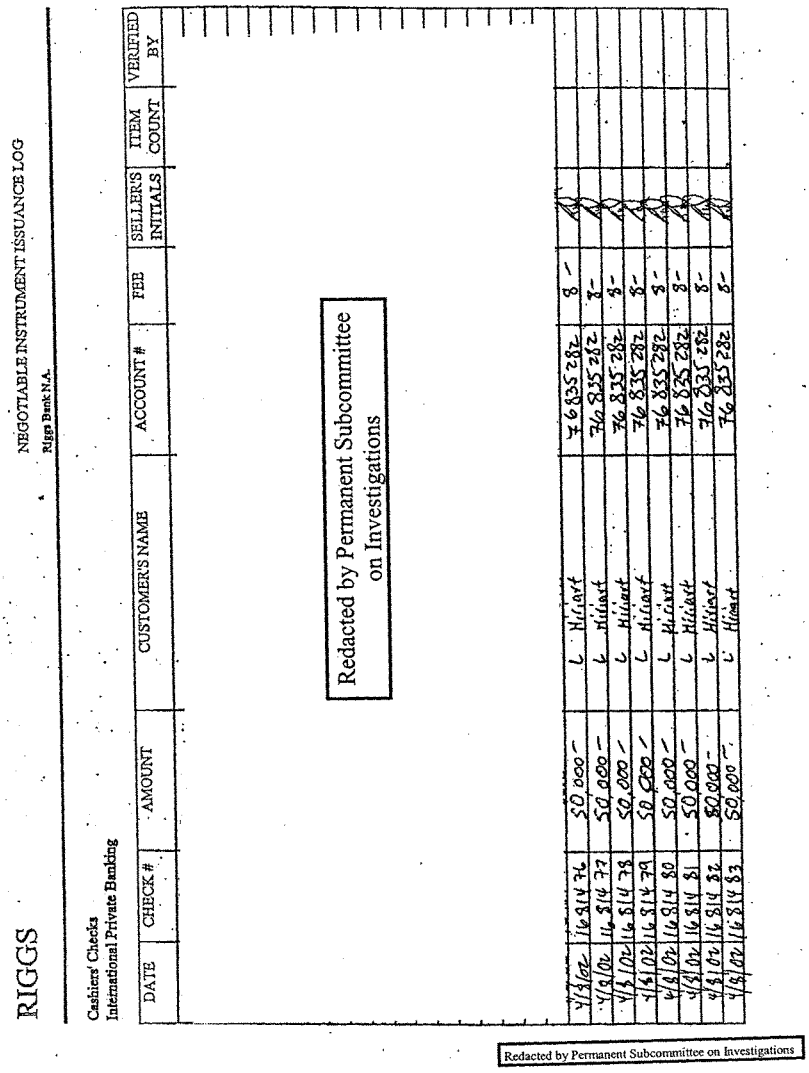
FILE COPY

RIGGS

Date 10/11/01

Debit

0CC0000045812



RIGGS

NEGOTIABLE INSTRUMENT ISSUANCE LOG

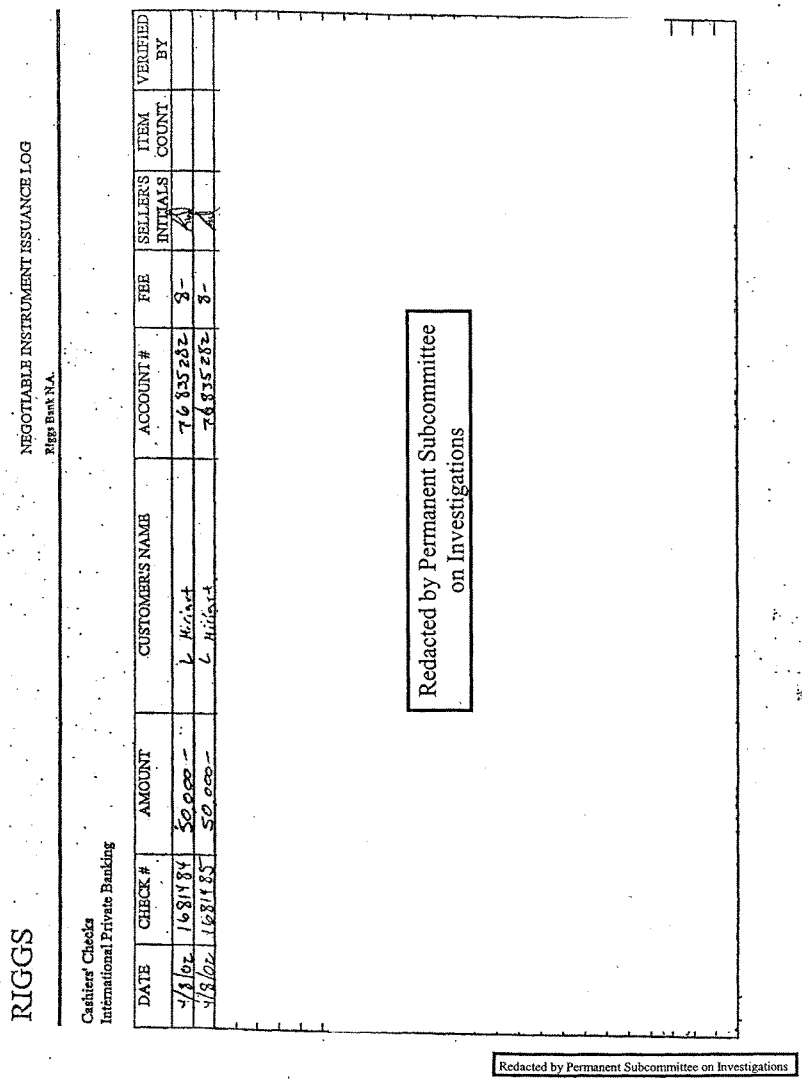
Riggs Bank N.A.

Cashiers' Checks
International Private Banking

DATE	CHECK #	AMOUNT	CUSTOMER'S NAME	ACCOUNT #	FEE	SELLER'S INITIALS	ITEM COUNT	VERIFIED BY
4/9/02	1168176	$50,000 –	L Hilart	76835282	8 –			
4/9/02	1168177	$50,000 –	L Hilart	76835282	8 –			
4/9/02	1168178	$50,000 –	L Hilart	76835282	8 –			
4/9/02	1168179	$50,000 –	L Hilart	76835282	8 –			
4/9/02	1168180	$50,000 –	L Hilart	76835282	8 –			
4/9/02	1168181	$50,000 –	L Hilart	76835282	8 –			
4/9/02	1168182	$50,000 –	L Hilart	76835282	8 –			
4/9/02	1168183	$50,000 –	L Hilart	76835282	8 –			

Redacted by Permanent Subcommittee on Investigations

Redacted by Permanent Subcommittee on Investigations



RIGGS

NEGOTIABLE INSTRUMENT ISSUANCE LOG

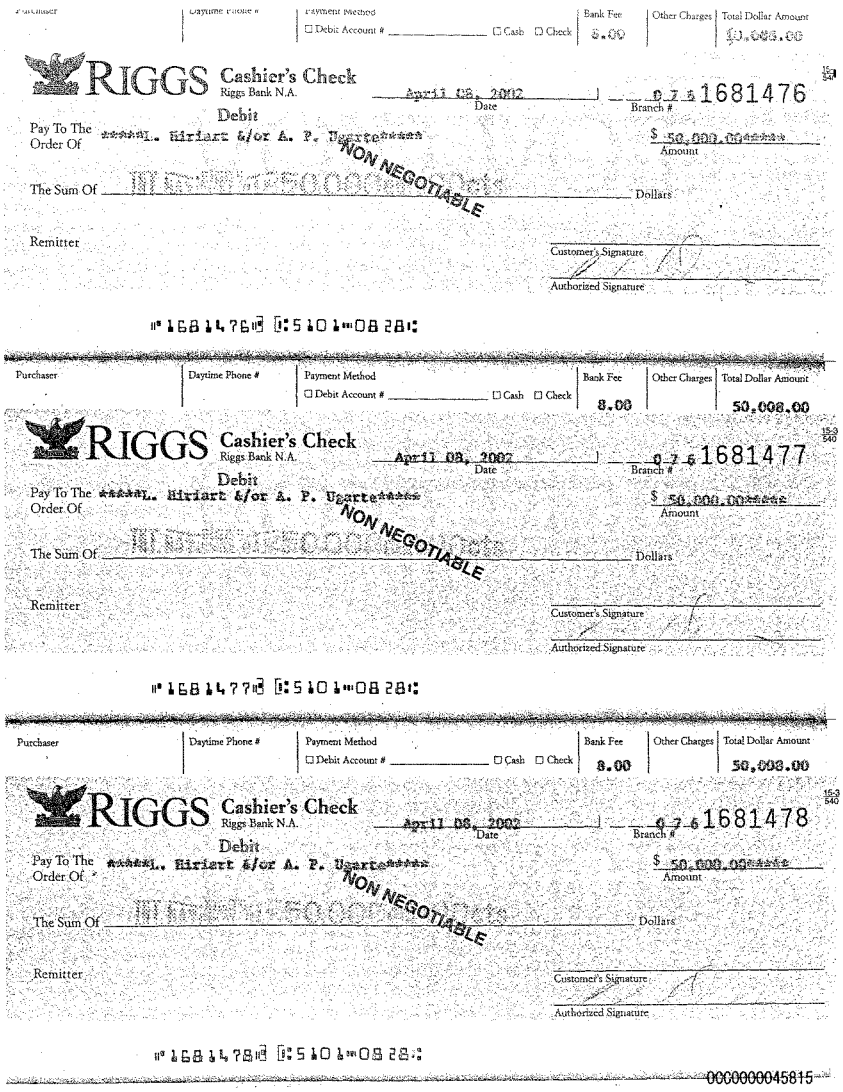
Riggs Bank N.A.

Cashiers' Checks
International Private Banking

DATE	CHECK #	AMOUNT	CUSTOMER'S NAME	ACCOUNT #	FEE	SELLER'S INITIALS	ITEM COUNT	VERIFIED BY
4/3/02	1681484	50,000.-	L Hilliard	76335282	8-	[redacted]		
4/8/02	1681485	50,000.-	L Hilliard	76335282	8-	[redacted]		

Redacted by Permanent Subcommittee on Investigations

Redacted by Permanent Subcommittee on Investigations



Purchaser	Daytime Phone #	Payment Method	Bank Fee	Other Charges	Total Dollar Amount
		☐ Debit Account # _____ ☐ Cash ☐ Check	8.00		50,008.00

RIGGS Cashier's Check
Riggs Bank N.A.

April 08, 2002 (Date) — 0 7 6 1681476 (Branch #)

Debit

Pay To The Order Of ******L. Hiriart &/or A. P. Uzarte****** — $ 50,000.00****** (Amount)

NON NEGOTIABLE

The Sum Of _____ Dollars

Remitter

Customer's Signature

Authorized Signature

⑈1681476⑈ ⑆510100828⑆

Purchaser	Daytime Phone #	Payment Method	Bank Fee	Other Charges	Total Dollar Amount
		☐ Debit Account # _____ ☐ Cash ☐ Check	8.00		50,008.00

15-3
540

RIGGS Cashier's Check
Riggs Bank N.A.

April 08, 2002 (Date) — 0 7 6 1681477 (Branch #)

Debit

Pay To The Order Of ******L. Hiriart &/or A. P. Uzarte****** — $ 50,000.00****** (Amount)

NON NEGOTIABLE

The Sum Of _____ Dollars

Remitter

Customer's Signature

Authorized Signature

⑈1681477⑈ ⑆510100828⑆

Purchaser	Daytime Phone #	Payment Method	Bank Fee	Other Charges	Total Dollar Amount
		☐ Debit Account # _____ ☐ Cash ☐ Check	8.00		50,008.00

15-3
540

RIGGS Cashier's Check
Riggs Bank N.A.

April 08, 2002 (Date) — 0 7 6 1681478 (Branch #)

Debit

Pay To The Order Of ******L. Hiriart &/or A. P. Uzarte****** — $ 50,000.00****** (Amount)

NON NEGOTIABLE

The Sum Of _____ Dollars

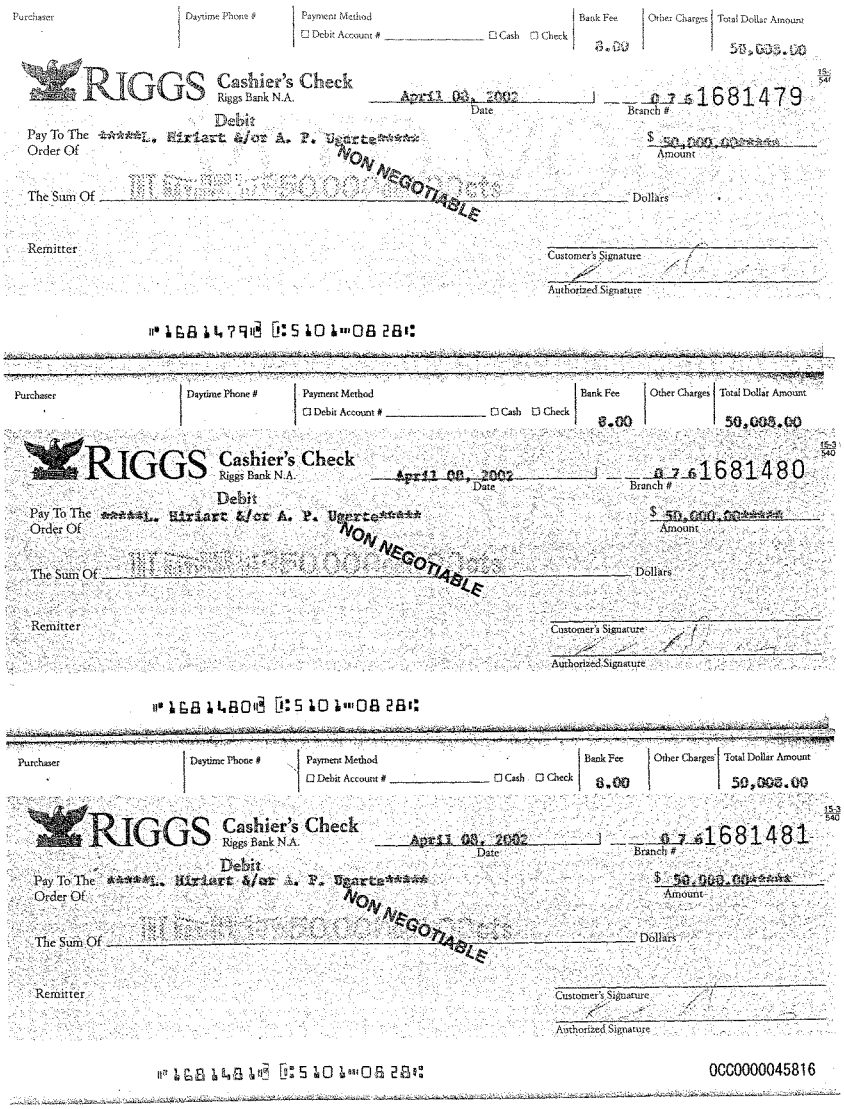
Remitter

Customer's Signature

Authorized Signature

⑈1681478⑈ ⑆510100828⑆

0000000045815



Purchaser | Daytime Phone # | Payment Method ☐ Debit Account # _____ ☐ Cash ☐ Check | Bank Fee 8.00 | Other Charges | Total Dollar Amount 50,008.00

RIGGS Cashier's Check
Riggs Bank N.A.

April 08, 2002 (Date) — 0 7 6 1681479 (Branch #)

Debit

Pay To The Order Of ******L. Hiriart &/or A. P. Ugarte****** — $ 50,000.00****** (Amount)

NON NEGOTIABLE

The Sum Of _____ Dollars

Remitter

Customer's Signature

Authorized Signature

⑈168147⑈ ⑆510⑆08 28⑆

Purchaser | Daytime Phone # | Payment Method ☐ Debit Account # _____ ☐ Cash ☐ Check | Bank Fee 8.00 | Other Charges | Total Dollar Amount 50,008.00

RIGGS Cashier's Check
Riggs Bank N.A.

April 08, 2002 (Date) — 0 7 6 1681480 (Branch #)

Debit

Pay To The Order Of ******L. Hiriart &/or A. P. Ugarte****** — $ 50,000.00****** (Amount)

NON NEGOTIABLE

The Sum Of _____ Dollars

Remitter

Customer's Signature

Authorized Signature

⑈168148⑈ ⑆510⑆08 28⑆

Purchaser | Daytime Phone # | Payment Method ☐ Debit Account # _____ ☐ Cash ☐ Check | Bank Fee 8.00 | Other Charges | Total Dollar Amount 50,008.00

RIGGS Cashier's Check
Riggs Bank N.A.

April 08, 2002 (Date) — 0 7 6 1681481 (Branch #)

Debit

Pay To The Order Of ******L. Hiriart &/or A. P. Ugarte****** — $ 50,000.00****** (Amount)

NON NEGOTIABLE

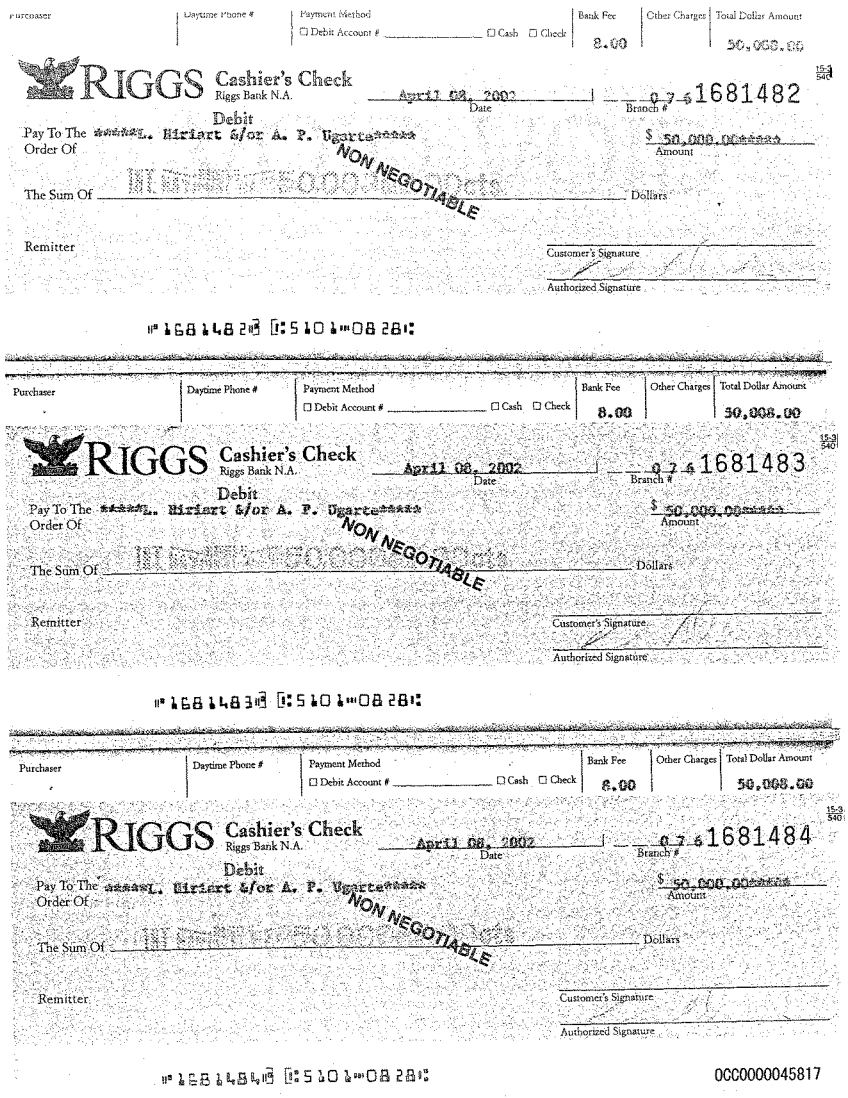
The Sum Of _____ Dollars

Remitter

Customer's Signature

Authorized Signature

⑈168148⑈ ⑆510⑆08 28⑆ 0CC0000045816



Purchaser | Daytime Phone # | Payment Method ☐ Debit Account # _____ ☐ Cash ☐ Check | Bank Fee 8.00 | Other Charges | Total Dollar Amount 50,008.00

RIGGS Cashier's Check
Riggs Bank N.A.

April 08, 2002 (Date) | 0 7 6 1681482 (Branch #) | 15-3 540

Debit

Pay To The Order Of ******L. Hiriart &/or A. P. Ugarte****** | $ 50,000.00******

NON NEGOTIABLE

The Sum Of _____ Dollars

Remitter | Customer's Signature | Authorized Signature

⑈168148⑈ ⑆510⑆08 28⑆

Purchaser | Daytime Phone # | Payment Method ☐ Debit Account # _____ ☐ Cash ☐ Check | Bank Fee 8.00 | Other Charges | Total Dollar Amount 50,008.00

RIGGS Cashier's Check
Riggs Bank N.A.

April 08, 2002 (Date) | 0 7 6 1681483 (Branch #) | 15-3 540

Debit

Pay To The Order Of ******L. Hiriart &/or A. P. Ugarte****** | $ 50,000.00******

NON NEGOTIABLE

The Sum Of _____ Dollars

Remitter | Customer's Signature | Authorized Signature

⑈168148⑈ ⑆510⑆08 28⑆

Purchaser | Daytime Phone # | Payment Method ☐ Debit Account # _____ ☐ Cash ☐ Check | Bank Fee 8.00 | Other Charges | Total Dollar Amount 50,008.00

RIGGS Cashier's Check
Riggs Bank N.A.

April 08, 2002 (Date) | 0 7 6 1681484 (Branch #) | 15-3 540

Debit

Pay To The Order Of ******L. Hiriart &/or A. P. Ugarte****** | $ 50,000.00******

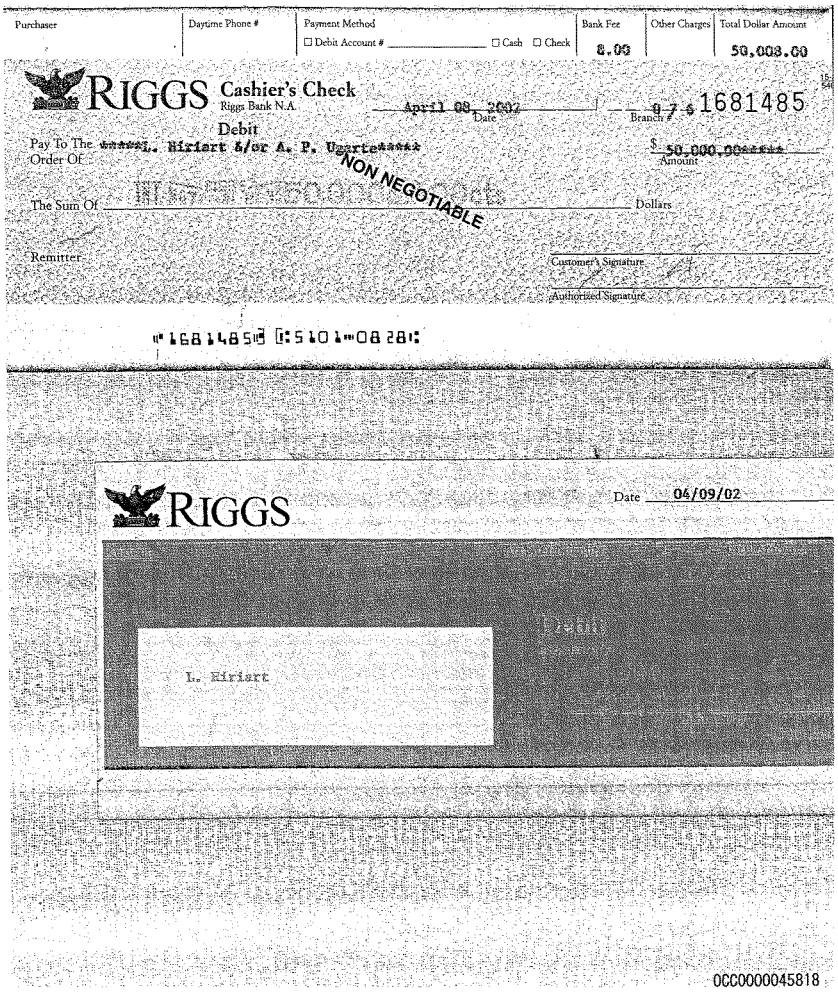
NON NEGOTIABLE

The Sum Of _____ Dollars

Remitter | Customer's Signature | Authorized Signature

⑈168148⑈ ⑆510⑆08 28⑆

0CC0000045817



Purchaser	Daytime Phone #	Payment Method	Bank Fee	Other Charges	Total Dollar Amount
		☐ Debit Account # _____ ☐ Cash ☐ Check	8.00		50,008.00

RIGGS Cashier's Check
Riggs Bank N.A.

April 08, 2002 (Date) — 0 7 6 1681485 (Branch #)

Debit

Pay To The Order Of ******L. Hiriart &/or A. P. Ugarte****** $ 50,000.00******* (Amount)

NON NEGOTIABLE

The Sum Of _____ Dollars

Remitter

Customer's Signature

Authorized Signature

⑈1681485⑈ ⑆510104208⑆

RIGGS

Date 04/09/02

L. Hiriart

0CC0000045818

RIGGS

Date 04/05/02

Reason:	Account Number	Total Amount
partial redemption of CD# 81 442 002	76 835 282	$ 500,000.00

CREDIT
Riggs Bank N.A.

Althorp INvestment Co.Ltd.

Bank Officer

FM-01103 (Rev. 01

RIGGS

Investment CD's in Process **File**

Document Number
31089979

From: IPBD R/C 0 0 0 7 6

To: CD Dept R/C 0 0 6 0 1

Comments
Partial Redemption of cd# 81 442 002

Amount
▲5,0▲0,0▲0▲0

Initiated By
A. ARANA

Official Approval

Date
04/05/02

Riggs Bank N.A.
FM-00923 (Rev. 7/99)

⑆59681881⑈

0CC0000045819

202-835-6749

To: Baltasar Portillo
From: Maria Carol Thompson
Date: May 15, 2001
RE: May 14 Fax / Althorp

The address is:

A. P. Ugarte
Redacted by Permanent Subcommittee on Investigations
Santiago, Chile

tel. Redacted by Permanent Subcommittee on Investigations

Thank you.

RNB 029977

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 109

DATE: May 14, 2001
TO: BALTAZAR PORTILLO
FROM: Carol Thompson

RE: ALTHORP / ASHBURTON

Please find attached an ORDER from client to issue 10 checks totaling $500,000. Please make each check $50,000, payable to MARIA HIRIART and/or Augusto P. Ugarte.

My address in Buenos Aires:

11 de Setiembre 1902, Piso 6-B
1428 Buenos Aires, Argentina
Tel (54-11) 4784-4463

Thank you.

Carol

Memorandum

To: Stan Dore
From: Sean Terry
Date: June 21, 2002
Re: OCC BSA MLP F/U Request

Responses to Mr. Lee's memo of May 29, received in our office June 10 are attached.

1) Five years of account history for accounts related to principal. In addition to personal accounts checking accounts, statements covering the past five years for two Private Investment Company accounts are attached as follows:
   - Personal DDA account #76-750-393. Statements from 1/1/97 through 3/30/99 (account closed)
   - Personal DDA account #76-835-282. Statements from 3/24/99 through 5/31/02 (this account replaced #76-750-393 listed above).
   - London DDA account # 25005393. Summary of activity from 4/97 to 5/00 when account was closed. Used for personal expenses when client was in London, particularly when he was restricted to his house.
   - Ashburton DDA account#76-715-547. Statements from 1/01/97 through 5/31/02
   - Althrop DDA account#76-835-493. Statements from 5/12/00 (account established) through 5/31/02.
   - Athhorp Certificate of Deposit receipts from Riggs Bank (London) for GBP account April, 1998 through March, 1999.
   - Investment Management Account Statements for Ashburton from 1/1/97 through 5/31/02. Due to systems problems, the following statements were not available: April & May, 2000 and July & August, 1998; however, the April/May 2000 data is included in a separate April-December, 2000 summary.

2) Withdrawals from these accounts were made as follows:
   - Sets of Cashier's Checks taken from investment accounts and delivered in person. Records of four sets of withdrawals via Cashier's Check are attached covering the dates 8/18/00, 5/15/01, 10/09/01, and 4/08/02. Prior to 2002, funds flowed from the corporate account through the IPBD clearing account from whence the Cashier's Checks were generated. This practice ended in December, 2001.
   - Normal servicing and management fees are debited from DDA statements.
   - London cash transactions: Client called London account officer with precise cash needs. Client would then send a written authorization with a messenger to pick up the funds. These transactions are reflected on the statements attached.

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 127

3) The primary compliance responsibility for IPBD clients rests with the International Private Banking Division. However, International Private Banking works closely with Compliance Division as the regulatory (BSA, etc.) environment evolves, since they are the providers of guidance and direction in this field.

   Riggs Bank Legal Affairs Division and Compliance Division have been aware of all activities relating to these accounts. At no time has the International Group acted on this account without the express consent of both the Legal Affairs and Compliance Divisions.

   Additionally, we have engaged outside counsel to research the validity of charges against the client, copies of which were provided to Mr. Boss in April, 2002 during the recent audit. Results did not indicate or validate evidence of fraudulent activity.

   In April, 2002, we also provided Mr. Boss with a copy of disclosures and details of funds received by the client over the years which where given to us by the client when we requested definitive documentation of "source of funds". This process continues and the next visit with the client (there have been none since April, 2002) will continue this process.

RIGGS

MISCELLANEOUS
CHANGE MEMO

Riggs Bank N.A.

OFFICE EMBASSY BANKING DIVISION DATE FEBRUARY 15, 20(

ACCOUNT NUMBER | | 1 7 | 1 6 4 | 6 4 2 | DATA | | TRAN. CODE | |

(DO NOT KEY PUNCH)

ACCOUNT NAME REPUBLICA DE GUINEA ECUATORIAL - TESORERIA GENERAL

REMARKS: TWO SIGNATURES ARE REQUIRED: PRESIDENT'S SIGNATURE MUST BE THE PRIMARY SIGNATURE TOGETHER WITH ONE OF THE SIGNATURES INCLUSIVE.

USE FORM # FM-01126 FOR CHANGE OF ADDRESS.

AUTHORIZATION

FM-01127 (Rev. 4/96)

TYPE	SUB	ACCT. NUMBER	OF	TAX ID NUMBER	DATE OPEN	ANC. OPEN
096	88	17 164 642		EXEMPT		

REPUBLICA DE GUINEA ECUATORIAL - TESORERIA GENERAL

1.	H.E. OBIANG NGUEMA MBASOGO	PRESIDENT
2.	SR. MELCHOR ESONO EDJO	TREASURER
3.	H.E. GABRIEL M OBIANG LIMA	MINISTER

TWO SIGNATURES REQUIRED (PRESIDENT'S SIGNATURE ALWAYS A MUST)

ATTN: SR MELCHOR E EDJO
CALLE LA LIBERTAD S/N
MALABO, EQUATORIAL GUINEA

[redacted] 9721 51942

FOREIGN GOVERNMENT | RIGGS BANK

[redacted] = Redacted by the Permanent Subcommittee on Investigations

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 142

RNB 000005

Trojan, Lois

From: Bryant J. Moravek [Bryant_Moravek@Riggsbank.com]
Sent: Tuesday, January 20, 2004 9:45 AM
To: Ray Lund
Cc: Sara Cabrera; Trojan, Lois; Pete Balint; David Caruso; Jonathan Glass; Amy D'Angelo
Subject: EG Briefing Documents


EG Account.doc


EG Relationships 20 Jan 04.xls...

Mr. Lund:

In anticipation of your meeting with the new EG relationship team I've taken the liberty to provide you with two (2) documents that I think you will find most informative.

The first document represents a synopsis of the entire EG relationship.

The second is an Excel spreadsheet that outlines the relationship in its entirety.

Please don't hesitate to contact me if I may be of any further assistance.

Most respectfully,

B.J. Moravek

****
****
Our transmission is intended only for the proper addressee. The transmission may
contain confidential, privileged or copyrighted material. If you received this
transmission in error, we apologize for the inconvenience. Please contact the sender,
and delete material from your computers. Any review, further transmission, dissemination or other use of, or taking action in reliance on this information by anyone
other than the intended recipient is not authorized.

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 143

RIGGS

To: EVP – Raymond M. Lund

From: GVP – Security & Investigations

Date: 1/20/04

Re: Equatorial Guinea

Below is the information you requested in order to assist you with your upcoming briefing. This information should prove quite useful in gaining an insight into the Riggs Bank relationship as it relates to Equatorial Guinea (herein, EG), as well as recent efforts relative to monitoring and the reporting of suspicious activity. This data was compiled after a comprehensive review of the relationship by the Riggs Investigations Group (RIG).

The Riggs Bank accounts related to EG government are as outlined below:

Account No. 17-164-642: Opened in January of 1996, this is what is referred to commonly as the EG "oil" account. The official account name is simply, Republica de Guinea Ecuatorial - Tesoreria General. It is a standard business checking account. The monies being deposited into this account come almost exclusively from the oil companies (Exxon/Mobil & Marathon) exploring in EG. This account is viewed as the general treasury account. Most of the monies coming into this account are then transferred to the Central Bank of Africa (BEAC). Once at the BEAC, the monies are used to pay EG's external bills. Additionally, transfers from the treasury account are used to offset costs of a multitude of EG projects (Bata Cold Storage Project, Proyecto Annobon).

Account No. 17-200-914: This was an original Equatoguinean checking account that was closed in January of 2001. Because it was purged from our databases before the conversion E.P.S., the only information available is hardcopies of statements. The account was titled Embassy of the Republic of Equatorial Guinea and appears to have transactional history pertaining to the Embassy (e.g., $600,000.00 purchase of a chancery site).

Account No. 17-201-044: Republica de Guinea Ecuatorial - Tesoreria General - Cuenta Especial - Registro de Barcos (Shipping registry). This non-profit Riggs Money Managing Account (RMMA) was opened in October of 1996, and is currently inactive. The last deposit made into the account by the customer was made in November of 2001.

It was opened as a non-profit RMMA. Most Money Managing accounts have been dissolved, those that remain are Money Market accounts.

Account No. 17-231-999: The only information available for this checking account are hardcopies of the account statements. This account closed in November of 1999. The account was named Republica de Guinea Ecuatorial (Ministry of Finance) and is to the attention of Mr. Baltasar Edjo who is the EG Minister of Economic Affairs and Finance. It would appear that the account was used for the purposes of paying EG's debts.

Account No. 17-241-206: This money market account was closed in September of 2000, and was titled as the Embassy of Equatorial Guinea (Telephone Expenses) account. The only information available are the account statement hardcopies. This was an old embassy account that was used for housing expenses.

Account No. 17-306-647: This is the Embassy of Ecuatorial Guinea (Consular Account) corporate wholesale checking account. This account was opened in August of 2000, is currently active and reflects transactions normal to any consular account. Payments for various services are debited frequently (e.g., gas, light, water and insurance).

Credits normal to a consular account are also evident (e.g., passport and visa renewal fees). The account checks are all signed by H.E. Teodoro Biyogo Nsue, the EG Ambassador.

Account No. 76-772-007: This account is similar to the Consular account. It differs slightly in that this standard business checking account is used primarily to pay the salaries of Embassy employees. The Ambassador has discretion to use either account for other payments, such as utilities, or transportation expenses.

Account No. 76-889-598: This account reflects two transactions, a credit, and a debit. Accordingly, the account was set up to accommodate EG's desire to invest monies in the Euro. In order to do this, money had to be set aside in a separate account awaiting clearing. This is no longer necessary due to Riggs' ability to withdraw money for investments from active accounts. The account was closed in July of 2000.

Account No. 17-328-504: Republica de Guinea Ecuatorial (Cuenta Estudiantes). This is one of the student accounts opened in March 2001. It is a Corporate Wholesale Checking account and its balance fluctuates frequently. Money from this account is used towards the needs of EG students studying abroad, from tuition to monthly rent. There are various EG students studying abroad, including a few attending Virginia colleges. A list of beneficiary students is available for review.

Account No. 25-380-310: Rpublica de Guinea Ecuatorial - Fondo Especial para Becas (Special Scholarship Fund). This is the second student account, however, it differs from 17-328-504 because its monies are slated for use at specific university. It is also a Business Money Market account. An official agreement between the EG government and the Institute Pacem In Terris of La Roche University in Pittsburgh, Pa., is available

for review. At first glance, this account appears to be inactive, but this is due to the fact that only one deposit and one withdrawal a year is conducted. An RIA investment account exists by the same name. The RIA account # 68-0026-03-6 has current value of $7000.00.

Account No. 17-340-829: This corporate wholesale account was opened in June 2002, is currently inactive, and contains a one cent balance. GE Petrol is an EG owned government company, the first petroleum/oil company to be owned by EG. GE Petrol is a budding new venture.

Account No. 76-812-478: This is a business money market account opened under the same company name as 17-340-829 above. It is currently inactive, with the last customer transaction dated July 12, 2002. The available balance is one cent.

Account No. 76-952-200: This is the EG investment account, Republica de Guinea Ecuatorial - Tesoreria General Inversiones (Investments). Opened in December 2001, the monies in this account go to various investments made on behalf of the EG government. This account has a balance of $200 million. This account is linked to RIA accounts #'s 68-0026-01-0 and 68-0026-02-8 who have aggregate portfolio market values of $310,933,098.96.

Account No. 76-939-372: Republica de Guinea Ecuatorial - Equato Guineana de Aviacion (Aviation), the EG national airline. Geographically, EG is comprised of small to medium sized islands, and a small swath of land on the African continent. The best form of travel between these isles and the mainland is aviation. The EG national airline, EGA, offers service between EG's islands, and other points in West Africa. This account was opened on October 2, 2001, and has a month to date average balance of $44,233.55.

Account No. 25-711-327: This account is named simply, Republica de Guinea Ecuatorial - Avion (Airplane), and was opened September 30, 2003. The funds in this account go towards payments to the Boeing Corporation for an airplane the government is purchasing. The aircraft is destined to become the Presidential aircraft. The aircraft has not yet been delivered. The balance in the account is $9,148,927.54.

Account No. 81-710-433: This is a thirty-six (36) month certificate of deposit account. The account holder is the Republic of Equatorial Guinea. The account was opened in May of 2002, and the only transaction occurring is interest payment. The CD was opened with $40 million.

Account No. 81-763-375: This is a 48- 60 month CD, held in the name of the Republic of Equatorial Guinea - Fondo Especial (Special Funds). It was opened in November of 2002 with $1 million and has a current memo balance of $779,755.12.

The Riggs Bank accounts belonging to Politically Exposed Persons (PEP's) associated with EG are listed below:

Teodoro Nguema Obiang Mbasago: President of the Republic of Ecuatorial Guinea. The President does not have any personal accounts with Riggs Bank; he does, however, run Otong SA. Otong SA is President Mbasago's Private Investment Corporation (PIC). The company's Articles of Association were formed in the Bahamas. Currently, the PIC has three accounts at Riggs; a money market account, No. 76-863-013, opened on September 20, 1999, containing a month to date average balance of $14.047, and two CD's, 81-450-109 opened June 16, 2000, worth $11,183,933, and 81-723-162, opened June 26, 2002, worth, $2,576,578.

The President has had one personal MMA #76804515 that was opened on 9/11/96, with $.01. The account was closed on 3/25/97, after no further activity.

Constancia Mañgue Nsue: Equatorial Guinea's first lady, wife of President Mbasago. Madame Nsue has several accounts with Riggs. The accounts are outlined below:

24-383-122	Personal Checking	Opened 8-16-1996 ~ $181,283
25-475-010	Rental Account	Opened 9-19-2002 ~ $70,856
81-253-754	Certificate of Deposit (36 month)	Opened 8-1-1997 ~ $2,93,957
76-890-433 i/t/f Pastor	Money Market	Opened 3-30-2000 ~ $850.00
81-585-927 i/t/f Pastor	Certificate of Deposit (6 month)	Opened 7-13-2000 ~ $633,517.00
76-890-441 i/t/f Justo	Money Market	Opened 3-30-2000 ~ $850.00
81-585-919 i/t/f/ Justo	Certificate of Deposit (6 month)	Opened 7-13-2000 ~ $633,517.00
24-295-363 jnt w/ T.Biyogo	Housing Expense	Opened 1-24-2000 ~ $120,942.00

The first couple has identical twin boys, Justo and Pastor. The boys are seventeen years old and are attending boarding school in Europe.

Pastor has a Business MMA account #76804515 associated with his PIC – Awake Ltd. The account was opened on 6/12/02, with his brother Teodorin (See Below) with $.01. The account has had no activity since its opening and is in an inactive status.

Madame Nsue has four fiduciary accounts in their name, two CD's, and two money markets. Each account has identical transactional activity.

Madame Nsue owns property both in the United States and EG. The mortgage attached to 1528 Connecticut Ave, NW, Washington D.C., in her name. The loan, #10063136, was for $747,500, and has been paid off in its entirety.

Teodoro Nguema Obiang: Mr. Obiang, or Teodorin is the President's adult son. Until recently, Teodorin was the EG Minister of Forestry Fishing & Environment. Teodorin owns Somagui Forestal, which is a timber export company in EG. He also owns TNO Entertainment, a music production company. Teodorin lives in Los Angeles, Ca. Teodorin opened checking account #76-889-555 in February of 2000. The original account was closed in February 2001, and a new checking account #76-923-450 was immediately opened. The original account was opened with one cent. The current account balance is approximately $3.5 million.

Teodorin has an additional Business MMA account #76804515 associated with his PIC – Awake Ltd. The account was opened on 6/12/02, with his brother Pastor Obiang with $.01. The account has had no activity since its opening and is in an inactive status.

Teodoro Biyogo Nsue: Biyogo is the EG Ambassador to the United States. Biyogo is a joint account holder with Madame Nsue on account #24-895-363 listed above. In addition, Biyogo has a fiduciary statement savings account in trust for his minor daughter, Candida Nsue, #25-595-370, which he opened in March of 2003. Teodoro Biyogo and the First Lady are siblings. Current account balance is $5,582.36.

Biyogo is the authorized signer of the EG embassy accounts.

Elena Mensa: Elena is the wife of Ambassador Biyogo, mother of Candida Nsue. At one point in her relationship with Riggs Bank, Elena had five accounts. She currently has one open and active personal checking account. Below is a table representing the accounts belonging to Elena, and their current status:

25-356-070	Personal Checking	Opened 5-8-2002
25-460-310	Demand Deposit Acct	Opened 9-2-02 Closed 3-24-2003
65-197-510	Savings	Opened Unknown Closed Unknown
81-763-965	Certificate of Deposit (6 month)	Opened 12-11-2002 Closed 8-8-2003
81-676-503	Certificate of Deposit (6 month)	Opened 10-9-2001 Closed 4-10-2002

Armengol Ondo Nguema: Armengol is President Mbasago's brother. He is also the Director of Security. His relationship with Riggs is an assemblage of two accounts, a Money Market Account # 76-889-504 ($27,204.51), which was opened July 3, 2000, and a twelve (12) month CD ($670,117.51), opened on June 25, 2001.

Sylvia Nchama Ondo: Sylvia is Armengol's daughter, and niece of the President. Her account is fairly new, having opened on October 17, 2003. Miss Ondo is currently studying in the United States. Miss Ondo has a personal checking account, #25-731-088, with a month to date average balance of $1,504.15.

Baltasar Engongo Edjo: Money Market Account #76-841-236 belongs to Baltasar Edjo. Baltasar is the EG Minister of Economic Affairs and Finance. His only Riggs account was opened on October 8, 1998 and maintains an average balance of $1504.15.

Melchor Esono Edjo: Secretary of State for Treasury and Budget, Melchor and Baltasar (see above) are siblings. Melchor has three accounts at Riggs Bank, one money market and two certificate's of deposit. The money market #76-827-522 has a balance of $2,099.26. Account # 81-502-490 is a 12 month CD, opened in July of 1999, and has a principal balance of $43,957.41. The other CD #81-764-159 is a 48-60 month CD, opened in July of 2003, and has a principal balance of $139,294.88.

Melchor has a PIC – Moca Investments – along with Immaculada A. Esono and Jorge Valentin Esono. There are no Riggs Bank accounts associated with this entity.

Pastor Micha Ondo Bile: He is currently the Minister of Foreign Affairs of EG. Minister Bile had been the EG Ambassador to the United States. Minister Bile's personal Riggs accounts are:

24-203-160	Checking	Opened 9-14-1995
76-787-356	Money Market Account	Opened 9-13-1995
81-770-495	Certificate of Deposit	Opened 3-7-2003 Closed 6-5-2003
81-815-876	Certificate of Deposit	Opened 6-4-2003 $4000.00
81-519-794	Certificate of Deposit	Unknown
81-405-228	Certificate of Deposit	Unknown

Minister Bile also has his 5914 Munson Ct, Falls Church, Virginia mortgage through Riggs Bank (#13220). The mortgage is for $166,256.19.

Additionally, Minister Bile had a home equity loan (#0772645947001) for $40,000.00 which was opened on 1/7/99, and paid off and cancelled on 8/16/99.

Miguel Abia Biteo Boriko: He is the former Minister of Economy, and now maintains a relationship to Parliament. Mr. Boriko has one dormant money market account with Riggs Bank, #76-841-201. There has been no account activity since January of 2003. The month to date average balance is $1577.00.

Juan Olo Mba Nseng: Former Minister of Mining, Juan Nseng is now the Director of Electricity. Mr. Nseng possesses one money market account at Riggs (#76-913-623), opened in September 2000, and averages a balance of $14,646.00.

Maria Ondo Mangue aka Maria Luisa Mangue Ondo: Ms. Ondo is President Mbasago's niece. She has two accounts at Riggs. One, a savings account, #25-460-986, opened in September of 2002, and closed in July 2003. The other, a checking account, #25-125-029 was opened in April of 2001, and currently has a balance of, $535.00.

Riggs accounts related to non-PEPs associated with the EG Government are:

Toribio Obiang Mba Meye: Mr. Meye is the First Secretary of EG. He has a statement savings account with Riggs (#25719652), opened on 11/4/03, with $30,000.00. The account is identified as a rent account.

Paciencia Mata Mohoso: Ms. Mohoso is the Third Secretary of EG. She has a statement savings account with Riggs (#25719716), opened on 11/4/03, with $20,400.00. The account is identified as a rent account.

The Riggs Bank account associated with a former PEP of EG is described below:

Sisinio Eyebe Mbana Mkina: Sisinio is the former First Secretary of EG. Sisinio has two open and one closed account with Riggs. There are two convenience plus money market accounts. Account # 25-101-203 was opened in February of 2001, and has a current balance of $11.30. The second Convenience Plus Money Market account, #76-925-309 was opened in March of 2001, and its balance is $1.22. The third account, a savings account was opened on October 28, 2002, and then closed in May of 2003.

The loans outstanding to the government of EG are listed below:

Government of EG	Guidance Line	$25,000,000.00	Loan # 7322437	Open
Republic Of Equatorial Guinea	Term Loan	$29,850,000.00	Loan # 7322437	Recently Booked
Ecuato-Guineana de Aviacion	Term Loan	$12,942,497.00	Loan # 2606623	Open
Equatorial Guinea	Life of Credit	$40,000,000.00	Loan # 7322437	Paid Off/ Closed
Republic of Equatorial Guinea	Secured Line of Credit	$4,500,000.00	Loan # 7322437	Open
Embassy of Equatorial Guinea	Overdraft	$30,000.00	Loan # 7322437	Open

The following actions have been taken by Riggs' Monitoring and Reporting Group (MRG) relative to the accounts of Equatorial Guinea:

- All deposit accounts have been linked within Onyx.
- Monitoring groups have been established in Assist//ck profiler for the purpose of transaction monitoring. The groups are as follows:
    - Equatorial Guinea - Institutional – 13 accounts
    - Equatorial Guinea - PEP Accounts – 28 accounts
- The MRG is currently analyzing each account to determine the proper profiling methodology to apply to each account.

Respectfully,

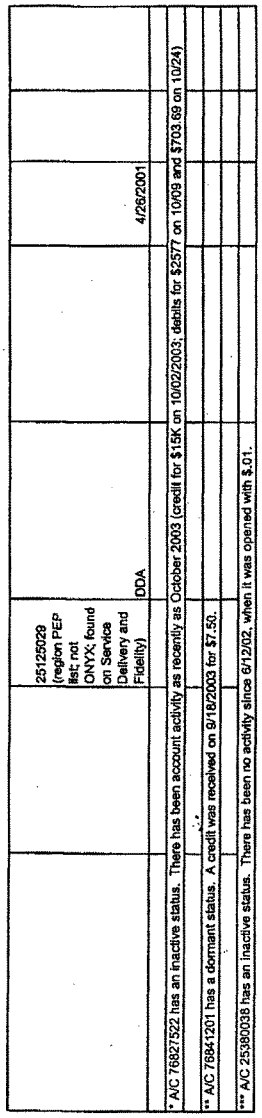
B.J. Moravek

PEP's - Equatorial Guinea (updated: 1/20/04)

Name	Position/Relationship	Account #'s	Type	Purpose	Date Opened	Date Closed	
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	76804515	Personal MMA	President's account	9/11/1996	25-Mar	
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
		76863013	Business MMA	President's business	9/20/1999		
		81460109	CD (36 mo.)	President's business	6/16/2000		
		81723162	CD (36 mo.)	President's business	6/26/2002		
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
		24383122	personal interest checking	housing expenses	8/16/1996		
Teodoro Biyogo Nsue	*Brother of First Lady; Ambassador*	24895363 joint w/ Teodoro Biyogo Nsue	personal checking	housing expenses	1/24/2000		
		25475010	MMA	rental account	9/19/2002		
minor. Pastor Obiang	*First Lady's son*	76890433	MMA	*I/T/F Pastor Obiang (minor)*	3/30/2000	Inactive	
minor. Justo Obiang	*First Lady's son*	76890441	MMA	*I/T/F Justo Obiang (minor)*	3/30/2000	Inactive	
		81253754	CD (36 mo.)		8/17/1997		
minor. Justo Obiang	*First Lady's son*	81585919	CD (6 mo.)	*I/T/F Justo Obiang (minor)*	7/13/2000		
minor. Pastor Obiang	*First Lady's son*	81585927	CD (6 mo.)	*I/T/F Pastor Obiang (minor)*	7/13/2000		
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
		25380038 joint w/ Teodoro Obiang	Business MMA	PIC	6/12/2002	Inactive***	
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
		76889555 - (OCC list: not ONYX; not Service Delivery)			2/11/2000	2/12/2001	
		76923450	personal interest checking		1/29/2001		
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

			25380038 joint w/ Pastor Obiang	Business MMA	PIC		6/12/2002		inactive***	
Teodoro Biyogo Nsue	Father									
Constancia Mangue Nsue	First Lady; sister	24895363 joint w/ Constancia Mangue Nsue	personal checking	housing expenses		1/24/2000			
Minor, Candida Nsue	Ambassador's daughter	25595370	statement savings a/c	I/T/F Candida Nsue (minor)		3/24/2003			
Elvira Mangue Nsue	Sister	25356870	personal checking			5/8/2002			
		25460310 (OCC list; not ONYX; not Service Delivery)	DDA					3/24/2003	
		85197510 (OCC list; not ONYX; not Service Delivery)	SAV					closed	
		81763865	CD (6 mo)			12/11/2002	8/8/2003		
		81676503 (OCC list; not ONYX; not Service Delivery)	CD					closed	
Armando Orlando Nsue	Brother	76889504	MMA			7/3/2000			
		81657484	CD (12 mo.)			6/25/2001			
Silvia Nsue Obiang	Niece; daughter of Antonio Nsue Mangue	25731088	Personal Checking			10/17/2003			
Balaga Sigüeng Ofa	Minister of Hydrocarbons	76841236	MMA			10/8/1998			

	76827522	MMA			10/10/1997	Inactive*	
	81502490	CD (12 mo.) for savings			7/14/1999		
	81764159	CD (48-60 mo.)			4/25/2003		
	24203160	Convenience Plus (DDA)-checking			9/14/1985		
	76787356	Convenience Plus (MMA)			9/13/1985		
81405228 (OCC list: not ONYX: not Service Delivery)	81770485	CD (48-60 mo.)			3/7/2003	6/5/2003	
	81815876	CD (48-60 mo.)			6/4/2003		
81519794 (OCC list: not ONYX: not Service Delivery)		CD	Money provided by govt to buy 2 houses for expected increase in Embassy staff. Money was placed in a CD to earn interest. Govt changed mind and the money was refunded to the govt's main (old) a/c #1764642.				
	76841201	MMA			7/17/1998	dormant**	
	76913623	MMA			9/28/2000		
	25460986	SAV			9/6/2002	7/30/2003	



		25125029 (region PEP list; not ONYX; found on Service Delivery and Fidelity)	DDA			4/26/2001		
* A/C 76827522 has an inactive status. There has been account activity as recently as October 2003 (credit for $15K on 10/02/2003; debits for $2577 on 10/09 and $703.69 on 10/24)								
** A/C 76841201 has a dormant status. A credit was received on 9/18/2003 for $7.50.								
*** A/C 25380038 has an inactive status. There has been no activity since 6/12/02, when it was opened with $.01.								

ACCOUNT NUMBER 76952200

You have received the Rules and Regulations and Fee Schedule Governing Business Accounts and by signing this document hereby agree to the terms and conditions as stated in these documents and as amended from time to time. Your use of any of our services or your acknowledgement of agreement, either in writing or online, will indicate your acceptance of the terms governing that service.

AUTHORIZED SIGNATURE	FACSIMILE OR STAMPED SIGNATURE
1)	
2)	
3)	

W-8 CERTIFICATION

Check Appropriate Box

[ ] Sole Proprietor [ ] Corporation [ ] Partnership [ ] Other _____

Social Security or Employer Identification No. 00-0000000

You certify under penalty of perjury that: (1)the Social Security Number or Employer Identification Number shown on this card is correct; and (2) you are not subject to backup withholding because (a) you are exempt from backup withholding, or (b) you have not been notified by the Internal Revenue Service (IRS) that you are subject to backup withholding as a result of failure to report all interest and dividends, or (c) the IRS has notified you that you are no longer subject to backup withholding, and 3)You are a U.S. person (including a U.S. resident alien) (Note: You must cross out item 2 above if the IRS has notified you that you are currently subject to backup withholding because of under reporting interest or dividends on your tax return.)

Signature: _____ Date: _____

Referred By:

Sold By: R027857

Per CSO

FOLD HERE

Riggs Bank N.A.

TYPE	SH	ACCOUNT NUMBER	CHG	TAX ID NUMBER	FCC	RC	INT	DCD	ACCT
245	80088	76952200	2	00-0000000	5 51942	00511	213	002	12/07/2001

BUSINESS/COMPANY NAME
REPUBLICA DE GUINEA ECUATORIAL

COMMENTS:

LEGAL TITLE

REPUBLICA DE GUINEA ECUATORIAL
TESORERIA GENERAL - INVERSIONES

BUSINESS ACCOUNT MAILING ADDRESS

C/O EMBASSY BANKING DIVISION
AFRICA AND CARIBBEAN REGION
MAIL CODE G-4001

AUTHORIZED SIGNERS / TITLE

1) H E OBIANG NGUEMA MBASOGO
PRESIDENT

2) SR MELCHOR ESONO EDJO
SECRETARY OF TREASURY

3) H E GABRIEL M OBIANG LIMA
MINISTER

SIGNER ID / ID INFORMATION

Riggs Signature Card ON FILE

Riggs Signature Card ON FILE

Riggs Signature Card ON FILE

BUSINESS PHONE NO.

VERIFICATION CODE
99999999

APPROVAL

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 144

RNB 000007

RIGGS

RIGGS NEGOTIABLE CD
NOT TRANSFERABLE NON-NEGOTIABLE RECEIPT
The Riggs National Bank of Washington, D.C.

Branch EMBASSY BANKING
Account No. 81 - 710 - 433
Deposit No. 005902
Type ☐ Individual ☒ Corporate
$***40,000,000.00***

THE SUM OF: ****FORTY MILLION DOLLARS********** Dollars has been deposited
For a term of ***[illegible]******** 39 MONTHS
[Valid only in amounts of $100,000. and greater.]
[Subject to terms, conditions and provisions printed on the reverse side of this form.]

Payable to: REPUBLICA DE GUINEA ECUATORIAL
Address: C/O EMBASSY BBANKING DIVISION
AFRICA & CARIBBEAN REGION
MAIL CODE G 4001
(Area) Telephone No.

☐ Will Forward/Applied For
Tax ID ☐ Individual ☒ Corporate ☐ N/R Alien SS/Tax # EXEMPT RC Code 511 Contact Officer 2003

SUBSTITUTE
Form W-9 TAXPAYER IDENTIFICATION NUMBER CERTIFICATION

By signing below, you certify under penalties of perjury that:

(1) The taxpayer identification number provided above is correct, and

(2) (a) The Internal Revenue Service (IRS) has never notified you that you are subject to 20% backup withholding, or (b) the IRS has notified you that you are no longer subject to backup withholding. (If any part of this Section (2) is not correct, please cross out the incorrect part before signing.)

(3) If signing on behalf of an entity other than an individual, you are authorized to sign on behalf of that entity.

If you qualify as exempt from backup withholding and information reporting under any provision of the Internal Revenue Service Code other than foreign status, check here ☐.

Signature of Individual or Authorized Signer Date

NOTE: FOREIGN STATUS — If you are not a U.S. citizen or resident, or if you are not a U.S. corporation, partnership, estate, or trust, please complete Riggs' Form W-8 to certify your foreign status.

Issue Date: MAY 03, 2002
Deposit Term 1,167 ☒ Days ☐ Months

Maturity Instructions: ☐ Redeem
Maturity Date: [illegible] AUGUST 3, 2005
☐ Credit Account # _____
☐ Mail Check

Int. Frequency: ☐ Maturity (not compounded)
QUARTERLY COMPOUNDED

Interest Rate per Annum: 3.85 %
No interest will accrue after maturity

YIELD 3.90%

RNB 000023

Interest Paid by: ☐ Credit Account # _____
☐ Mail check

Customer Signature Per Instructions Authorized Signature _____

CUSTOMER RECEIPT

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 146

RIGGS

Certificate of Deposit Receipt

Riggs Bank N.A.

Business Inv CD

Account Number: **81763375**

Today's Date: **11/07/2002**

Account Title:
REFUBLICA DE GUINEA ECUATORIAL
FONDO ESPECIAL

SSN / TIN / EIN: **00-0000000**

Issue/Effective Date: **11/07/2002**

Maturity Date: **11/07/2006**

Term: **48 Months**

Initial Deposit Amount: **$1,000,000.00**

Interest Rate: **3.000%**

Annual Percentage Yield*: **3.03%**

Interest Payment Frequency: **Quarterly**

Interest Payment Method:
- [x] Compound
- [ ] Credit Account
- [ ] Mail Check

Maturity Disbursement Method: **Automatic Renewal**

*** Annual Percentage Yield assumes compounding of interest.**

This receipt is non-negotiable and non-transferable.

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 147

RNB 000025

RIGGS STATEMENT

ZIP +4

REPUBLICA DE GUINEA ECUATORIAL — 0
TESORERIA GENERAL
ATTN SIMON KARERI
EMBASSY BANKING DIV/DUPONT
MAIL CODE G 4001

81-217-905 PAGE 1

STATEMENT PERIOD 06-11-96 THROUGH 12-31-96

CERT. OF DEP. SUMMARY

OPENING BALANCE	.00	ACCOUNT #	81-217-905
+DEPOSITS	5,000,000.00	# OF ENCLOSURES	0
+INTEREST	141,570.81		
-WITHDRAWALS/DEBITS	141,570.81		
=NEW BALANCE	5,000,000.00		

CERT. OF DEP. ACTIVITY

DATE	AMOUNT	DESCRIPTION	DAILY BALANCE
06-11	5,000,000.00	NEW CERTIFICATE	5,000,000.00
09-06	71,172.21	INTEREST CREDIT	
09-06	71,172.21	INTEREST TRANSFER	5,000,000.00
12-06	70,398.60	INTEREST CREDIT	
12-06	70,398.60	INTEREST TRANSFER	5,000,000.00

CERT. OF DEP. BALANCES

06-11	5,000,000.00	09-06	5,000,000.00	12-06	5,000,000.00

DUPLICATE

FOR PERSONAL ACCOUNT INQUIRIES, CALL (301) 887-6000. OUTSIDE METROPOLITAN WASHINGTON, DC, CALL 1(800) 368-5800. FOR CORPORATE ACCOUNT INQUIRIES, CALL (301) 887-6530. FOR INQUIRIES ON ELECTRONIC TRANSACTIONS, CALL (301) 887-CARD.

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 148

RIGGS

STATEMENT

ZIP +4

REPUBLICA DE GUINEA ECUATORIAL 0
TESORERIA GENERAL
EMBASSY BANKING DIVISION
AFRICA AND CARIBBEAN REGION
MAIL CODE G-4001

01-217-905 PAGE 1

STATEMENT PERIOD 01-01-97 THROUGH 12-31-97

CERT. OF DEP. SUMMARY

OPENING BALANCE	5,000,000.00	ACCOUNT #	81-217-905
+DEPOSITS	5,000,000.00	# OF ENCLOSURES	0
+INTEREST	286,688.84		
-WITHDRAWALS/DEBITS	5,286,688.84	INTEREST PAID YTD	140,797.21
=NEW BALANCE	5,000,000.00		

CERT. OF DEP. ACTIVITY

DATE	AMOUNT	DESCRIPTION	DAILY BALANCE
03-06	69,624.99	INTEREST CREDIT	
03-06	69,624.99	INTEREST TRANSFER	5,000,000.00
06-06	71,172.22	INTEREST CREDIT	
06-06	71,172.22	INTEREST TRANSFER	5,000,000.00
06-10	5,000,000.00	NEW CERTIFICATE	
06-10	5,000,000.00	WITHDRAWAL OF AVL PRIN	5,000,000.00
09-06	73,344.42	INTEREST CREDIT	
09-06	73,344.42	INTEREST TRANSFER	5,000,000.00
12-06	72,547.21	INTEREST CREDIT	
12-06	72,547.21	INTEREST TRANSFER	5,000,000.00

CERT. OF DEP. BALANCES

12-31	5,000,000.00	06-06	5,000,000.00	09-06	5,000,000.00
03-06	5,000,000.00	06-10	5,000,000.00	12-06	5,000,000.00

DUPLICATE

FOR PERSONAL ACCOUNT INQUIRIES, CALL (301) 887-6000. OUTSIDE METROPOLITAN WASHINGTON, DC, CALL 1(800) 368-5800. FOR CORPORATE ACCOUNT INQUIRIES, CALL (301) 887-6530. FOR INQUIRIES ON ELECTRONIC TRANSACTIONS, CALL (301) 887-CARD.

RIGGS

STATEMENT

ZIP +4

REPUBLICA DE GUINEA ECUATORIAL 0
TESORERIA GENERAL
EMBASSY BANKING DIVISION
AFRICA AND CARIBBEAN REGION
MAIL CODE G-4001

81-217-905 PAGE 1

STATEMENT PERIOD 01-01-98 THROUGH 04-16-98

CERT. OF DEP. SUMMARY

OPENING BALANCE	5,000,000.00	ACCOUNT #	81-217-905
+DEPOSITS	.00	# OF ENCLOSURES	0
+INTEREST	76,533.31		
-WITHDRAWALS/DEBITS	5,076,533.31	INTEREST PAID YTD	76,533.31
=NEW BALANCE	.00		

CERT. OF DEP. ACTIVITY

DATE	AMOUNT	DESCRIPTION	DAILY BALANCE
03-06	71,749.98	INTEREST CREDIT	
03-06	71,749.98	INTEREST TRANSFER	5,000,000.00
03-16	4,783.33	MANUAL INTEREST CR	
03-16	4,783.33	WTHDRAWAL OF AVL INT	
03-16	5,000,000.00	WTHDRWAL OF UNAVL PR	.00

CERT. OF DEP. BALANCES

12-31	5,000,000.00	03-06	5,000,000.00	03-16	.00

DUPLICATE

FOR PERSONAL ACCOUNT INQUIRIES, CALL (301) 887-6000. OUTSIDE METROPOLITAN WASHINGTON, DC, CALL 1(800) 368-5800. FOR CORPORATE ACCOUNT INQUIRIES, CALL (301) 887-6530. FOR INQUIRIES ON ELECTRONIC TRANSACTIONS, CALL (301) 887-CARD.

ACCOUNT NUMBER 17328504

You have received the Rules and Regulations and Fee Schedule governing Business Accounts and by signing this document hereby agree to the terms and conditions as stated in these documents and as amended from time to time. Your use of any of our services or your acknowledgement of agreement, either in writing or online, will indicate your acceptance of the terms governing that service.

	AUTHORIZED SIGNATURE	FACSIMILE OR STAMPED SIGNATURE
1)		
2)		
3)		

W-9 CERTIFICATION

Check Appropriate Box

[ ] Sole Proprietor [ ] Corporation [ ] Partnership [ ] Other

Social Security or Employer Identification No. 00-0000000

You certify (either penalty of perjury that: (1)the Social Security Number or Employer Identification Number shown on this card is correct and (2) you are not subject to backup withholding because (a) you are exempt from backup withholding, or (b) you have not been notified by the Internal Revenue Service (IRS) that you are subject to backup withholding as a result of failure to report all interest and dividends, or (c) the IRS has notified you that you are no longer subject to backup withholding (Note: You must cross out item 2 above if the IRS has notified you that you are currently subject to backup withholding because of under reporting interest or dividends on your tax return.)

Signature: _____ Date: _____

Referred By:

Sold By: BOZIKST

Rev 3/7/00

FOLD HERE

Riggs Bank N.A.

TYPE	BR	ACCOUNT NUMBER	CHK	TAX ID NUMBER	FCC	RO	SAF	ACO	DATE
979	00088	17328504	2	00-0000000	4 51942	00511	000	979	03/29/2001

BUSINESS/COMPANY NAME
REPUBLICA DE GUINEA ECUATORIAL

COMMENTS:

LEGAL TITLE

REPUBLICA DE GUINEA ECUATORIAL
CUENTA ESTUDIANTES MME

BUSINESS ACCOUNT MAILING ADDRESS

C/O EMBASSY BANKING DIVISION
AFRICA AND CARIBBEAN REGION
MAIL CODE G-4001

AUTHORIZED SIGNERS / TITLE

1) H E DON CRISTOBAL MANANA ELA
MINISTER OF MINES & ENERGY

2) H E GABRIEL NGUEMA LIMA
SECRETARY OF STATE MINES & ENERGY

3)

SIGNER ID / ID INFORMATION

Riggs Signature Card ON FILE

Riggs Signature Card

BUSINESS PHONE NO.

VERIFICATION CODE
999999999

APPROVAL

Authorizing Account and Borrowing

_____

_____

_____ (the "Business"), a:

☐ Limited Liability Company

_____

certify that the

(the "Executives" of the Business),

as present and acting throughout

_____

of this Business may, from time to time, may be deposited om time to time, may be deposited Business is authorized on behalf of negotiation or collection, and all of money payable to the Business, ture of the person so endorsing, it espective of the lack of an express

ty of the accounts of this Business s, or other orders for the payment, Business, and any instructions and ral, by phone or electronic means, r purpose or to whomever payable, out of any deposit, and whether or ner or any other officer, agent, or ginal or facsimile signature by any offices of this Business:

_____ _____

_____ _____

rization, or instruction executed by he application of any order or its the signer's account, or given in n; and the Business agrees to hold this resolution.

2. USE OF TRADE NAME (applicable only if completed)

RESOLVED, that our Business accounts be titled in or include the trade name _____ which the Business is using as a trade name in the conduct of its business.

3. BORROW MONEY (applicable only if completed)

RESOLVED, that any _____ of the officers of this Business from time to time holding the following offices

Title: _____ Title: _____

Title: _____ Title: _____

are authorized on behalf of this Business, on terms they may agree with Riggs, to:

RNB 000009

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 151

Rev 01/11/00

RIGGS BANK/Africa Dept Fax:1-202-835-5321 Apr 18 2003 11:03 P.02

ACCOUNT NUMBER 253MK310

You have received the Rules and Regulations and Fee Schedule Governing Business Accounts and by signing this document hereby agree to the terms and conditions as stated in these documents and as amended from time to time. Your use of any of our services or your acknowledgement of agreement, either in writing or online, will indicate your acceptance of the terms governing that service.

AUTHORIZED SIGNATURE	FACSIMILE OR STAMPED SIGNATURE
1)	
2)	
3)	

W-9 CERTIFICATION

Check Appropriate Box

[ ] Sole Proprietor [ ] Corporation [ ] Partnership [ ] Other

Social Security or Employer Identification No. 00-0000000

You certify under penalty of perjury that: (1)the Social Security Number or Employer Identification Number shown on this card is correct; and (2) you are not subject to backup withholding because (a) you are exempt from backup withholding, or (b) you have not been notified by the Internal Revenue Service (IRS) that you are subject to backup withholding as a result of failure to report all interest and dividends, or (c) the IRS has notified you that you are no longer subject to backup withholding, and 3)You are a U.S. person (including a U.S. resident alien). (Note: You must cross out item 2 above if the IRS has notified you that you are currently subject to backup withholding because of under reporting interest or dividends on your tax return.)

Signature: Date:

Referred By:

Sold By: R027837

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Riggs Bank N.A.

TYPE	BR	ACCOUNT NUMBER	CHK	TAX ID NUMBER	FOR	RO	INT	SOC	DATE
245	00080	253MK310	2	00-0000000	1 51942	00511	010	83%	05/22/2002

BUSINESS/COMPANY NAME
REPUBLICA DE GUINEA ECUATORIAL

COMMENTS:

LEGAL TITLE

REPUBLICA DE GUINEA ECUATORIAL
FONDO ESPECIAL PARA BECAS
OBIANG NGUEMA MBASOGO

BUSINESS ACCOUNT MAILING ADDRESS

C/O EMBASSY BANKING DIVISION
AFRICA AND CARIBBEAN REGION
MAIL CODE G-40m

AUTHORIZED SIGNERS / TITLE

1) SIMON P KAREDI
EDUCATION BOARD MEMBER TREASURER
2)
3)

SIGNER ID / ID INFORMATION

Riggs Signature Card
ON FILE

BUSINESS PHONE NO.

VERIFICATION CODE 999999999

APPROVAL

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 152

RNB 000014

RIGGS

TO: File

FROM: Simon Kareri

DATE: August 13, 2002

RE: Account 25380310

The authorized signer for the above referenced account has been changed to that of the Secretary of State for Treasury. I will continue in my role as an Education advisory board member comprising of the Minister of Education, Executive Director of the IMF from Equatorial Guinea and the Ambassador.

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 152

Riggs Bank N.A.

TYPE	BR	ACCOUNT NUMBER	CHG	TAX ID NUMBER	FCC	RC	INT	EFFECTIVE DATE
245	88	25380310	2	00-000000	51942	511	010	8/13/2002

BUSINESS/COMPANY NAME
REPUBLICA DE GUINEA ECUATORIAL

COMMENTS

LEGAL TITLE
FONDO ESPECIAL PARA BECAS
OBIANG NGUEMA MBASOGO

YOU THE ACCOUNTHOLDER(S) AGREE TO THE TERMS AND CONDITIONS AS STATED ON THE REVERSE OF THIS CARD

AUTHORIZED SIGNATURE	PRINT NAME/TITLE
	MELCHOR E. EDJO - SECRETARIA DE ESTADO

MAILING ADDRESS
c/o EMBASSY BANKING DIVISION
MAIL CODE PC2D

BUSINESS ADDRESS

TELEPHONE

IDENTIFICATION

SIC CODE

TYPE OF BUSINESS

VERIFICATION CODE
99999999

APPROVAL

RNB 013622

RIGGS

Miscellaneous Change Memo

Branch/Dept.: EMBASSY BANKING Div

Date: AUG 13, 2002

Account Number

[redacted] 2 5 3 8 0 3 1 0

Data

Tran. Code

(Do Not Key Punch)

Account Name: REPUBLICA DE GUINEA ECUATORIAL- FONDO ESPECIAL

Remarks: CHANGE OF SIGNER: PLEASE REPLACE EXISTING SIGNATORY,
WITH THAT OF "MELCHOR E. EDJO , SECRETARIA DE ESTADO"
ONE SIGNATURE REQUIRED.

Use Form # FM-01126 For Change of Address

FM-01127 (Rev. 11/98)

Authorization:

Riggs Bank N.A.

RNB 013623

June 25, 2002 to June 30, 2002

Account Name: Rep De Guinea Ecuatorial - Fondo
Account Number: 68-0026-03-6

Receipts

Date		Principal Cash	Income Cash	Cost
Other Receipts				
06/25/02	Deposit To Account 25-380-310 N/O Republica De Guinea Ecuatorial - Fondo Especial Para Becas Obiang Nguema Mbasogo	1,000,000.00		
Total Other Receipts		1,000,000.00		
Total Receipts		1,000,000.00	0.00	0.00

RNB 013878

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 153

RIGGS

STATEMENT

ZIP +4

OTONG S A 0
C/O EMBASSY BANKING
AFRICA & CARIBBEAN REGION
MAIL CODE G 4001
WASHINGTON DC 20036

81-723-162 PAGE 1

STATEMENT PERIOD 06-26-2002 THROUGH 12-31-2002

CERT. OF DEP. SUMMARY

OPENING BALANCE	.00	ACCOUNT #	81-723-162
+DEPOSITS	4,400,000.00	# OF ENCLOSURES	0
+INTEREST	83,099.42		
-WITHDRAWALS/DEBITS	75,000.00		
=NEW BALANCE	4,408,099.42		

CERT. OF DEP. ACTIVITY

DATE	AMOUNT	DESCRIPTION	DAILY BALANCE
06-26	.00	NEW CERTIFICATE	
06-26	4,400,000.00	DEP TO UNAVIL PRIN	4,400,000.00
09-25	41,589.03	INTEREST CREDIT	4,441,589.03
12-24	75,000.00	WTHDRWAL OF UNAVL PR	4,366,589.03
12-25	41,510.39	INTEREST CREDIT	4,408,099.42

CERT. OF DEP. BALANCES

06-25	.00	09-25	4,441,589.03	12-25	4,408,099.42
06-26	4,400,000.00	12-24	4,366,589.03		

DUPLICATE

RNB 000333

For General Banking and Account Information, call (301) 887-6000 or (800) 368-5800 toll-free within the Continental U.S., or visit our website at www.riggsb[illegible]lectronic Banking transactions, ATM, o[illegible] 6000 and press 5.

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 154

RIGGS

STATEMENT

ZIP +4

OTONG S A 0
C/O EMBASSY BANKING
AFRICA & CARIBBEAN REGION
MAIL CODE G 4001
WASHINGTON DC 20036

81-450-109 PAGE 1

STATEMENT PERIOD 01-01-2002 THROUGH 12-31-2002

CERT. OF DEP. SUMMARY

OPENING BALANCE	3,665,623.86	ACCOUNT #	81-450-109
+DEPOSITS	7,900,000.00	# OF ENCLOSURES	0
+INTEREST	358,270.90		
-WITHDRAWALS/DEBITS	700,000.00		
=NEW BALANCE	11,223,894.76		

CERT. OF DEP. ACTIVITY

DATE	AMOUNT	DESCRIPTION	DAILY BALANCE
03-15	40,673.37	INTEREST CREDIT	3,706,297.23
03-22	7,900,000.00	DEP TO UNAVIL PRIN	11,606,297.23
06-15	108,240.69	INTEREST CREDIT	11,714,537.92
08-12	700,000.00	WTHDRWAL OF UNAVL PR	11,014,537.92
09-15	106,766.57	INTEREST CREDIT	11,121,304.49
12-15	102,590.27	INTEREST CREDIT	11,223,894.76

CERT. OF DEP. BALANCES

12-31	3,665,623.86	06-15	11,714,537.92	12-15	11,223,894.76
03-15	3,706,297.23	08-12	11,014,537.92		
03-22	11,606,297.23	09-15	11,121,304.49		

DUPLICATE

For General Banking and Account Information, call (301) 887-6000 or (800) 368-5800 toll-free within the Continental U.S., or visit our website at www.riggsbank.com. For [illegible] Electronic Banking transactions, ATM, o[illegible]6000 and press 5.

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 154

RIGGS

Riggs Bank N.A.
Embassy Banking Division
1528 Connecticut Avenue, NW
Washington, DC 20036
(202) 835-4518

12 abril de 2002

Excelentísimo señor
Obiang Nguema Mbasogo

Excelentísimo señor Presidente:

Tengo el agredado de informer que los saldos de las cuentas del Otong S.A. con el Banco Riggs desde el fin del 11 de abril del 2002 son los siguentes:

Nombre de Cuenta	Número de Cuenta	Tipo	Saldo
Otong S.A.	76863013	Money Market Account	$ 104,032.14
Otong S.A.	81450109	Certificate of Deposit	$ 11,606,297.23
Total:			**$ 11,710,329.37**

Como siempre, es un placer poder servirle. Cualquier pregunta que usted tuviese, por favor comuniquese conmigo.

Aténtamente,

Sr. Simón P. Kareri
Vicepresidente Principal
Grupo de Banca Internacional

RNB 007385

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 154

RIGGS

Saldos de cuentas de Otong S.A.

Con fecha 4/12/2002

Activo	Total
Cuentas bancarias y de efectivo	
Ahorros	104,032.14
Inversiones	11,606,297.23
Total Cuentas bancarias y de efectivo	11,710,329.37
Activo total	11,710,329.37
Patrimonio neto	11,710,329.37

RNB 007386

Operaciones en cuentas de Otong S.A.
Todas las cuentas

desde 1/1/2001 hasta 12/31/2002

Núm.	Fecha	Beneficiario	Categoría	Importe
Ahorros				
	1/31/2001	Intereses Bancarios	Int Ing : Intereses Bancarios	32.35
	2/16/2001	Trident Trust	Bancos : Otong	(550.00)
	2/28/2001	Intereses Bancarios	Int Ing : Intereses Bancarios	24.57
	3/8/2001	Depósito	Efectivo	1,000,000.00
	3/20/2001	Depósito	Efectivo	1,500,000.00
	3/21/2001	Transferencia a Inversiones	Transferencia a : Inversiones	(2,500,000.00)
	3/31/2001	Intereses Bancarios	Int Ing : Intereses Bancarios	1,121.46
	4/30/2001	Intereses Bancarios	Int Ing : Intereses Bancarios	24.19
	5/31/2001	Intereses Bancarios	Int Ing : Intereses Bancarios	21.02
	6/30/2001	Intereses Bancarios	Int Ing : Intereses Bancarios	18.76
	7/31/2001	Intereses Bancarios	Int Ing : Intereses Bancarios	18.16
	8/31/2001	Intereses Bancarios	Int Ing : Intereses Bancarios	17.82
	9/5/2001	Depósito	Efectivo	2,000,000.00
	9/17/2001	Depósito	Efectivo	3,000,000.00
	9/30/2001	Intereses Bancarios	Int Ing : Intereses Bancarios	4,081.41
	10/31/2001	Intereses Bancarios	Int Ing : Intereses Bancarios	6,394.52
	11/30/2001	Intereses Bancarios	Int Ing : Intereses Bancarios	5,576.51
	12/31/2001	Intereses Bancarios	Int Ing : Intereses Bancarios	5,341.48
	1/15/2002	Gastos de casa	Casa	(50,000.00)
	1/30/2002	Trident Trust	Bancos : Otong	(775.00)
	1/31/2002	Intereses Bancarios	Int Ing : Intereses Bancarios	5,317.98
	2/6/2002	Depósito	El cheque	3,000,000.00
	2/28/2002	Intereses Bancarios	Int Ing : Intereses Bancarios	7,046.37
	3/22/2002	Transferencia a Inversiones	Transferencia a : Inversiones	(7,900,000.00)
	3/31/2002	Intereses Bancarios	Int Ing : Intereses Bancarios	5,779.09
Total Ahorros				89,490.69
Inversiones				
	3/15/2001	Intereses Bancarios	Int Ing : Intereses Bancarios	14,664.46
	3/21/2001	Transferencia a Inversiones	Transferencia de : Ahorros	2,500,000.00
	6/15/2001	Intereses Bancarios	Int Ing : Intereses Bancarios	40,198.86
	9/15/2001	Intereses Bancarios	Int Ing : Intereses Bancarios	40,654.81
	12/15/2001	Intereses Bancarios	Int Ing : Intereses Bancarios	40,669.02
	3/15/2002	Intereses Bancarios	Int Ing : Intereses Bancarios	40,673.37
	3/22/2002	Transferencia a Inversiones	Transferencia de : Ahorros	7,900,000.00
Total Inversiones				10,576,860.52
Total general				10,666,351.21

RNB 007387

RIGGS

STATEMENT

ZIP +4

0

CONSTANCIA MANGUE NSUE
57 MAGNOLIA AVE
MOUNT VERNON NY 10553

81-253-754 PAGE 1

STATEMENT PERIOD 01-01-1998 THROUGH 12-31-1998

CERT. OF DEP. SUMMARY

OPENING BALANCE	510,000.00	ACCOUNT #	81-253-754
+DEPOSITS	.00	# OF ENCLOSURES	0
+INTEREST	26,359.38		
-WITHDRAWALS/DEBITS	.00		
=NEW BALANCE	536,359.38		

CERT. OF DEP. ACTIVITY

DATE	AMOUNT	DESCRIPTION	DAILY BALANCE
01-31	14,397.37	INTEREST CREDIT	524,397.37
07-31	11,962.01	INTEREST CREDIT	536,359.38

CERT. OF DEP. BALANCES

12-31	510,000.00	01-31	524,397.37	07-31	536,359.38

DUPLICATE

For General Banking and Account Information, call (301) 887-6000 or (800) 368-5800 toll-free within the Continental U.S., or visit our website at www.riggsbank.com. For inquiries on Electronic Banking transactions, ATM, or [illegible] 000 and press 5.

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 156

RIGGS

STATEMENT

*1055312094*ZIP +4

0

CONSTANCIA MANGUE NSUE
57 MAGNOLIA AVE
MOUNT VERNON NY 10553-1209

81-253-754 PAGE 1

STATEMENT PERIOD 01-01-1999 THROUGH 12-31-1999

CERT. OF DEP. SUMMARY

OPENING BALANCE	536,359.38	ACCOUNT #	81-253-754
+DEPOSITS	250,000.00	# OF ENCLOSURES	0
+INTEREST	23,520.99		
-WITHDRAWALS/DEBITS	753,939.49		
=NEW BALANCE	55,940.88		

CERT. OF DEP. ACTIVITY

DATE	AMOUNT	DESCRIPTION	DAILY BALANCE
01-31	3,939.49	FED TAX WITHHELD	
01-31	12,708.04	INTEREST CREDIT	545,127.93
07-31	10,812.95	INTEREST CREDIT	555,940.88
09-20	250,000.00	DEP TO UNAVIL PRIN	805,940.88
10-15	300,000.00	WTHDRWAL OF UNAVL PR	505,940.88
12-07	450,000.00	WTHDRWAL OF UNAVL PR	55,940.88

CERT. OF DEP. BALANCES

12-31	536,359.38	07-31	555,940.88	10-15	505,940.88
01-31	545,127.93	09-20	805,940.88	12-07	55,940.88

DUPLICATE

RNB 000917

For General Banking and Account Information, call (301) 887-6000 or (800) 368-5800 toll-free within the Continental U.S., or visit our website at www.riggsbank.com. For inquiries on Electronic Banking transactions, ATM, or CheckCard, call (301) 887-6000 and press 5.

RIGGS STATEMENT

*2220752109*ZIP +4

0

CONSTANCIA MANGUE NSUE
4044 N 27TH RD
ARLINGTON VA 22207-5210

81-253-754 PAGE 1

STATEMENT PERIOD 01-01-2000 THROUGH 12-31-2000

CERT. OF DEP. SUMMARY

OPENING BALANCE	55,940.88	ACCOUNT #	81-253-754
+DEPOSITS	760,000.00	# OF ENCLOSURES	0
+INTEREST	14,860.86		
-WITHDRAWALS/DEBITS	140,000.00		
=NEW BALANCE	690,801.74		

CERT. OF DEP. ACTIVITY

DATE	AMOUNT	DESCRIPTION	DAILY BALANCE
01-31	13,618.40	INTEREST CREDIT	69,559.28
06-13	40,000.00	WTHDRWAL OF UNAVL PR	29,559.28
07-31	1,242.46	INTEREST CREDIT	30,801.74
08-01	760,000.00	DEP TO UNAVL PRIN	790,801.74
08-28	100,000.00	WTHDRWAL OF UNAVL PR	690,801.74

CERT. OF DEP. BALANCES

12-31	55,940.88	06-13	29,559.28	08-01	790,801.74
01-31	69,559.28	07-31	30,801.74	08-28	690,801.74

DUPLICATE

RNB 000918

For General Banking and Account Information, call (301) 887-6000 or (800) 368-5800 toll-free within the Continental U.S., or visit our website at www.riggsbank.com. For inquiries on Electronic Banking transactions, ATM, or CheckCard, call (301) 887-6000 and press 5.

RIGGS

STATEMENT

*2220752109*ZIP +4

0

CONSTANCIA MANGUE NSUE
4044 N 27TH RD
ARLINGTON VA 22207-5210

81-253-754 PAGE 1

STATEMENT PERIOD 01-01-2001 THROUGH 12-31-2001

CERT. OF DEP. SUMMARY

OPENING BALANCE	690,801.74	ACCOUNT #	81-253-754
+DEPOSITS	1,000,000.00	# OF ENCLOSURES	0
+INTEREST	37,930.53		
-WITHDRAWALS/DEBITS	.00		
=NEW BALANCE	1,728,732.27		

CERT. OF DEP. ACTIVITY

DATE	AMOUNT	DESCRIPTION	DAILY BALANCE
01-31	21,160.40	INTEREST CREDIT	711,962.14
07-31	16,770.13	INTEREST CREDIT	728,732.27
08-28	1,000,000.00	DEP TO UNAVIL PRIN	1,728,732.27

CERT. OF DEP. BALANCES

12-31	690,801.74	07-31	728,732.27
01-31	711,962.14	08-28	1,728,732.27

DUPLICATE

RNB 000919

For General Banking and Account Information, call (301) 887-6000 or (800) 368-5800 toll-free within the Continental U.S., or visit our website at www.riggsbank.com. For inquiries on Electronic Banking transactions, ATM, or CheckCard, call (301) 887-6000 and press 5.

RIGGS

STATEMENT

*2220752109*ZIP +4

0

CONSTANCIA MANGUE NSUE
4044 N 27TH RD
ARLINGTON VA 22207-5210

81-253-754 PAGE 1

STATEMENT PERIOD 01-01-2002 THROUGH 12-31-2002

CERT. OF DEP. SUMMARY

OPENING BALANCE	1,728,732.27	ACCOUNT #	81-253-754
+DEPOSITS	1,100,000.00	# OF ENCLOSURES	0
+INTEREST	106,932.03		
-WITHDRAWALS/DEBITS	.00		
=NEW BALANCE	2,935,664.30		

CERT. OF DEP. ACTIVITY

DATE	AMOUNT	DESCRIPTION	DAILY BALANCE
01-31	27,912.42	INTEREST CREDIT	1,756,644.69
03-08	2,947.80	MANUAL INTEREST CR	
03-08	1,100,000.00	DEP TO UNAVIL PRIN	2,859,592.49
06-07	25,227.08	INTEREST CREDIT	2,884,819.57
09-07	25,449.64	INTEREST CREDIT	2,910,269.21
12-07	25,395.09	INTEREST CREDIT	2,935,664.30

CERT. OF DEP. BALANCES

12-31	1,728,732.27	03-08	2,859,592.49	09-07	2,910,269.21
01-31	1,756,644.69	06-07	2,884,819.57	12-07	2,935,664.30

DUPLICATE

For General Banking and Account Information, call (301) 887-6000 or (800) 368-5800 toll-free within the Continental U.S., or visit our website at www.riggsbank.com. For inquiries on Electronic Banking transactions, ATM, or CheckCard, call (301) 887-6000 and press 5.

RIGGS

STATEMENT

*2220752109*ZIP +4

0

CONSTANCIA MANGUE NSUE I/T/F
JUSTO OBIANG MINOR
4044 N 27TH RD
ARLINGTON VA 22207-5210

81-585-919 PAGE 1

STATEMENT PERIOD 07-13-2000 THROUGH 12-31-2000

CERT. OF DEP. SUMMARY

OPENING BALANCE	.00	ACCOUNT #	81-585-919
+DEPOSITS	87,000.00	# OF ENCLOSURES	0
-WITHDRAWALS/DEBITS	.00		
=NEW BALANCE	87,000.00		

CERT. OF DEP. ACTIVITY

DATE	AMOUNT	DESCRIPTION	DAILY BALANCE
07-13	.00	NEW CERTIFICATE	
07-13	87,000.00	DEP TO UNAVIL PRIN	87,000.00

CERT. OF DEP. BALANCES

07-12	.00	07-13	87,000.00

DUPLICATE

RNB 000921

For General Banking and Account Information, call (301) 887-6000 or (800) 368-5800 toll-f[illegible] U.S., or visit our website at www.riggs[illegible] Electronic Banking transactions, ATM, o[illegible]6000 and press 5.

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 159

RIGGS STATEMENT

*2220752109*ZIP +4

0

CONSTANCIA MANGUE NSUE I/T/F
JUSTO OBIANG MINOR
4044 N 27TH RD
ARLINGTON VA 22207-5210

81-585-919 PAGE 1

STATEMENT PERIOD 01-01-2001 THROUGH 12-31-2001

CERT. OF DEP. SUMMARY

OPENING BALANCE	87,000.00	ACCOUNT #	81-585-919
+DEPOSITS	271,000.00	# OF ENCLOSURES	0
+INTEREST	4,746.97		
-WITHDRAWALS/DEBITS	.00		
=NEW BALANCE	362,746.97		

CERT. OF DEP. ACTIVITY

DATE	AMOUNT	DESCRIPTION	DAILY BALANCE
01-12	2,613.91	INTEREST CREDIT	89,613.91
07-12	2,133.06	INTEREST CREDIT	91,746.97
07-23	271,000.00	DEP TO UNAVIL PRIN	362,746.97

CERT. OF DEP. BALANCES

12-31	87,000.00	07-12	91,746.97
01-12	89,613.91	07-23	362,746.97

DUPLICATE

RNB 000922

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RIGGS STATEMENT

*2220752109*ZIP +4

0

CONSTANCIA MANGUE NSUE I/T/F
JUSTO OBIANG MINOR
4044 N 27TH RD
ARLINGTON VA 22207-5210

81-585-919 PAGE 1

STATEMENT PERIOD 01-01-2002 THROUGH 12-31-2002

CERT. OF DEP. SUMMARY

OPENING BALANCE	362,746.97	ACCOUNT #	81-585-919
+DEPOSITS	253,000.00	# OF ENCLOSURES	0
+INTEREST	9,341.61		
-WITHDRAWALS/DEBITS	.00		
=NEW BALANCE	625,088.58		

CERT. OF DEP. ACTIVITY

DATE	AMOUNT	DESCRIPTION	DAILY BALANCE
01-12	6,140.38	INTEREST CREDIT	368,887.35
07-12	3,201.23	INTEREST CREDIT	372,088.58
07-15	253,000.00	DEP TO UNAVIL PRIN	625,088.58

CERT. OF DEP. BALANCES

12-31	362,746.97	07-12	372,088.58
01-12	368,887.35	07-15	625,088.58

DUPLICATE

RNB 000923

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RIGGS

STATEMENT

*2220752109*ZIP +4

0

CONSTANCIA MANGUE NSUE I/T/F
PASTOR OBIANG MINOR
4044 N 27TH RD
ARLINGTON VA 22207-5210

81-585-927 PAGE 1

STATEMENT PERIOD 07-13-2000 THROUGH 12-31-2000

CERT. OF DEP. SUMMARY

OPENING BALANCE	.00	ACCOUNT #	81-585-927
+DEPOSITS	87,000.00	# OF ENCLOSURES	0
-WITHDRAWALS/DEBITS	.00		
=NEW BALANCE	87,000.00		

CERT. OF DEP. ACTIVITY

DATE	AMOUNT	DESCRIPTION	DAILY BALANCE
07-13	.00	NEW CERTIFICATE	
07-13	87,000.00	DEP TO UNAVIL PRIN	87,000.00

CERT. OF DEP. BALANCES

07-12	.00	07-13	87,000.00

DUPLICATE

RNB 000924

For General Banking and Account Information, call (301) 887-6000 or (800) 368-5800 toll-free within the Continental U.S., or visit our website at www.riggsbank.com. For inquiries on Electronic Banking transactions, ATM, or CheckCard, call (301) 887-6000 and press 5.

RIGGS

STATEMENT

*2220752109*ZIP +4

0

CONSTANCIA MANGUE NSUE I/T/F
PASTOR OBIANG MINOR
4044 N 27TH RD
ARLINGTON VA 22207-5210

81-585-927 PAGE 1

STATEMENT PERIOD 01-01-2001 THROUGH 12-31-2001

CERT. OF DEP. SUMMARY

OPENING BALANCE	87,000.00	ACCOUNT #	81-585-927
+DEPOSITS	271,000.00	# OF ENCLOSURES	0
+INTEREST	4,746.97		
-WITHDRAWALS/DEBITS	.00		
=NEW BALANCE	362,746.97		

CERT. OF DEP. ACTIVITY

DATE	AMOUNT	DESCRIPTION	DAILY BALANCE
01-12	2,613.91	INTEREST CREDIT	89,613.91
07-12	2,133.06	INTEREST CREDIT	91,746.97
07-23	271,000.00	DEP TO UNAVIL PRIN	362,746.97

CERT. OF DEP. BALANCES

12-31	87,000.00	07-12	91,746.97
01-12	89,613.91	07-23	362,746.97

DUPLICATE

RNB 000925

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RIGGS STATEMENT

12

TEODORO NGUEMA OBIANG
C/O EMBASSY BANKING DIVISION
MAIL RETURN

76-923-450 PAGE 2

STATEMENT PERIOD 12-13-2003 THROUGH 01-15-2004

INTEREST CHECKING ACTIVITY CONTINUED

CHECKS	DATE	AMOUNT	CHECKS	DATE	AMOUNT
REF 01	12-26	81,810.00	REF 05	01-05	8,984.00
REF 02	12-30	1,107.70	REF 06	01-05	155.00
REF 03	01-02	3,000.00	REF 07	01-05	611.01
REF 04	01-02	81,810.00 *MORE*			

REFERENCE DESCRIPTION

REF 01 MT OUT FEDWIRE N/C
REF # 20031226000945
MT OUTGOING FEDWIRE NO CHARGE REF # 20031226000945
SENDER-SEQ: 1226E1QP111C000140 FST AZ SVGS PHO ORG= TEODORO
NGUEMA OBIANG C/O EMBASSY BANKING DIVISION BNF: GLOBALJET
CORPORATION
REF 02 DEBIT MEMO
REF 03 MT OUT FEDWIRE N/C
REF # 20040102001396
MT OUTGOING FEDWIRE NO CHARGE REF # 20040102001396
SENDER-SEQ: 0102E1QP111C000353 UNION BK OF CALIF NA ORG=
TEODORO NGUEMA OBIANG EMBASSY BANKING PC-2D BNF: CARLA
KULUNGIAN
REF 04 MT OUT FEDWIRE N/C
REF # 20040102001383
MT OUTGOING FEDWIRE NO CHARGE REF # 20040102001383
SENDER-SEQ: 0102E1QP111C000346 FST AZ SVGS PHO ORG= TEODORO
NGUEMA OBIANG C/O EMBASSY BANKING DIVISION BNF: GLOBALJET
CORPORATION
REF 05 DEBIT MEMO
REF 06 MT OUT FEDWIRE N/C
REF # 20040105001064
MT OUTGOING FEDWIRE NO CHARGE REF # 20040105001064
SENDER-SEQ: 0105E1QP111C000244 WA MUTUAL BK STOC ORG=
TEODORO NGUEMA OBIANG C/O EMBASSY BANKING DIVISION BNF:
PREMUIM AUTO REG. SERVICE
REF 07 MT OUT FEDWIRE N/C
REF # 20040105001091
MT OUTGOING FEDWIRE NO CHARGE REF # 20040105001091
SENDER-SEQ: 0105E1QP111C000249 UNION BK OF CALIF NA ORG=
TEODORO NGUEMA OBIANG C/O EMBASSY BANKING DIVISION BNF:
CARLA KULUNGIAN

DUPLICATE

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 160

RIGGS

To: EVP – Security & Investigations

From: GVP – Security & Investigations

Date: 12/18/03

Re: Equatorial Guinea

Recently, a comprehensive review of the Equatorial Guinea (EG) relationship was undertaken by the Security and Investigations Group. The review was conducted by representatives from Investigations, Compliance as well as Monitoring and Reporting.

Additionally, the law firm of Williams and Connolly, LLP was retained by Riggs in response to the receipt of a subpoena for records from the Senate's Permanent Subcommittee on Investigations of the Committee on Governmental Affairs.

All known accounts (open/closed) related to EG as well as several outstanding loans were reviewed. The review period covered the previous five (5) year period.

All transactions in excess of $10,000.00 were reviewed for the filing of Currency Transaction Reports (CTR's). There were no instances of the failure to file a CTR.

Research into the payees who received payments at or in excess of $100,000.00 from any EG government account was conducted. The review included a thorough analysis of all accounts belonging to the President (Teodoro Nguema Obiang Mbasago), his wife (Constancia Nsue), his son (Teodoro Nguema Obiang), the EG Ambassador (Teodoro Biyogo), the Ambassador's wife (Elena Mensa) as well as all EG Ministerial Staff.

Due diligence efforts included a review of the accounts held by the son of President Obiang at the City National Bank of Beverly Hills. This review was done under the auspices of Section 314(b) of the USA PATRIOT Act.

Foreign EG bank account relationships (e.g., Central Bank of Africa (BEAC), Caisse Commune d'Epargne et d'Investissement (CCEI), Societe Generale, etc.) were not reviewed due to obvious limitations.

The review found three instances of the transfer of monies from the RdGE government oil account to the Riggs personal account of Melchor Esono Edjo – Secretary of State for Treasury and Budget. Two transfers of $122,000.00 each were made into the account on March 13, 1998,

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 162

and May 27, 1998, respectively. Explanations of the transfers were for services rendered by Mr. Edjo on behalf of the EG government.

The one additional transfer of monies to Mr. Edjo from the RdGE oil account is a transfer of $255,000.00 to Mr. Edjo at Societe Generale on 6/12/02. Explanation for this transfer is given as an official government function (purchase of Chancery building in Sao Tome).

The review of the relationship found no instances of funds "boomeranging" from one account to another.

Compliance efforts to date include numerous meetings with Riggs EG regional staff in order to develop a better understanding of the relationship. Spreadsheets were prepared detailing the relationship at the Politically Exposed Person (PEP), Government and Embassy levels. The spreadsheets were then cross-checked against twelve the twelve (12) sources, listed below:

1. Regional PEP list
2. Senate's Permanent Subcommittee subpoena request
3. Office of the Comptroller of the Currency (OCC) relationship list
4. OCC request for information dated 10/21/03
5. OCC request for information dated 10/28/03
6. Research conducted by Investigations
7. Input from Legal Department
8. EG Regional staff
9. ONYX Program
10. Service Delivery System
11. Department of State's "Diplomat List"
12. Central Intelligence Agency's "Chiefs of State & Cabinet Member of Foreign Government List"

Additional due diligence steps planned by Compliance include corroboration of the region-approved spreadsheets by Investigations, Monitoring and Reporting and Legal. To ensure all activity is understood and duly noted, the data will be shared with other departments in the bank for comparison against their records, including the commercial and consumer loan groups.

Monitoring and Reporting is currently utilizing the Onyx software program to assist in its monitoring of the relationship. Onyx provides the capability to "link" related accounts via a relationship module. This function is currently being utilized to automate the linking of existing and all future EG accounts. All EG accounts have been linked within Onyx. Therefore, when any given EG account is accessed within Onyx, the user will have the ability to view all linked (related) accounts by selecting the "relationships tab".

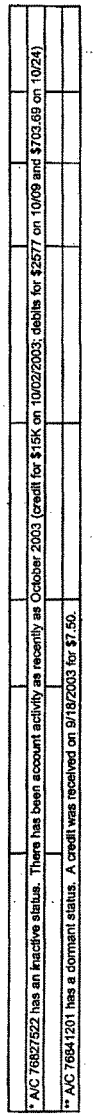
B.J. Moravek

PEP's - Equatorial Guinea (updated: 12/18/03)

Name	Position/Relationship	Account #'s	Type	Purpose	Date Opened	Date Closed	
[redacted]							
		No personal accounts					
[redacted]							
		76863013	Business MMA	President's business	9/20/1996		
		81450109	CD (36 mo.)	President's business	6/16/2000		
		81723162	CD (36 mo.)	President's business	6/26/2002		
[redacted]							
		24383122	personal interest checking	housing expenses	8/16/1996		
Teodoro Biyogo Nsue	*Brother of First Lady; Ambassador*	24895363 joint w/ Teodoro Biyogo Nsue	personal checking	housing expenses	1/24/2000		
		25475010	MMA	rental account	9/19/2002		
minor: Pastor Obiang	*First Lady's son*	76890433	MMA	I/T/F Pastor Obiang (minor)	3/30/2000	Inactive	
minor: Justo Obiang	*First Lady's son*	76880441	MMA	I/T/F Justo Obiang (minor)	3/30/2000	Inactive	
		81253754	CD (36 mo.)		8/1/1997		
minor: Justo Obiang	*First Lady's son*	81585819	CD (6 mo.)	I/T/F Justo Obiang (minor)	7/13/2000		
minor: Pastor Obiang	*First Lady's son*	81585927	CD (6 mo.)	I/T/F Pastor Obiang (minor)	7/13/2000		
[redacted]							
		76889555 - (OCC list, not ONYX; not Service Delivery)			2/11/2000	2/12/2001	
		76923450	personal interest checking		1/29/2001		
[redacted]							

Constancia Mangue Nsue	First Lady; sister	24895363 joint w/ Constancia Mangue Nsue	personal checking statement savings a/c	housing expenses I/T/F Candida Nsue (minor)	1/24/2000 3/24/2003	
Minor: Candida Nsue	Ambassador's daughter	25585370				
		25356070	personal checking		5/8/2002	
		25480310 (OCC list; not ONYX; not Service Delivery)	DDA		3/24/2003	
		65197510 (OCC list; not ONYX; not Service Delivery)	SAV		closed	
		81763965	CD (6 mo)		12/11/2002	8/8/2003
		81676503 (OCC list; not ONYX; not Service Delivery)	CD		closed	
		76888304	MMA		7/3/2000	
		81667484	CD (12 mo.)		6/25/2001	
		25731088	Personal Checking		10/17/2003	
		76841236	MMA		10/8/1998	
		76827622	MMA		10/10/1997	inactive*
		81602490	CD (12 mo.) for savings		7/14/1999	
		81764159	CD (48-60 mo.)		4/25/2003	

		24203160	Convenience Plus (DDA)-checking				9/14/1995		
		76787358	Convenience Plus (MMA)				9/13/1995		
		81405228 (OCC list; not ONYX; not Service Delivery)	CD				3/7/2003	6/5/2003	
		81770495	CD (48-60 mo.)				6/4/2003		
		81815875	CD (48-60 mo.)						
		81519794 (OCC list; not ONYX; not Service Delivery)	CD		Money provided by govt to buy 2 houses for expected increase in Embassy staff. Money was placed in a CD to earn interest. Govt changed mind and the money was refunded to the govt's main (citi) a/c #1764642.		7/17/1998	dormant**	
		76841201	MMA				7/17/1998	dormant**	
		76913623	MMA				9/26/2000		
		25460986	SAV				8/6/2002	7/30/2003	
		25125029 (region PEP list; not ONYX; found on Service Delivery and Fidelity)	DDA				4/26/2001		



* A/C 76827522 has an inactive status. There has been account activity as recently as October 2003 (credit for $15K on 10/02/2003; debits for $2577 on 10/09 and $703.69 on 10/24)

** A/C 76841201 has a dormant status. A credit was received on 9/18/2003 for $7.50.

RIGGS

STATEMENT

ZIP +4
0

ARMENGOL ONDO NGUEMA
C/O EMBASSY BANKING DIVISION
AFRICA AND CARIBBEAN REGION
MAIL CODE G 4001

81-657-484 PAGE 1

STATEMENT PERIOD 06-25-2001 THROUGH 12-31-2001

CERT. OF DEP. SUMMARY

OPENING BALANCE	.00	ACCOUNT #	81-657-484
+DEPOSITS	700,000.00	# OF ENCLOSURES	0
+INTEREST	15,633.81		
-WITHDRAWALS/DEBITS	.00		
=NEW BALANCE	715,633.81		

CERT. OF DEP. ACTIVITY

DATE	AMOUNT	DESCRIPTION	DAILY BALANCE
06-25	.00	NEW CERTIFICATE	
06-25	700,000.00	DEP TO UNAVIL PRIN	700,000.00
09-24	7,816.22	INTEREST CREDIT	707,816.22
12-24	7,817.59	INTEREST CREDIT	715,633.81

CERT. OF DEP. BALANCES

06-24	.00	09-24	707,816.22
06-25	700,000.00	12-24	715,633.81

DUPLICATE

For General Banking and Account Information, call (301) 887-6000 or (800) 368-5800 toll-free within the Continental U.S., or visit our website at www.riggs.com. For Electronic Banking transactions, ATM, o 6000 and press 5.

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 165

RIGGS STATEMENT

ZIP +4
0

ARMENGOL ONDO NGUEMA
C/O EMBASSY BANKING DIVISION
AFRICA AND CARIBBEAN REGION
MAIL CODE G 4001

81-657-484 PAGE 1

STATEMENT PERIOD 01-01-2002 THROUGH 12-31-2002

CERT. OF DEP. SUMMARY

OPENING BALANCE	715,633.81	ACCOUNT #	81-657-484
+DEPOSITS	.00	# OF ENCLOSURES	0
+INTEREST	26,895.15		
-WITHDRAWALS/DEBITS	30,000.00		
=NEW BALANCE	712,528.96		

CERT. OF DEP. ACTIVITY

DATE	AMOUNT	DESCRIPTION	DAILY BALANCE
03-24	7,817.08	INTEREST CREDIT	723,450.89
06-24	8,078.07	INTEREST CREDIT	731,528.96
09-24	8,168.28	INTEREST CREDIT	739,697.24
12-04	30,000.00	WTHDRWAL OF UNAVL PR	709,697.24
12-24	2,831.72	INTEREST CREDIT	712,528.96

CERT. OF DEP. BALANCES

12-31	715,633.81	06-24	731,528.96	12-04	709,697.24
03-24	723,450.89	09-24	739,697.24	12-24	712,528.96

DUPLICATE

For General Banking and Account Information, call (301) 887-6000 or (800) 368-5800 toll-free within the Continental U.S., or visit our website at www.riggsbank.com. For inquiries on Electronic Banking transactions, ATM, or CheckCard, call (301) 887-6000 and press 5.

OFFICERS' LOAN COMMITTEE ACTION

Term loan
#2606623
original approval
$13,750,000

MINUTE:
COMMITTEE Equatio-Guineana de Aviacion (EGA)

MEMBERS ATTENDING:

Voting:
- Shaun Kelley
- Bob Roane
- Ray Lund
- Henry Morneault

Non-Voting:
- Bob Bradecamp
- Gerry Savitsky
- Ashley Lee
- Jason Notini
- Glenn Kinard

COMMITTEE DATE: November 26, 2002

COMMITTEE ACTION: Unanimously Approved

CHAIRMAN'S SIGNATURE: S/Kelley

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 166

T00003089

RIGGS

INTERNATIONAL BANKING GROUP
CREDIT APPROVAL MEMORANDUM

Nature of Request:	Annual Review and covenant waiver	**Analysis Date:**	09/10/02
		Next Review Date:	09/10/03
New/Existing Customer:	Existing Customer		
Borrower:	Equato-Guineana de Aviacion (EGA)	**SS/Tax ID:**	N/A
Borrower Address:	Malabo	**SNC:**	NO
	Equatorial Guinea	**Reg. O List:**	No
		Date of Reg. O List Consulted:	8/2002
Business:	Airline	**Board Approved Credit Limit (Reg. O):**	N/A
Principals:	Bernado Abaga Ndong, Managing Director	**OFAC List:**	No
	Melchor Esono Edjo, Secretary of State, Treasury & Budgets	**NAICS Code:**	92812
Related Party:	Government of the Republic of Equatorial Guinea	**CRA Consideration:**	N/A

Bank / Division / RC#:	Riggs Bank/ Embassy Banking Div./ RC511
Relationship Manager / Officer # / Extension:	Simon Kareri/2003/ext. 5380
Analyst / Officer # / Extension:	Tiyanjana Mbaya/11659/ Ext. 8662

Transaction Summary:

	Actual:	*Guideline:*
DSR:	n/a	*n/a*
LTV:	n/a	*n/a*

Facility Type:	Term Loan
Account # / Cmt #/ Note #:	2606623/0001
Related DDA(s):	17 164 642
Advisement Code:	L (Legal)
Amount:	US$13,245,106 (Originally $13,756,000)
Purpose:	To purchase an Embraer Model ER145 Aircraft
Purpose Code:	1005
Interest Rate:	7.92% — **Rate Type: [Fixed]**
Facility Fee:	1% of loan amount, paid at closing (legal fees expensed against facility fee)
Call Code:	7
Repayment Term:	9 semi-annual payments of P+I based on 20-yr. amortization, with balance due on 10th payment. (8 payments remaining)
Maturity:	5 year balloon , 20 year amortization (renewable at bank's option)
Collateral:	Unsecured
Collateral Code:	00
Guarantors:	Government of Equatorial Guinea — Adj. N.W.: n/a — Liquidity: n/a

Total Current Exposure : **	$78,350,106	**Risk Rating:**	Watch
Total Proposed Exposure: **	$78,350,106	**Public Rating (S&P):**	n/a
Average Collected Balances: ***	$328,110,730****	**Public Rating (Moodys):**	n/a
Industry Limit (see Appendix N in Policy):	N/A		
Industry Exposure:	N/A	**Other Agency Rating:**	N/A

APPROVALS:	**Names:**	**Initials:**	**Date:**		
Relationship Manager:	SIMON KARERI	SK	11-22-02	**Approval Exception:**	[NO]
Team Leader:	JANELL BLUE		11-22-02	**Other Policy Exception:**	Yes
Group Head:	RAY LUND		11-22-02	**Covenants:**	Yes
Credit Admin: *				**Taxes & Ins.:**	N/A
Executive Officer:					

** Approval by Credit Admin is required as determined by the Credit Approval Matrix.*

COMMENTS: ** Includes indirect exposure of $65,105,000 to the Government of Equatorial Guinea, $65,000,000 of which is cash secured.
*** EGA maintains one account with Riggs Bank, aggregate balances include those of the Government of Equatorial Guinea (9/26/02).
**** Does not include an additional $105MM invested in RIMCO account

Summary and Recommendation

Borrower: Equato-Guineana de Aviacion

Relationship Manager: Simon P. Kareri

Risks and Weaknesses:

- The borrower, a state-owned entity, is required to provide annual financial statements under the loan agreement, however no financial statements have been received for 2001. A waiver is being recommended.
- Borrower's operations have temporarily ceased as the plane purchased with the loan proceeds continues to experience difficulties in running since the new aircraft has had serious mechanic problems
- The guarantor is a non-rated, developing country with no current access to debt markets. Lender did not take a security interest in the significant balances held at Riggs Bank but does have right of offset.
- The deposits on which the credit is based could be attached or frozen in the event of a break of diplomatic relations with the U.S. or for other policy reasons.

Strengths Which Mitigate Risks:

- The Guarantor is the Government of Equatorial Guinea who is also the primary source of repayment for this credit. In the absence of normal aircraft operations, the guarantor has kept the payments current on this loan with its own resources.
- Current financial statements have not been produced due to the interruption in operations and it is clear that the information would not support continuing performance based on operating revenues. However, the loan was not underwritten based on airline operations. The primary source of repayment was based on the Guarantor's ability to generate dollar receipts from oil revenues and the strength the significant deposits held at Riggs Bank. A waiver for financial statements is recommended
- The original loan approval was primarily based on the substantial deposits Guarantor maintains at Riggs Bank, currently of $328 million with Riggs plus $105 million in RIMCO. These deposits represent dollar based oil receipts that are paid directly to Riggs from major western oil companies such as Exxon Mobil and Marathon. The Credit Agreement requires the Guarantor to maintain deposit account balances at Riggs no less than the aggregate amount of any and all outstanding Riggs Bank loans, plus the outstanding balance of this loan. Further, the Guarantor is required to provide the Bank 15 days written notice should it seek to reduce aggregate account balances level below the required amount. An immediate event of default would occur if the Guarantor moves, or attempts to move, account balances below the required amount; and repayment will be demanded. The lender will exercise the right of offset in the event the guarantor's deposits at Riggs Bank drop below an aggregate amount sufficient to cover this loan plus all other borrowings from Riggs. No cure period is required for this event of default. The loan will also be due and payable in the event that Government ownership of EGA falls below 50%.
- The Guarantor collects operating revenue, if any, from the state-owned borrower, EGA, and along with its own resources, provides funds to the aircraft loan-servicing account held at Riggs. Despite the absence of revenue, the Guarantor has made two semi-annual payments have been made to-date plus an additional

reduction to principal in the amount of $124,381. Furthermore, the Guarantor established a separate deposit account at Riggs for EGA in order to fund loan payments and other related expenses. The account balance is currently $792M, which exceeds the next semi-annual payment due in April.

- The aircraft is insured by Lloyds of London via *Royal Marine Insurance Group* based in Miami, Florida for $17,500,000 and Riggs Bank NA is listed as loss payee. The policy was renewed as of September 28, 2002 and the bank was authorized to debit Guarantor's account for $422,822 to pay the premium. It should be noted that Lloyds of London is the largest insurer of aviation in the world. Weaver Brothers Insurance Associates through the Rembrandt Group manages the insurance policy on the lender's behalf.

Country Overview:

Because of the weaknesses of the country's institutions, the personality of the president is key to political stability. Recent recurrence of speculation of his health and indications of maneuvering on the part of possible successors, present the potential for a power vacuum should he die suddenly, or without a consensus as to his successor. The presidential term is indefinitely renewable under the existing constitution. The president has two sons and a brother in the current administration that are all potential candidates; but all are untried, which could prove destabilizing by encouraging the aspirations of rival clan and political parties. Assuming that President Teodoro Obiang Nguema Mbasogo remains in good health, the prospects for political stability are good. His move away from the traditional mechanisms of loyalty and repression, towards a new political system in which patronage and reward have a higher profile also means that he is likely to remain unchallenged for some time. The opposition is expected to remain unable to pose a serious threat while loyalty of state institutions such as the army, has been secured by hefty wage rises.

The U.S. has announced the re-opening of the Embassy in Malabo and plans are underway to finalize by year-end. Exxon-Mobil, Amereda Hess and Chevron along with smaller independents have established a significant presence in the country and U.S. officials appear anxious to maintain good relations. The country could be valuable to the U.S. from a geostrategic view, given its location in Central Africa and the abundance of oil. Oil production will increase in 2002 to around 300,000 barrels a day and over 350,000 b/d in 2003 from 100,000 b/d in 1999. Mobil-Exxon announced in May 2002 a US$900m project to increase production from its Zafiro and associated fields which will boost oil output from Zafiro from the current level of 160,000 b/d to 300,000 b/d by end of 2003. A US independent Amerada Hess, which took over the Ceiba field and other prospects in Blocks F and G offshore the mainland, announced a series of new discoveries around the Ceiba. Ceiba currently produces an average 90,000 b/d that is forecast to rise to 120,000 b/d in 2003. According to the government, these developments will bring oil production to over 350,000 b/d in 2003 from almost 300,000 b/d in 2002. This will place the country as the third biggest oil producer in Sub-Sahara Africa, after Nigeria and Angola and before Gabon and Congo (Brazzaville).

The World Bank and IMF are under pressure to engage with Equatorial Guinea, as it urgued that they can exert a healthy influence on the economic management of the country. The World Bank has resumed its cooperation with Equatorial Guinea in February, after a break of more than ten years. The IMF has urged the government to promote greater transparency in the management of oil money and take better control over spending, but has little leverage as the country has a strong fiscal position and a modest debt. Although the government recently announced a program to improve transparency and accountability, any changes are unlikely to meet IMF criteria. With the establishment of a state oil company, GE Petrol, later in 2001, management of the oil sector may even become more opaque, and standards of governance are likely to remain poor. As a result, an IMF-backed structural adjustment program is unlikely to be concluded this year. Part of the additional revenue accruing from the expansion will be used to develop the country as an oil services center for the region. Investment is being made in roads, infrastructure, health and education to prevent excessive dependence on oil.

The government cash-flow situation improved considerably during 1999-2000, reflecting growing oil revenue, but fiscal policy performance continued to weaken, as evidenced by the lack of control over government financial operations. The overall fiscal balance turned from a deficit of 2 percent of GDP in 1998 to a surplus of 9 percent of GDP in 2000. In the circumstances, the treasury fully repaid its bank borrowing as at end-March 2001, but the government continued to accumulate domestic and external arrears, including periodic arrears to the Fund. Government oil revenue is paid into treasury accounts held at Riggs. Moreover, large extra budgetary expenditures have been financed since 1996 through advances on oil revenue, and the oil companies have been withholding government oil revenue at source to repay these advances. Monetary developments in 1999 and 2000 were characterized by a significant improvement in the net foreign assets position of the banking system, a rapid growth in broad money, and modest increase credit to the private sector, mostly in the form of short term loans to timber and cocoa exporters.

The President has at least partly overcome US State Department concerns about human rights abuse and corruption. A less intimidating election atmosphere is likely to succeed in helping to promote Mr. Obiang's legitimacy abroad. Allegations of human rights abuses following the announcement of the coup in March have been well documented, and have elicited international condemnation. However, any hesitancy on the part of the US or European countries towards Equatorial guinea will be temporary, due to the rising importance of the oil sector in one of the world's fastest growing economies. Human rights have been an endemic problem in Equatorial Guinea. The UN Human Rights Commission voted to keep Equatorial Guinea under scrutiny however; it is believed that the government's increasing capacity to buy diplomatic influence has caused several African countries to insist on softening the criticism. The president blames a handful of individuals acting independently. Recently, the United Nations declared in Geneva that the conditions in Equatorial Guinea have improved tremendously.

Recommendation:

- It is recommended that this credit continue as presented based the demonstrated performance of the guarantor and strength of the bank's close relationship with the guarantor, its substantial deposits balances kept at the bank, and restrictive covenants controlling deposit balances.

Risk Rating Justification (also includes specific triggers for upgrade and downgrade): **Watch**

- This loan is guaranteed by a major depositor of Riggs Bank and contains covenants to control deposit coverage of the exposure and remedies for default. The requirement of daily monitoring of the deposit level along with the country's current political structure would indicate a Watch (W) risk rating.

Recommended Documentation Method (check one): **N/A**

☐	☐	☐
LASERPRO	**LASERPRO w/legal review**	**Outside Counsel**

RELATIONSHIP SUMMARY REPORT
(As Of 10/09/02)

BORROWER	FACILITY	GUARANTORS	PRESENT EXPOSURE	PROPOSED EXPOSURE	CURRENT OUTSTANDING	RISK RATING	AVERAGE BORROWINGS	RATE/FEE	AMORTIZATION/ MATURITY DATE	COLLATERAL DESCRIPTION	LTV RATIO
EGA*	Term Loan	Republic of Equatorial Guinea	$13,245,106	$13,245,106	$13,245,106	W	N/A	@7.92 plus $137,562 (1% facility fee)	5-YR balloon, 20-year amortization (renewable)	None	N/A
Indirect (Govt. of Equatorial Guinea)	Revolving Line of Credit	N/A	$40,000,000	$40,000,000	$20,000,000	C	N/A	5.910% (3-month LIBOR)	7/13/2002	$40,000,000 Riggs CD #81710433	100%
Indirect	Guidance Line (L/C)	N/A	$25,000,000	$25,000,000	$0	C	N/A	Various fees	6/7/2004	100% cash secured	100%
Indirect	Guidance Line (OD)	N/A	$30,000	$30,000	$0	P	N/A	WSJ + 2%	12/31/2001	N/A	N/A
Indirect	Guidance Line CorpCredit Card	N/A	$75,000	$75,000	$0	P	N/A	N/A	N/A	N/A	N/A
TOTAL:			$78,350,106	$78,350,106	$33,245,106						

Note: Asterisk (*) indicates Credit Facility or Facilities Presented for Approval.

Comments:

Deposit summary and usage for LOC's (if applicable):

CREDIT APPROVAL MEMORANDUM
DATE: 11/22/02

A. BACKGROUND/RELATIONSHIP SUMMARY:

1. Borrower:

Ecuato Guineana de Aviacion – EGA, Malabo, Equatorial Guinea

Ecuato-Guinea de Aviacion is a national commercial airline for the Republic Equatorial Guinea. The airline has been operating since 1986 with flights between Malabo, Bata, Douala and Libreville. The airline serves mainly the population of Equatorial Guinea traveling between the island and the African mainland. Equatorial Guinea consists of a small segment of the African mainland between Cameroon and Gabon, known as Rio Muni; Bioko Island - approximately 500 kilometers northwest of Rio Muni and several other smaller islands in the Atlantic Ocean. Bioko is the site of the country's capital, Malabo, and most foreign business activity.

Re-structuring of EGA was intended to provide safety improvements and more frequent and standardized services in air travel. According to the Director of EGA, Mr. Bernado Abaga Ndong, up to September 1998 the company worked at its regular operational rate with a rented YAK 40. From October 1998 to March 1999, the company worked half the time due to lack of planes and flew only prescheduled flights with a YAK 40 of a national company from Ukraine with whom it maintained friendly relations. Towards the end of March to early April 1999, the company from which they chartered the YAK 40 from time to time had problems and ended up without a plane. Therefore EGA's passenger transportation and freight activities came to almost a complete standstill. Later, in November 1999, EGA rented an AN24 from a new company in Ukraine but with a reduced number of flights, a state of affairs that continued up to March 2000. A rental agreement was signed with the new Ukrainian Company and EGA operated the rented AN24. That agreement expired end of third quarter 2001.

The primary cause of poor operating performance has been the lack of a dependable and sufficient aircraft to serve the airline's normal operations in the past. Upon purchasing of the new aircraft, Embraer 145 that this loan financed, operations were expected to improve. Aircraft lease expenses had been $15,000 per 60 hours of usage (assuming EGA's hours of operations average 60 hours per week, the monthly aircraft rental would average $60,000 or $720,000 annually). The estimated saving was thought to be adequate to cover the $687,809 semi-annual loan payments for this credit. Unfortunately, the plane has had problems and only operated for 5 months out of 12 months from October 2001 through November 2002. Recently, full service has been performed on the aircraft hoping for a better operational year ahead.

Customers for EGA include the local population traveling between the mainland and the island of Bioko, and foreigners, other than American investors doing business in Equatorial Guinea. It should be noted that over 500 Americans travel to Equatorial Guinea each week and the United States is the largest single foreign investor in Equatorial Guinea, which is the fourth-largest destination in sub-Sahara Africa for American investments. Except for Spain, America is the most visible foreign presence in the country. With the new faster plane, EGA can take advantage of the demand for chartered flights for the foreign investors in Equatorial Guinea.

All the facilities used by EGA including the office buildings, warehouses, furniture and equipment are owned by EGA. The only rental expenses were from the leased aircrafts.

Mr. Bernardo Abaga Ndong is the Managing Director for EGA and has been in his position for one year. Mr. Melchor Esono Edjo, the Secretary of the State, Treasury & Budgets the Republic of Equatorial Guinea will co-sign the credit on behalf of the government. Mr. Edjo who advises Riggs Bank on all governmental expenditures and payments has been charged with the responsibility of managing all budgetary policies for EGA going forward. EGA has a total of 54 employees.

2. Industry Outlook:

EGA's operations have been challenged by lack of a reliable aircraft for their flights between Malabo and Bata, Cotonou, Douala and Libreville. Other regional airlines in competition with are Gabon Airlines and Cameroon Airlines (CAMAIR). Increased visible foreign presence in Equatorial Guinea requires that EGA acquire a reliable aircraft for the servicing of the busy flight routes between Malabo and the mainland. Business operations include ticket sales, transportation of freight and luggage, chartered flights; travel agency coordinated business and maintenance of aircraft landing in Equatorial Guinea.

3. Banking Relationship:

EGA is presently a depositor of Riggs Bank but only banks locally with Societe Generale and CCEI in Malabo, Equatorial Guinea. Additionally, Riggs Bank has a major relationship with the Guarantor, the Government of Equatorial Guinea, who allocates a budget for the operations of their national airline. Dollar deposits with Riggs average approximately $328 million plus RIMCO investments of $105 million. Deposits are primarily coming from oil receipts from major oil companies, which are being sent directly into a Riggs account. Average deposits are expected to grow significantly as oil production increases and further exploration occurs. Currently, all credit facilities under the Government of Equatorial Guinea including its Embassy in Washington DC are performing as agreed.

B. REQUEST AND SECURITY:

1. Terms

This credit facility is a term loan for Equato-Guineana de Aviacion for the original amount of US$13,756,200 and an outstanding balance of $13,245,106. The purpose of this credit was to purchase an aircraft for the national airline of Equatorial Guinea, EGA. The selling price of the aircraft was US$14,000,000.

Despite the poor operations for EGA over the last year, the two required payments of P&I were fulfilled by the Guarantor. In addition, a principal payment was applied in the amount of $124,381 further reducing the principal balance. EGA, the borrower, has a fixed interest rate of 7.92%. Repayment for this credit will be 9 semi-annual payments of P+I based on 20 years amortization with balance due on 10th payment. Maturity will be 5 years after disbursement based on a 5-year balloon, 20-year amortization with the option to renew the credit.

Despite the financial capabilities of the Government to do a cash purchase of an aircraft for the state-owned entity and borrower on this credit, EGA, the Government of Equatorial Guinea is facing criticisms by the IMF. The IMF had proposed most government agencies/entities be privatized in Equatorial Guinea including the airline to cut down on government expenditures. The private sector in Equatorial Guinea is undeveloped and therefore does not have the capacity to privatize the transport sector. As a result, the government continues to own the airline. The government has therefore allocated the down payment of $1,680,000 to assist the entity in the purchase of an aircraft that is desperately needed for passengers to

travel efficiently between the mainland and the island, a route that is presently traveled by a ferry once a week that takes 10-12 hours. In light of this, the Government of Equatorial Guinea will remain in agreement with the IMF on limiting government expenditures on state-owned agencies.

2. Collateral:
Unsecured

3. Description of the Aircraft:

The aircraft EMB-145 MSN serial number 145076, current Luxembourg Registration. The value (based on purchase price) of the aircraft was $14,000,000. The description of the aircraft follows:

- Type: ERJ 145
- Model: ERJ-145 EP
- Serial #: 145076
- Assembly Date: August 18, 1998
- Date of service: August 25, 1998
- Motor Type: 2 AE3007A1
- Maximum Takeoff weight: 20,990 kg
- Maximum Landing weight: 18,700 kg
- Total fuel capacity: 5146 liters

C. GUARANTORS:

The Government of Equatorial Guinea is the Guarantor of this loan. Since EGA is a governmental agency, there is an allocated budget provided by the government for running its operations.

D. REPAYMENT SOURCES:

The primary source of repayment will come from the Guarantor's resources including receipts from the business operations of the airline. The secondary source of repayment will be from offset of the required deposit balances held by the Government of Equatorial Guinea with Riggs Bank.

E. COVENANTS (Enter "None" if not applicable):

Covenant Requirement:	Frequency Of Testing:	Performance As of :9/02
The Government of Equatorial Guinea shall maintain a minimum of 50% ownership of EGA	Annual	Still state-owned entity No privatization reports
Guarantor will be required to maintain deposit balances in an aggregate amount sufficient to cover this loan plus all other borrowings from Riggs. Covenant violation will result in acceleration of the loan.	Daily	See Exhibit 1. E.G Balances Attached.
Borrower will be required to give 15 days written notice before deposit funds can be withdrawn below the required level.		See Exhibit 1. E.G. Balances
Audited financial statements will be provided within 90 days of year-end.	Annual	Request for a waiver
The loan will be subject to acceleration upon a change in the office of the president.		Not Applicable at this time. President still in office.
The borrower shall provide scheduled inspection and maintenance reports. These reports shall be reviewed and opined as satisfactory by a surveyor chosen by the bank.		Request for waiver attached.

F. SPECIAL CONDITIONS:

For special conditions to this loan, the following were proposed:

a) Insurance on the aircraft will be required with Riggs Bank as loss payee

b) Prepayment will be allowed subject to a "make whole" provision in the credit agreement.

RIGGS

Riggs Bank N.A.

POLICY EXCEPTION CHECKLIST

This checklist serves to document a loan officeras review of reportable policy exceptions and is a mandatory addendum to all Credit Approval Memorandums requesting a credit decision (e.g. - new loan, renewal/reaffirmation or modification). If one or more policy exceptions are identified on this form, the Policy Exception box on the front page of the Credit Approval Memorandum should be marked AYESa and a justification for each exception must be discussed within the Credit Approval Memorandum. Exceptions should be infrequent, properly approved, and firmly mitigated.

ACCOUNT NAME: **Equato-Guineana de Aviacion (EGA)** ACCOUNT NUMBER: **2606623**

[ ] **APPROVAL EXCEPTION:** Loan is being approved, modified, and/or renewed without the concurrence of Credit Administration, as required by the Credit Approval Matrix;

[X] **OUT-OF-MARKET EXCEPTION:** Credit is outside Riggs natural market; i.e., the greater Washington D.C. Metropolitan Statistical Area (MSA) *[Syndications, Participations, and Assignments, and bulk purchased RRE are exempt. If secured by liquid collateral held at Riggs, then exempt];*

[ ] **DEBT SERVICE EXCEPTION:** Loan's actual debt service ratio (DSC or D/I) does not meet the established Product Profile requirement for the product;

[ ] **MARGIN EXCEPTION:** Loan-to-Value for any product exceeds the Product Profile requirement, or the Advance Rate for marketable collateral exceeds one or more of the thresholds defined in Chapter XI, Section B;

[ ] **RECEIVABLE CONFIRMATION EXCEPTION:** Loan is secured by accounts receivable, but the loan documents do not provide for the Banks right to confirm the receivable;

[X] **FINANCIAL STATEMENT EXCEPTION:** Loan lacks financial statements as required by policy, see Chapter VII, Section F;

- [ ] No financial statements,
- [X] No audited financial statements (required for credits ≥ $1,000,000),
- [ ] No interim financial statements (required for credits ≥ $500,000).

[ ] **HOUSE LIMIT EXCEPTION:** Loan exceeds house limit (currently $50,000,000 for "I" rated credits & $25,000,000 for all others) - *[Cash-secured loans are exempt];*

[X] **INTEREST PAYMENT EXCEPTION:** Loan does not require interest payments at least quarterly;

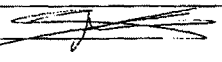
[ ] **PREPAYMENT EXCEPTION:** Fixed rate loans that do not include a prepayment penalty requirement *[Loans under $500,000 are exempt from reporting as an exception.];*

[ ] **COVENANT EXCEPTION:** DSR or margin covenants have been set below Product Profile requirement or no covenants have been set as required.

[ ] Loan is secured by real estate and, in addition to any exception noted above, the following parameters also exceed the underwriting thresholds outlined in the Product Profiles or the Lenders' Toolbox;

YES			
[ ]	**R.E. GUARANTY EXCEPTION:**	Guaranty Requirement Not Met	See Product Profile
[ ]	**R.E. LIEN EXCEPTION:**	Junior Lien/Wraparound	See Product Profile
[ ]	**R.E. MATURITY EXCEPTION:**	Maturity Exceeds Requirement	See Product Profile
[ ]	**R.E. INTEREST RESERVE EXCEPTION:**	Interest Reserve Requirement Not Met	See Lenders' Toolbox
[ ]	**R.E. PRELEASING EXCEPTION:**	Insufficient Preleasing/Presale	See Lenders' Toolbox
[ ]	**R.E. APPRAISAL EXCEPTION:**	Appraisal Requirement Not Met	See Appraisal Policy
[ ]	**R.E. FDICIA EXCEPTION:**	LTV Exceeds FDICIA Supervisory Limits	See 12 CFR 34 (Subpart D)

Please provide a short comment regarding the justification for the proposed exception(s). For example, if a Loan-to-Value exception is being requested, an acceptable justification might read "LTV is mitigated by DSC ratio in excess of 2x and strong guarantor support".:

Loan Officer:  **Date:** 11-22-2002 **Revised 2/00**

THE REPUBLIC OF EQUATORIAL GUINEA

Recent Country Information:

Land Area:	28,051 sq., km
Population:	442,516 (mid-1997 UNDP estimate); 476,000 (1999 national estimate
Capital:	Malabo
Climate:	Tropical
Language:	Spanish (official), French (official), Fang, Bubi and pidgin English
Measures:	Metric system
Time:	1 hour ahead of GMT
Currency:	CFA franc (CFAfr). CFAfr100:FFr1; since January 1st 1999 the CFA franc has been fixed to the Euro at CFAfr655.96:Euro;1. Average exchange rate in 1999: CFAfr615.7:US$1. Exchange rate on April 12th 1999: CFAfr608.7:US$1

Equatorial Guinea: Economy: Economic structure 26 Jul 2002

FROM THE ECONOMIST INTELLIGENCE UNIT
Annual indicators

	1997	1998	1999	2000	2001(a)
GDP at market prices (CFAfr bn)	301.5	253.7	437.5	898.6	1,326.1
Real GDP growth (%)	93.8	18.5	25.6	18.1	66.1
Consumer price inflation (av; %)	3.1	7.8	0.6	4.6	8.8
Population (m)	0.41	0.42	0.43	0.45	0.46
Exports fob (US$ m)	504	420	723	1,277	1,878
Imports cif (US$ m)	605	677	868	1,214	1,634
Current-account balance (US$ m)	-139	-328	-246	-52	90
Reserves excl gold (US$ m)	0.5	0.8	3.4	17.3	38.4(b)
Total external debt (US$ m)	283.2	306.1	271.1	247.8	n/a
External debt-service ratio, paid (%)	2.6	1.2	0.8	0.4	0.2
Crude oil production ('000 b/d)	60.0	82.9	103.1	117.9	213.5
Exchange rate CFAfr:US$ (av)	583.7	590.0	615.7	712.0	733.0(b)

July 8th 2002 CFAfr655.96:US$1

Origins of gross domestic product 2000(c)	% of total
Primary	7.9
Secondary	88.5
Oil	87
Tertiary	3.6
GDP at factor cost incl others	100.0

Components of gross domestic product 2000(c)	% of total
Private consumption	34
Public consumption	4.6
Gross domestic investment	56.2
Exports of goods & services	102.0
Imports of goods & services	-96.8
GDP at market prices	100.0

Principal exports fob 2000(c)	US$ m	Principal imports fob 2000(c)	US$ m
Petroleum	1,176	Petroleum sector	486
Timber	65	Equipment goods	56

Main destinations of exports 2000(d)	% of total	Main origins of imports 1999(d)	% of total
Spain	53	US	33
China	26	UK	15
US	13	Spain	12
Japan	4	Cote d'Ivoire	7

(a) Official estimates. (b) Actual. (c) Banque de France data. (d) Data from trading partners.

COUNTRY BACKGROUND FROM THE ECONOMIST INTELLIGENCE UNIT

Political structure

Official name: Republica de Guinea Ecuatorial

Form of state: Unitary republic

Legal system: Based on the constitution approved by referendum in November 1991

National legislature: Camara de Representantes del Pueblo, with 80 members elected by universal suffrage, who serve a five-year term

National elections: February 1996 (presidential) and March 1999 (legislative); next elections due in February 2003 (presidential) and March 2004 (legislative)

Head of state: President, currently Teodoro Obiang Nguema Mbasogo, elected by universal suffrage

National government: President and the Council of Ministers, headed by the prime minister; all ministers are appointed by the president; a new government was appointed in March 2001

Main political parties: Partido Democratico de Guinea Ecuatorial (PDGE), the ruling party. There are 12 other registered parties, including Convergencia para la Democracia Social (CPDS), Union Popular and Accion

IBC 01

Commonwealth of The Bahamas

The International Business Companies Act 1989

(No. 2 of 1990)

Certificate of Incorporation

(Section 11 and 12)

No. 96,225 B

OTONG S.A.

I, STERLING R.L. QUANT....., Registrar General of the Commonwealth of The Bahamas DO Hereby Certify pursuant to the International Business Companies Act (No. 2 of 1990) that all the requirements of the said Act in respect of incorporation have been satisfied, and that

OTONG S.A.

is incorporated in the Commonwealth of The Bahamas as an International Business Company this 20TH day of SEPTEMBER 1999

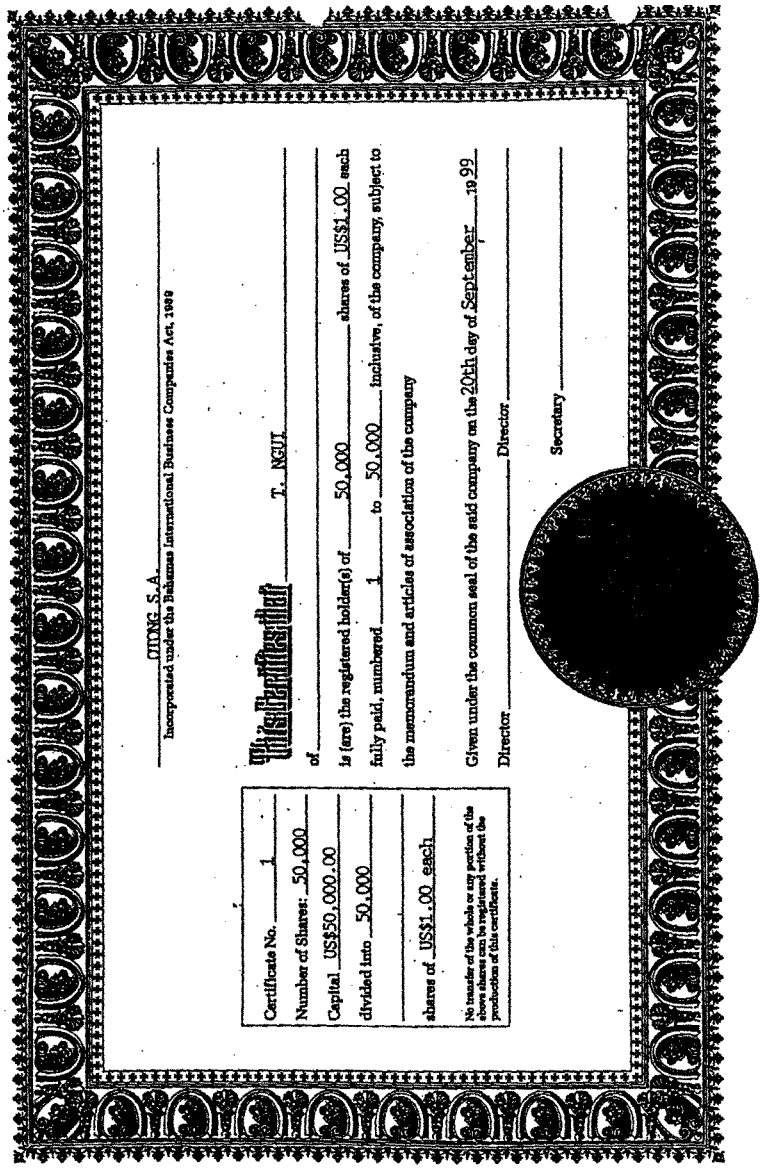
Given under my hand and seal at Nassau in the Commonwealth of The Bahamas

.....

REGISTRAR GENERAL

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 167

RNB 007303



CITNG S.A.

incorporated under the Bahamas International Business Companies Act, 1989

This is to certify that T. NGUI

of

is (are) the registered holder(s) of 50,000 shares of US$1.00 each fully paid, numbered 1 to 50,000 inclusive, of the company, subject to the memorandum and articles of association of the company

Given under the common seal of the said company on the 20th day of September 19 99

Director

Director

Secretary

Certificate No. 1

Number of Shares: 50,000

Capital US$50,000.00

divided into 50,000

shares of US$1.00 each

No transfer of the whole or any portion of the above shares can be registered without the production of this certificate.

RNB 007304

RIGGS EMBASSY BANKII Fax:2028358518

** Transmit Conf.Report **

P.1 Sep 20 1999 13:29

Telephone Number	Mode	Start	Time	Page	Result	Note
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SIMON P. KARERI
VICE PRESIDENT
INTERNATIONAL BANKING GROUP
RIGGS BANK N.A.
1913 Massachusetts Avenue, N.W.
Washington, D.C. 20036
Tel: 202-835-5380
Fax: 202-835-8518

Redacted by the Permanent Subcommittee on Investigations

fax

to: Ms. Lourdes Segovia

fax #: Redacted by the Permanent Subcommittee on Investigations

from: Mr. Simon P. Kareri

date: September 20, 1999

subject: Please register Otong S.A.

pages: 3, including cover

NOTES: Please register
Otong S.A.

Thanks

RNB 007287

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 167

SIMON P. KARERI
VICE PRESIDENT
INTERNATIONAL BANKING GROUP
RIGGS BANK N.A.
1913 Massachusetts Avenue, N.W.
Washington, D.C. 20036
Tel: 202-835-5380
Fax: 202-835-8518

fax

to:	Ms. Lourdes Segovia
fax #:	Redacted by the Permanent Subcommittee on Investigations
from:	Mr. Simon P. Kareri
date:	September 20, 1999
subject:	Please register Otong S.A.
pages:	3, including cover
NOTES:	Please register Otong S.A. Thanks

Bahamas Company Formations Limited

Kings Court, Bay Street, P.O. Box N-3944, Nassau, Bahamas
Telephone: (242) 322-8154 • Facsimile: (242) 328-1064 • Email bahamas@tridentrust.com • www.tridentrust.com

Incorporation Questionnaire for International Business Companies

CONFIDENTIAL INFORMATION

Note: The following information is required to incorporate and establish the corporate records of an International Business Company. Information about the company's shareholders, directors and officers is not filed with the office of the local Registrar of Companies.

1. **PROPOSED NAME** Please list at least three alternatives in order of preference.
   Note: A company name must end with the word "Limited," "Corporation," "Incorporated," "Gesellschaft mit beschränkter Haftung," "Société Anonyme," or "Sociedad Anonima" or abbreviations thereof "Ltd", "Corp", "Inc", "GmbH" or "S.A."

   a. OTONG S.A.

   b. ESONG S.A.

   c. KOHETE S.A.

2. **OBJECTS OF THE COMPANY**
   2.1 Objects Clause to be included in the Company's Memorandum of Association. Select one.
   - ☒ Short Form General
     Note: This clause is used by most companies and permits the company to participate in any activity not prohibited under any law for the time being in force in the Bahamas.
   - ☐ Long Form General Trading
   - ☐ Long Form General Investment and Holding

   2.2 For our information only, please provide details of the proposed activities of the company:
   GENERAL INVESTMENTS

   2.3 Please confirm that the company will Not:

a.	Carry on business with persons resident in the Bahamas	Confirmed	☒
b.	Own an interest in or lease real property situated in the Bahamas	Confirmed	☒
c.	Carry on banking or trust business	Confirmed	☒
d.	Carry on business as an insurance or reinsurance company	Confirmed	☒
e.	Provide the registered office for companies	Confirmed	☒

3. **AUTHORISED CAPITAL**
   - Authorised Capital may be stated in any currency.
   - The standard authorised share capital is US$50,000 divided into 50,000 shares of US$1.00 per value each.
   - Local government fees are higher where the authorised share capital exceeds US$50,000 or the equivalent.

   3.1 Standard authorised share capital — Yes ☒ No ☐

   If no, please state:

   (a) currency in which shares are to be issued — US$ ☐ Other ☐

   If other, please specify currency _____

   (b) number of shares to be authorised _____

   (c) shares to be authorised at no par value — Yes ☐ No ☐

   If no, state par value per share _____

   3.2 One class of shares to be authorised — Yes ☒ No ☐

RNB 007289

4. SHAREHOLDERS

Note: International Business Companies must have a minimum of one shareholder. Shareholders may be individual or corporate. Please attach a separate page if there is not enough space below to indicate your requirements.

Please select and complete one of the following options:

☐ Registered Shares (shares issued in the name of the owner/s) If you would like Bahamas Company Formations Ltd. to prepare the share certificates, please indicate below to whom shares will be issued and how many shares will be issued to each shareholder:

Cert. #1: Shares____Shareholder_____ Cert. #2: Shares____Shareholder_____

Cert. #3: Shares____Shareholder_____ Cert. #4: Shares____Shareholder_____

☐ Bearer Shares. If you would like Bahamas Company Formations Ltd. to prepare the share certificates, please indicate below the number of certificates and how many shares are to be issued with each certificate:

Cert. #1: Shares____ Cert. #2: Shares____

Cert. #3: Shares____ Cert. #4: Shares____

☐ Nominee Shareholder (Cost: US$150 per annum per share certificate and Declaration of Trust) Shares will be held in nominee form for and on behalf of the beneficial owner/s. Please indicate on an attached page how many shares are to be issued and on whose behalf shares are to be held. If you select this option, the principal beneficial owner/s will be required to execute a standard Indemnity Agreement and provide passport copy/ies and reference/s.

5. DIRECTORS

Note: A minimum of one director is required. Directors may be individual or corporate.

Please select one of the following options:

☐ Client will provide director/s. Please provided name/s of director/s for the Appointment of First Director/s.

_____

☐ Bahamas Company Formations Ltd. to arrange corporate director. (Cost: US$450 per annum plus time spent)

If you select this option, please note:

- Shareholding information (Section 4) must be provided. Shares issued to Bearer will be retained in the Bahamas and a custody certificate issued in favour of the beneficial owner.
- The principal beneficial owner/s will be required to execute a standard Indemnity Agreement and provide passport copy/ies and reference/s.
- Powers of Attorney issued by the director (Cost: US$ 100) will be limited in scope.

If you require a Power of Attorney, please indicate below or on a separate page to whom it is to be issued and for what limited purpose it is required.

_____

6. LOCAL REGISTERED OFFICE AND AGENT

It is a statutory requirement that all Bahamas International Business Companies maintain a local registered office and registered agent. Unless otherwise instructed, Bahamas Company Formations Ltd. will arrange for both services to be provided.

Registered office to be provided with an updated copy of the share register as required by the ISC Act. Confirmed ☒

PLEASE NOTE:

- Fees for services not detailed on this questionnaire will be charged at the rates listed in our published fee schedule.
- Additional documentation may be required depending upon the nature of services requested.

Completed by: Name: K [signature] Title PRESIDENT/SECRETARY

Company/Firm _____ E-Mail: ___

Address _____ Phone ( )

_____ Fax ( ) _____

RNB 007290

09/20/99 11:11 TRIDE + 2028358518 NO.244 P001

TRIDENTTRUST
U.S. REPRESENTATIVE OFFICE

FAX MEMORANDUM

TO	Mr. Simon Kareri	DATE	September 20, 1999
COMPANY	Rigga Bank N.A.	TIME	11:13 AM
FAX NO	(202) 835-8518	PAGES	including cover
FROM	Lourdes Segovia-Mendez	REF. NO	09/99/
FAX NO	Redacted by the Permanent Subcommittee on Investigations		

Dear Mr. Kareri:

OTONG S.A.
ESONG S.A.
KOHETE S.A.

Please be advised that the above company names were approved by the Office of the Registrar General for a new Bahamas company.

We look forward to receiving your further instructions. Please do not hesitate to contact us with any questions you may have.

Yours sincerely,

Lourdes Segovia-Mendez
Vice President - Client Services

The original will: ☐ follow by mail ☐ follow by courier ☐ follow by hand ☐ not follow

This facsimile transmission is intended only for the use of the addressee and may contain confidential information. If you are not the intended recipient, you are hereby notified that any use or dissemination of this communication is strictly prohibited. If you receive this transmission in error, please notify us immediately by telephone so that we can arrange for the return of the documents to us at no cost to you.

TRIDENT CORPORATE SERVICES, INC.
3210-2 Peachtree Road N.E., Atlanta, Georgia 30305, U.S.,
Tel (404) 233-5275 • Fax (404) 233-9629 • Email use@tridentrust.com • www.tridentrust.com

RNB 007305

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 167

No: 96/225B

Commonwealth of the Bahamas
International Business Companies Act, 1989

MEMORANDUM OF ASSOCIATION AND ARTICLES OF ASSOCIATION OF

OTONG S.A.

Incorporated the 20th day of September , 19 99



BAHAMAS COMPANY FORMATIONS LTD.
P.O. Box N-3944
Nassau, Bahamas

RNB 007250

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 167

MEMORANDUM OF ASSOCIATION

OF

OTONG S.A.

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RNB 007251

COMMONWEALTH OF THE BAHAMAS

THE INTERNATIONAL BUSINESS COMPANIES ACT 1989

MEMORANDUM OF ASSOCIATION OF

OTONG S.A.

1. NAME

The name of the company is Otong S.A.

2. REGISTERED OFFICE

The Registered Office of the Company will be the offices of Trident Corporate Services (Bahamas) Limited, 1st Floor Kings Court, Bay Street, P.O. Box N-3944, Nassau, Bahamas.

3. REGISTERED AGENT

The Registered Agent of the Company will be Trident Corporate Services (Bahamas) Limited, 1st Floor, Kings Court, Bay Street, P.O. Box N-3944, Nassau, Bahamas.

4. GENERAL OBJECTS AND POWERS

4.1 The object of the Company is to engage in any act or activity that is not prohibited under any law for the time being in force in The Bahamas.

4.2 The Company shall have all such powers as are permitted by law for the time being in force in The Bahamas, irrespective of corporate benefit, to perform all acts and engage in all activities necessary or conducive to the conduct, promotion or attainment of the object or purpose of the Company.

4.3 The Company shall have all powers to settle its assets or property or any part thereof in trust or transfer the same to any other company whether for the protection of its assets or not and with respect to the transfer the directors may provide that the Company, its creditors, its members or any person having a direct or indirect interest in the Company or any of them may be the beneficiaries, creditors, members, certificate holders, partners or holders of any other similar interest.

4.4 The directors may by resolution of directors exercise all the powers of the Company to borrow money and to mortgage or charge its undertakings and property or any part thereof, to issue debentures, debenture stock and other securities whenever money is borrowed or as security for any debt, liability or obligation of the Company or of any third party.

4.5 Any sale, transfer, lease, exchange or other disposition of more than fifty (50) percentum, by value, of the assets of the Company and any mortgage or charge of the undertaking and property of the Company shall for the purposes of Section 78 of the Act be regarded as in the usual or regular course of the business carried on by the Company.

5. EXCLUSIONS

5.1 The Company has no power to:

5.1.1 carry on business with persons resident in The Bahamas;

5.1.2 own an interest in real property situated in The Bahamas, other than a lease referred to in paragraph 5.2.5 below.

5.1.3 carry on banking or trust business;

5.1.4 carry on business as an insurance or re-insurance company; or

5.1.5 carry on the business of providing the registered office for companies.

5.2 For the purposes of paragraph 5.1.1 of subclause 5.1, the Company shall not be treated as carrying on business with a person resident in The Bahamas if;

5.2.1 it makes or maintains deposits with a person carrying on business within The Bahamas;

5.2.2 it makes or maintains professional contact with counsel and attorneys, accountants, bookkeepers, trust companies, management companies, investment advisers or other similar persons carrying on business within The Bahamas;

5.2.3 it prepares or maintains books and records within The Bahamas;

5.2.4 it holds, within the Bahamas, meetings of its directors or members;

5.2.5 it holds a lease of property for use as an office from which to communicate with members or where books and records of the Company are prepared or maintained;

5.2.6 it holds shares, debt obligations or other securities in a company incorporated under the Act, or under the Companies Act; or

5.2.7 shares, debt obligations or other securities in the Company are owned by any person resident in The Bahamas or by any company incorporated under the Act, or under the Companies Act.

SHARE CAPITAL

6.1 CURRENCY

Shares in the Company shall be issued in the currency of The United States of America.

6.2 AUTHORISED CAPITAL

The authorised capital of the Company is Fifty Thousand (US$50,000) Dollars divided into Fifty Thousand (50,000) shares of US$1 par value each.

6.3 CLASSES OF SHARES

Shares in the Company shall be divided into such number of classes and series as the directors shall by resolution from time to time determine and until so determined shall comprise of one class and series.

6.4 RIGHTS, QUALIFICATIONS OF SHARES

The directors shall have the power by resolution to issue any class or series of shares that the

Company is authorised to issue in its capital, original or increased, with or subject to any designations, powers, preferences, rights, qualifications, limitations and restrictions.

6.5 VARIATIONS OF CLASS RIGHTS

If the authorised capital is divided into different classes or series of shares, the rights attached to any class or series (unless otherwise provided by the terms of issue of the shares of that class or series) may be varied with the consent in writing of the holders of not less than three fourths of the issued shares of the class or series and of the holders of not less than three-fourths of the issued shares of all other classes or series of shares which may be affected by such variation.

6.6 REGISTERED OR BEARER SHARES

6.6.1 The directors are authorised at their discretion to determine by resolution whether shares are to be issued as registered shares or to bearer.

6.6.2 Shares issued as registered shares may be exchanged for shares issued to bearer. Shares issued to bearer may be exchanged for registered shares.

6.6.3 Notice to the holders of shares issued to bearer shall be sent by prepaid registered post addressed to the addressee to which the original bearer shares were despatched and notice to such addressee shall constitute proper service upon the bearer of such shares.

6.7 TRANSFER OF SHARES

Registered shares in the Company may be transferred subject to the prior or subsequent approval of the Company as evidenced by a resolution of directors or by a resolution of members.

AMENDMENTS

The Company may amend its Memorandum of Association and Articles of Association in any way permitted by the Act by a resolution of directors or a resolution of members, and to increase or reduce the authorised capital of the Company in any way which may be permitted by law.

DEFINITIONS

The meanings of words in this Memorandum of Association are as defined in the Articles of Association of the Company.

WE, the undersigned, hereby subscribe our names to this Memorandum of Association for the purpose of incorporating an International Business Company under the laws of the Commonwealth of The Bahamas this 20th day of September, 1999.

SUBSCRIBERS

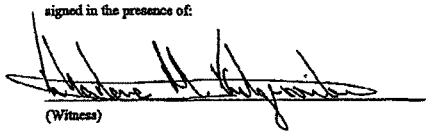


TRIDENT CORPORATE SERVICES (BAHAMAS) LIMITED



FREGON CORPORATION

The above subscribers
signed in the presence of:



(Witness)

CERTIFIED A TRUE COPY

TRIDENT CORPORATE SERVICES (BAHAMAS) LTD.

DATE: 20 September, 1999

ARTICLES OF ASSOCIATION

OF

OTONG S.A.

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COMMONWEALTH OF THE BAHAMAS

THE INTERNATIONAL BUSINESS COMPANIES ACT, 1989

ARTICLES OF ASSOCIATION OF

OTONG S.A.

1. INTERPRETATION

In these Articles, if not inconsistent with the context, the words and expressions standing in the first column of the following table shall bear the meanings set opposite them respectively in the second column thereof.

	Expressions:	Meanings:
1.1	capital	The sum of the aggregate par value of all outstanding shares with par value of the Company and shares with par value held by the Company as treasury shares plus
		1.1.1 the aggregate of the amounts designated as capital of all outstanding shares without par value of the Company and shares without par value held by the Company as treasury shares, and
		1.1.2 the amounts as are from time to time transferred from surplus to capital by a resolution of directors.
1.2	member	A person who holds shares in the Company.
1.3	person	An individual, a corporation, a trust, the estate of a deceased individual, a partnership or an unincorporated association of persons.
1.4	resolution of directors	1.4.1 A resolution approved at a duly constituted meeting of directors or of a committee of directors of the company, by affirmative vote of a simple majority or such larger majority as may be specified in the Articles, or the directors present at the meeting who voted and did not abstain; or
		1.4.2 a resolution consented to in writing by an absolute majority, or such larger majority as may be specified in the Articles, of all the directors or of all the members of the committee, as the case may be; or
		1.4.3 where a director is given more than one vote in any circumstances, he shall in the circumstances be counted for the purposes of establishing majorities by the number of votes he casts.
1.5	resolution of members	1.5.1 A resolution approved at a duly constituted meeting of the members of the company by the affirmative vote of
		1.5.1.1 a simple majority, or such larger majority as may be specified in the Articles, of the votes of the shares that were present at the meeting and entitled to vote thereon and were voted and did not abstain; or
		1.5.1.2 a simple majority, or such larger majority as may be specified in the Articles, of the votes of each class or series of shares which were

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present at the meeting and entitled to vote thereon as a class or series and were voted and not abstained and of a simple majority, or such larger majority as may be specified in the Articles, of the votes of the remaining shares entitled to vote thereon that were present at the meeting and were voted and not abstained; or

1.5.2 a resolution consented to in writing by

1.5.2.1 an absolute majority, or such larger majority as may be specified in the Articles, of the votes of shares entitled to vote thereon; or

1.5.2.2 an absolute majority or such larger majority as may be specified in the Articles, of the votes of series of shares entitled to vote thereon as a class or series and of an absolute majority, or such larger majority as may be specified in the Articles, of the votes of the remaining shares entitled to vote thereon.

1.6 **securities** Shares and debt obligations of every kind, and options, warrants and rights to acquire shares, or debt obligations.

1.7 **surplus** The excess, if any, at the time of the determination of the total assets of the Company over the aggregate of its total liabilities, as shown in its books of accounts, plus the Company's capital.

1.8 **the Memorandum** The Memorandum of Association of the Company as originally framed or as from time to time amended.

1.9 **the Act** The International Business Companies Act, 1989 (No. 2 of 1990), as amended.

1.10 **the Seal** The Common Seal of the Company.

1.11 **these Articles** These Articles of Association as originally framed or as from time to time amended.

1.12 **treasury shares** Shares in the Company that were previously issued but were repurchased, redeemed or otherwise acquired by the Company and not cancelled.

1.13 "Written" or any term of like import includes words typewritten, printed, painted, engraved, lithographed, photographed or represented or reproduced by any mode of representing or re-producing words in a visible form, including telex, fax, telegram, cable or other form of writing produced by electronic communication.

1.14 Save as aforesaid any words or expressions defined in the Act shall bear the same meaning in these Articles.

1.15 Whenever the singular or plural number, or the masculine, feminine or neuter gender is used in these Articles, it shall equally, where the context admits, include the others.

1.16 A reference in these Articles to voting in relation to shares shall be construed as a reference to voting by members holding the shares except that it is the votes allocated to the shares that shall be counted and not the number of members who actually voted and a reference to shares being present at a meeting shall be given a corresponding construction.

1.17 A reference to money in these Articles is a reference to the currency of The United States of America unless otherwise stated.

2. REGISTERED SHARES

2.1 The Company shall issue to every member holding registered shares in the Company a certificate indicating the number of shares held by such member signed:

2.1.1 by two directors or two officers of the Company; or

2.1.2 by one director and one officer of the Company; or

2.1.3 under the Seal evidenced by the signature of a director or officer of the Company; and the signature of the director or officer and the Seal may be a facsimile.

2.2 Any member receiving a share certificate for registered shares shall indemnify and hold the Company and its directors and officers harmless from any loss or liability which it or they may incur by reason of the wrongful or fraudulent use or representation made by any person by virtue of the possession thereof. If a share certificate for registered shares is worn out or lost it may be renewed on production of the worn out certificate or on satisfactory proof of its loss together with such indemnity as may be required by a resolution of directors.

2.3 If several persons are registered as joint holders of any shares, any one of such persons may be given receipt for any dividend payable in respect of such shares.

3. BEARER SHARES

3.1 Subject to a request for the issue of bearer shares and to the payment of the appropriate consideration for the shares to be issued, the Company may, to the extent authorised by the Memorandum, issue bearer shares to, and at the expense of, such person as shall be specified in the request. The Company may also upon receiving a request in writing accompanied by the share certificate for the shares in question, exchange registered shares for bearer shares or may exchange bearer shares for registered shares. Such request served on the Company by the holder of bearer shares shall specify the name and address of the person to be registered and unless the request is delivered in person by the bearer shall be authenticated as hereinafter provided. Such request served on the Company by the holder of bearer shares shall also be accompanied by any coupons or talons which at the date of such delivery have not become due for payment of dividends or any other distribution by the Company to the holders of such shares. Following such exchange the share certificate relating to the exchanged shares shall be delivered as directed by the member requesting the exchange.

3.2 Bearer share certificates shall be under the Seal and shall carry an identifying number and state that the bearer is entitled to the shares therein specified, and may provide by coupons, talons, or otherwise for the payment of dividends or other monies on the shares included therein to the address to which the bearer shares were originally sent.

3.3 Subject to the provisions of the Act and of these Articles the bearer of a bearer share certificate shall be deemed to be a member of the Company and shall be entitled to the same rights and privileges as he would have had if his name had been included in the share register of the Company as the holder of the shares.

3.4 Subject to any specific provisions in these Articles, in order to exercise his rights as a member of the Company, the bearer of a bearer share certificate shall produce the bearer share certificate as evidence of his membership of the Company. Without prejudice to the generality of the foregoing, the following rights may be exercised in the following manner:

3.4.1 for the purpose of exercising his voting rights at a meeting, the bearer of a bearer share certificate shall produce such certificate to the chairman of the meeting;

3.4.2 for the purpose of exercising his vote on a resolution in writing, the bearer of a bearer share certificate shall cause his signature to any such resolution to be authenticated as hereinafter set forth;

3.4.3 for the purpose of requisitioning a meeting of members, the bearer of a bearer share certificate shall address his requisition to the directors and his signature thereon shall be duly authenticated as hereinafter provided; and

3.4.4 for the purpose of receiving dividends, the bearer of the bearer share certificate shall present at such places as may be designated by the directors any coupons or talons issued for such purpose, or shall present the bearer share certificate to any paying agent authorised to pay dividends.

3.5 The signature of the bearer of a bearer share certificate shall be deemed to be duly authenticated if the bearer of the bearer share certificate shall produce such certificate to a notary public or a bank manager or a director or officer of the Company (herein referred to as an "authorised person") and if the authorised person shall endorse the document bearing such signature with a statement

3.5.1 identifying the bearer share certificate produced to him by number and date and specifying the number of shares and the class of shares (if appropriate) comprised therein;

3.5.2 confirming that the signature of the bearer of the bearer share certificate was subscribed in his presence and that if the bearer is representing a body corporate he has so acknowledged and has produced satisfactory evidence thereof; and

3.5.3 specifying the capacity in which he is qualified as an authorised person and, if a notary public, affixing his seal thereto or, if a bank manager, attaching an identifying stamp of the bank of which he is a manager.

3.6 Notwithstanding any other provisions of these Articles, at any time, the bearer of a bearer share certificate may deliver the certificate for such shares into the custody of the Company at its registered office, whereupon the Company shall issue a receipt therefor under the Seal signed by a director or officer identifying by name and address the person delivering such certificate and specifying the date and number of bearer share certificates so deposited and the number of shares comprised therein. Any such receipt may be used by the person named therein for the purpose of exercising the rights vested in the shares represented by the bearer share certificate so deposited including the right to appoint a proxy. Any bearer share certificate so deposited shall be returned to the person named in the receipt or his personal representative if such person be dead and thereupon the receipt issued therefor shall be of no further effect whatsoever and shall be returned to the company for cancellation or, if it has been lost or mislaid, such indemnity as may be required by resolution of directors shall be given to the Company.

3.7 The bearer of a bearer share certificate shall for all purposes be deemed to be the owner of the shares comprised in such certificate and in no circumstances shall the Company or the chairman of any meeting of members or the Company's registrars or any director or officer of the Company or any authorised person be obliged to enquire into the circumstances whereby a bearer share certificate came into the hands of the bearer thereof, or to question the validity or authenticity of any action taken by the bearer of a bearer share certificate whose signature has been authenticated as provided herein.

3.8 If the bearer of a bearer share certificate shall be a corporation, then all the rights exercisable by virtue of such shareholding may be exercised by an individual duly authorised to represent the corporation but unless such individual shall acknowledge that he is representing a corporation and shall produce upon request satisfactory evidence that he is duly authorised to represent the corporation, the individual shall for all purposes hereof be regarded as the holder of the shares in any bearer share certificate held by him.

3.9 The directors may provide for payment of dividends to the holders of bearer shares by coupons or talons and in such event the coupons or talons shall be in such form and payable at such time and in such place or places as the directors shall resolve. The Company shall be entitled to recognise the absolute right of the bearer of any coupon or talon issued as aforesaid to payment of the dividend to which it relates and delivery of the coupon or talon to the Company or its agents shall constitute in all respects a good discharge of the Company in respect of such dividend.

3.10 If any bearer share certificate, coupon or talon be worn out or defaced, the directors may, upon the surrender hereof for cancellation, issue a new one in its stead, and if any bearer share certificate, coupon or talon be lost or destroyed, the directors may upon the loss or destruction being established to their satisfaction, and upon such indemnity being given to the Company as it shall by resolution of directors determine, issue a new bearer share certificate in its stead, and in either case on payment of such sum as the Company may from time to time by resolution of directors require. In case of loss or destruction the person to whom such new bearer share certificate, coupon or talon is issued shall also bear and pay to the Company all expenses incidental to the investigation by the Company of the evidence of such loss or destruction and to such indemnity.

4. SHARES, AUTHORISED CAPITAL AND CAPITAL

4.1 Subject to the provisions of these Articles and any resolution of members the unissued shares of the Company shall be at the disposal of the directors who may without prejudice to any rights previously conferred on the holders of any existing shares or class or series of shares, offer, allot, grant options over or otherwise dispose of the shares to such persons, at such times and upon such terms and conditions as the Company may by resolution of directors determine.

4.2 Shares in the Company shall be issued for money, services rendered, personal property, an estate in real property, a promissory note or other binding obligation to contribute money or property or any combination of the aforegoing as shall be determined by a resolution of directors, except that in the case of shares with par value, the amount shall not be less than the par value, and in the absence of fraud the decision of the directors as to the value of the consideration received by the Company in respect of the issue is conclusive unless a question of law is involved. The consideration in respect of the shares constitutes capital to the extent of the par value and the excess constitutes surplus.

4.3 A share issued by the Company upon conversion of, or in exchange for, another share or a debt obligation or other security in the Company, shall be treated for all purposes as having been issued for money equal to the consideration received or deemed to have been received by the Company in respect of the other share, debt obligation or security.

4.4 Treasury shares may be disposed of by the Company on such terms and conditions (not otherwise inconsistent with these Articles) as the Company may by resolution of directors determine.

4.5 The Company may issue fractions of a share and a fractional share shall have the same corresponding fractional liabilities, limitations, preferences, privileges, qualifications, restrictions, rights and other attributes of a whole share of the same class or series of shares.

4.6 Upon the issue by the Company of a share without par value, the consideration in respect of the share constitutes capital to the extent designated by the directors and the excess constitutes surplus, except that the directors must designate as capital an amount of the consideration that is at least equal to the amount that the share is entitled to as a preference, if any, in the assets of the Company upon liquidation of the Company.

4.7 The Company may, subject to any limitations imposed by the Act, purchase, redeem or otherwise acquire and hold its own shares but no purchase, redemption or other acquisition which shall constitute a reduction in capital shall be made except in compliance with Regulations 7.4 and 7.5.

4.8 Shares that the Company purchases, redeems or otherwise acquires pursuant to Regulation 4.7 may be cancelled or held as treasury shares. Upon the cancellation of a share, the amount included as capital of the Company with respect to that share shall be deducted from the capital of the Company.

4.9 Where shares in the Company are held by the Company as treasury shares or are held by another company of which the Company holds, directly or indirectly, shares having more than 50 percent of the votes in the election of directors of the other company, such shares of the Company are not entitled to vote or to have dividends paid thereon and shall not be treated as outstanding for any purpose except for purposes of determining the capital of the Company.

5. TRANSFER OF SHARES

5.1 Subject to any limitations in the Memorandum, registered shares in the Company may be transferred by a written instrument of transfer signed by the transferor and containing the name and address of the transferee, but in the absence of such written instrument of transfer the directors may accept such evidence of a transfer of shares as they consider appropriate.

5.2 The Company shall not be required to treat a transferee of a registered share in the Company as a member until the transferee's name has been entered in the share register.

5.3 Subject to any limitations in the Memorandum, the Company must, on the application of the transferor or transferee of a registered share in the Company, enter in the share register the name of the transferee of the share save that the registration of transfers may be suspended and the share register closed at such times and for such periods as the Company may from time to time by resolution of directors determine provided always that such registration shall not be suspended and the share register closed for more than 60 days in any period of 12 months.

6. TRANSMISSION OF SHARES

6.1 The executor or administrator of a deceased member, the guardian of an incompetent member or the trustee of a bankrupt member shall be the only person recognised by the Company as having any title to his share but they shall not be entitled to exercise any rights as a member of the Company until they have proceeded as set forth in the next following two regulations.

6.2 Any person becoming entitled by operation of law or otherwise to a share or shares in consequence of the death, incompetence or bankruptcy of any member may be registered as a member upon such evidence being produced as may reasonably be required by the directors. An application by any such person to be registered as a member shall be deemed to be a transfer of shares of the deceased, incompetent or bankrupt member and the directors shall treat it as such.

6.3 Any person who has become entitled to a share or shares in consequence of the death, incompetence or bankruptcy of any member may, instead of being registered himself, request in writing that some person to be named by him be registered as the transferee of such share or shares and such request shall likewise be treated as if it were a transfer.

6.4 What amounts to incompetence on the part of a person is a matter to be determined by the court having regard to all the relevant evidence and the circumstances of the case.

7. REDUCTION OR INCREASE IN AUTHORISED CAPITAL OR CAPITAL

7.1 The Company may by a resolution of directors amend the Memorandum to increase or reduce its authorised capital and in connection therewith the Company may in respect of any unissued shares increase or reduce the number of shares, increase or reduce the par value of any shares or effect any combination of the foregoing.

7.2 The Company may amend the Memorandum to

7.2.1 divide the shares, including issued shares, of a class or series into a larger number of shares of the same class or series; or

7.2.2 combine the shares, including issued shares, of a class or series into a smaller number of shares of the same class or series;

7.2.3 provided however, that where shares are divided or combined under 7.2.1. and 7.2.2. of these Regulations, the aggregate par value of the new shares must be equal to the aggregate par value of the original shares.

7.3 The capital of the Company may by a resolution of directors be increased by transferring an amount of the surplus of the Company to capital, and, subject to the provisions of Regulations 7.4 and 7.5 the capital of the Company may be reduced by transferring an amount of the capital of the Company to surplus.

7.4 No reduction of capital shall be effected that reduces the capital of the Company to an amount that immediately after the reduction is less than the aggregate par value of all outstanding shares with par value and all shares with par value held by the Company as treasury shares and the aggregate of the amounts designated as capital of all outstanding shares without par value and all shares without par value held by the Company as treasury shares that are entitled to a preference, if any, in the assets of the Company upon liquidation of the Company.

7.5 No reduction of capital shall be effected unless the directors determine that immediately after the reduction the Company will be able to satisfy its liabilities as they become due in the ordinary course of its business and that the realisable assets of the Company will not be less than its total liabilities, other than deferred taxes, as shown in the books of the Company and its remaining capital, and, in the absence of fraud, the decision of the directors as to the realisable value of the assets of the Company is conclusive, unless a question of law is involved.

7.6 Where the Company reduces its capital the Company may

7.6.1 return to its members any amount received by the Company upon the issue of any of its shares;

7.6.2 purchase, redeem or otherwise acquire its shares out of capital; or

7.6.3 cancel any capital that is lost or not represented by assets having a realisable value.

8. MEETINGS AND CONSENTS OF MEMBERS

8.1 The directors of the Company may convene meetings of the members of the Company at such times and in such manner and places within or outside the Commonwealth of the Bahamas as the directors consider necessary or desirable.

8.2 Upon the written request of members holding 10 percent or more of the outstanding voting shares in the Company the directors shall convene a meeting of members.

8.3 The directors shall give not less than 7 days notice of meetings of members to those persons whose names on the date the notice is given appear as members in the share register of the Company and are entitled to vote at the meeting.

8.4 A meeting of members held in contravention of the requirement in Regulation 8.3 is valid

8.4.1 if members holding not less than 90 percent of the total number of shares entitled to vote on all matters to be considered at the meeting, or 90 percent of the votes of each class or series of shares where members are entitled to vote thereon as a class or series together with not less than a 90 percent majority of the remaining votes, have agreed to shorter notice of the meeting, or

8.4.2 if all members holding shares entitled to vote on all or any matters to be considered at the meeting have waived notice of the meeting and for this purpose presence at the meeting shall be deemed to constitute waiver.

8.5 The inadvertent failure of the directors to give notice of a meeting to a member, or the fact that a member has not received notice, does not invalidate the meeting.

8.6 A member may be represented at a meeting of members by a proxy who may speak and vote on behalf of the member.

8.7 The instrument appointing a proxy shall be produced at the place appointed for the meeting before the time for holding the meeting at which the person named in such instrument proposes to vote.

8.8 An instrument appointing a proxy shall be in substantially the following form or such other form as the chairman of the meeting shall accept as properly evidencing the wishes of the member appointing the proxy.

(NAME OF COMPANY)

I/We _____

being a member of the above Company with _____

shares HEREBY APPOINT _____

of _____

or failing him _____

of _____

to be my/our proxy to vote for me/us at the meeting of members to be held on the _____ day _____, 19___ and at any adjournment thereof.

(Any restrictions on voting to be inserted here)

Signed this _____ day of _____, ____

_____
Member

8.9 The following shall apply in respect of joint ownership of shares:

8.9.1 if two or more persons hold shares jointly each of them may be present in person or by proxy at a meeting of members and may speak as a member;

8.9.2 if only one of the joint owners is present in person or by proxy, he may vote on behalf of all joint owners; and

8.9.3 if two or more of the joint owners are present in person or by proxy, they must vote as one.

8.10 A member shall be deemed to be present at a meeting of members if he participates by telephone or other electronic means and all members participating in the meeting are able to hear each other.

8.11 A meeting of members is duly constituted if, at the commencement of the meeting, there are present in person or by proxy not less than 50 percent of the votes of the shares or class or series of shares entitled to vote on resolutions of members to be considered at the meeting. If a quorum be present, notwithstanding the fact that such quorum may be represented by only one person,then such person may resolve any matter and a certificate signed by such person accompanied where such person be a proxy by a copy of the proxy form shall constitute a valid resolution of members.

8.12 If within two hours from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of members, shall be dissolved; in any other case it shall stand adjourned to the next business day at the same time and place or to such other time and place as the directors may determine, and if at the adjourned meeting there are present within one hour from the time appointed for the meeting in person or by proxy not less than one third of the votes of the shares for each class or series of shares entitled to vote on the resolutions to be considered by the meeting, those present shall constitute a quorum but otherwise the meeting shall be dissolved.

8.13 At every meeting of members, the Chairman of the Board of Directors shall preside as chairman of the meeting. If there is no Chairman of the Board of Directors or if the Chairman of the Board of Directors is not present at the meeting, the members present shall choose someone of their number to be the chairman. If the members are unable to choose a chairman for any reason, then the person representing the greatest number of voting shares present in person or by prescribed form of proxy at the meeting shall preside as chairman failing which the oldest individual member or representative of a member present shall take the chair.

8.14 The chairman may, with the consent of the meeting, adjourn any meeting from time to time, and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

8.15 At any meeting of the members the chairman shall be responsible for deciding in such manner as he shall consider appropriate whether any resolution has been carried or not and the result of his decision shall be announced to the meeting and recorded in the minutes thereof. If the chairman shall have any doubt as to the outcome of any resolution put to the vote, he shall cause a poll to be taken of all votes cast upon such resolution, but if the chairman shall fail to take a poll then any member present in person or by proxy who disputes the announcement by the chairman of the result of any vote may immediately following such announcement demand that a poll be taken and the chairman shall thereupon cause a poll to be taken. If a poll is taken at any meeting, the result thereof shall be duly recorded in the minutes of that meeting by the chairman.

8.16 Any person other than an individual shall be regarded as one member and subject to Regulation 8.17 the right of any individual to speak for or represent such member shall be determined by the law of the jurisdiction where, and by the documents by which, the person is constituted or derives its existence. In case of doubt, the directors may in good faith seek legal advice from any qualified person and unless and until a court of competent jurisdiction shall otherwise rule, the directors may rely and act upon such advice without incurring any liability to any member.

8.17 Any person other than an individual which is a member of the Company may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members of the Company, and the person so authorised shall be entitled to exercise the same powers on behalf of the person which he represents as that person could exercise if it were

an individual member of the Company.

8.18 The chairman of any meeting at which a vote is cast by proxy or on behalf of any person other than an individual may call for a notarially certified copy of such proxy or authority which shall be produced within 7 days of being so requested or the votes cast by such proxy or on behalf of such person shall be disregarded.

8.19 Directors of the Company may attend and speak at any meeting of members of the Company and at any separate meeting of the holders of any class or series of shares in the Company.

9. DIRECTORS

9.1 The first directors of the Company shall be elected by the subscribers to the Memorandum; and thereafter, the directors shall be elected;

9.1.1 by the members for such terms as the members determine, or

9.1.2 by the directors for such terms as the directors may determine.

9.2 Until directors are appointed the subscribers to the Memorandum of Association shall have the power to act as directors.

9.3 The minimum number of directors shall be one and the maximum shall be twenty.

9.4 Each director shall hold office for the term, if any, fixed by resolution of members. In the case of a director who is an individual the term of office of a director shall terminate on the director's death, resignation or removal. The bankruptcy of a corporate director shall terminate the term of office of such director.

9.5 A director may be removed from office, with or without cause, by a resolution of members.

9.6 A director may resign his office by giving written notice of his resignation to the Company and the resignation shall have effect from the date the notice is received by the Company or from such later date as may be specified in the notice.

9.7 A vacancy in the Board of Directors may be filled by a resolution of members or by a resolution of a majority of the remaining directors.

9.8 With the prior or subsequent approval by a resolution of members, the directors may, by a resolution of directors, fix the emoluments of directors with respect to services to be rendered in any capacity to the Company.

9.9 A director shall not require a share qualification, and may be an individual or a company.

10. POWERS OF DIRECTORS

10.1 The business and affairs of the Company shall be managed by the directors who may pay all expenses incurred preliminary to and in connection with the formation and registration of the Company and may exercise all such powers of the Company as are not by the Act or by the Memorandum or these Articles required to be exercised by the members of the Company, subject to any delegation of such powers as may be authorised by these Articles and to such requirements as may be prescribed by a resolution of members; but no requirement made by a resolution of members shall prevail if it be inconsistent with these Articles nor shall such requirement invalidate any prior act of the directors which would have been valid if such requirement had not been made.

10.2 The directors may, by a resolution of directors, appoint any person, including a person who is a director, to be

an officer or agent of the Company.

10.3 Every officer or agent of the Company has such powers and authority of the directors, including the power and authority to affix the Seal, as are set forth in these Articles or in the resolution of directors appointing the officer or agent, except that no officer or agent has any power or authority with respect to fixing the emoluments of directors.

10.4 Any director which is a body corporate may appoint any person its duly authorised representative for the purpose of representing it at meetings of the Board of Directors or with respect to unanimous written consents.

10.5 The continuing directors may act notwithstanding any vacancy in their body, save that if their number is reduced below the number fixed by or pursuant to these Articles as the necessary quorum for a meeting of directors, the continuing directors or director may act only for the purpose of appointing directors to fill any vacancy that has arisen or summoning a meeting of members.

10.6 All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipts for monies paid to the Company, shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as shall from time to time be determined by resolution of directors.

10.7 The directors may from time to time and at any time by power of attorney appoint any company, firm or person or body of persons whether appointed directly or indirectly by the directors, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under these Regulations) and for such period and subject to such conditions as they may think fit and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with such attorney or attorneys as the directors may think fit and may also authorise any such attorney or attorneys to delegate all or any of the powers, authorities and discretions vested in them.

11. PROCEEDINGS OF DIRECTORS

11.1 The directors of the Company or any committee thereof may meet at such times and in such manner and places within or outside the Bahamas as the directors may determine to be necessary or desirable.

11.2 A director shall be deemed to be present at a meeting of directors if he participates by telephone or other electronic means and all directors participating in the meeting are able to hear each other.

11.3 A director shall be given not less than 3 days notice of meetings of directors, but a meeting of directors held without 3 days notice having been given to all directors shall be valid if all the directors entitled to vote at the meeting who do not attend, waive notice of the meeting; and for this purpose, the presence of a director at the meeting shall be deemed to constitute waiver on his part. The inadvertent failure to give notice of a meeting to a director, or the fact that a director has not received the notice, does not invalidate the meeting.

11.4 Any director may at any time appoint any person to be an alternate director of the Company and may at any time remove any alternate director so appointed by him. An alternate director so appointed shall not be entitled to receive any remuneration from the Company but shall otherwise be subject to the provisions of these Articles with regard to directors. An alternate director shall (subject to his giving to the Company an address at which notices may be served upon him) be entitled to receive notices of all meetings of the Board and to attend and vote as a director at any such meeting at which the director appointing him is not personally present and generally to perform all the functions of his appointor as a director in the absence of such appointor. An alternate director shall ipso facto cease to be an alternate director if his appointor ceases for any reason to be a director. All appointments and removals of alternate directors shall be effected in writing under the hand of the director making or revoking such appointment and lodged with the Secretary at the Company's office.

11.5 A meeting of directors is duly constituted for all purposes if at the commencement of the meeting there are present in person or by alternate not less than one half of the total number of directors, unless there are only 2 directors in which case the quorum shall be 2.

11.6 If the Company shall have only one director the provisions herein contained for meetings of the directors shall not apply but such sole director shall have full power to represent and act for the Company in all matters as are not by the Act or the Memorandum or these Articles required to be exercised by the members of the Company and in lieu of minutes of a meeting shall record in writing and sign a note or memorandum of all matters requiring a resolution of directors. Such a note or memorandum shall constitute sufficient evidence of such resolution for all purposes.

11.7 At every meeting of the directors the Chairman of the Board of Directors shall preside as chairman of the meeting. If there is no Chairman of the Board of directors or if the Chairman of the Board of Directors is not present at the meeting the Vice-Chairman of the Board of directors shall preside. If there is no Vice-Chairman of the Board of Directors or if the Vice-Chairman of the Board of Directors is not present at the meeting the directors present shall choose someone of their number to be chairman of the meeting.

11.8 The directors shall cause the following corporate records to be kept:

11.8.1 minutes of all meetings of directors, members, committees of directors, committees of officers and committees of members;

11.8.2 copies of all resolutions consented to by directors, members, committees of directors, committees of officers and committees of members; and

11.8.3 such other accounts and records as the directors by resolution of directors consider necessary or desirable in order to reflect the financial position of the Company.

11.9 The books, records and minutes shall be kept at the registered office of the Company or at such other place as may be permitted by the Act.

11.10 The directors may, by a resolution of directors, designate one or more committees, each consisting of one or more directors.

11.11 Each committee of directors has such powers and authorities of the directors, including the power and authority to affix the Seal, as are set forth in the resolution of directors establishing the committee, except that no committee has any power or authority either to amend the Memorandum or these Articles or with respect to the matters requiring a resolution of directors under Regulations 9.7, 9.8 and 10.2.

11.12 The meetings and proceedings of each committee of directors consisting of 2 or more directors shall be governed mutatis mutandis by the provisions of these Articles regulating the proceedings of directors so far as the same are not superseded by any provisions in the resolution establishing the committee.

12. OFFICERS

12.1 The Company may by resolution of directors appoint officers of the Company at such times as shall be considered necessary or expedient. Such officers may consist of a President and one or more Vice-Presidents, Secretaries and Treasurers and such other officers as may from time to time be deemed desirable. Any number of offices may be held by the same person.

12.2 The officers shall perform such duties as shall be prescribed at the time of their appointment subject to any modification in such duties as may be prescribed thereafter by resolution of directors or resolution of members, but in the absence of any specific allocation of duties it shall be the responsibility of the President to

manage the day to day affairs of the Company, the Vice Presidents to act in order of seniority in the absence of the President but otherwise to perform such duties as may be delegated to them by the President, the Secretaries to maintain the share register, minute books and records (other than financial records) of the Company and to ensure compliance with all procedural requirements imposed on the company by applicable law, and the Treasurer to be responsible for the financial affairs of the Company.

12.3 The emoluments of all officers shall be fixed by resolution of directors.

12.4 The officers of the Company shall hold office until their successors are duly elected and qualified, but any officer elected or appointed by the directors may be removed at any time, with or without cause, by resolution of directors. Any vacancy occurring in any office of the Company may be filled by resolution of directors.

13. CONFLICT OF INTEREST

13.1 If the requirements of Regulations 13.1 or 13.2 are satisfied no agreement or transaction between the Company and one or more of its directors, or any person in which any director has a financial interest or to whom any director is related, including a director of that other person, is void or voidable for this reason only or by reason only that the director is present at the meeting of directors or at the meeting of the committee of directors that approves the agreement or transaction or that the vote or consent of the director is counted for that purpose.

13.2 An agreement referred to in 13.1 is valid if the material facts of the interest of each director in the agreement or transaction and his interest in or relationship to any other party to the agreement or transaction are disclosed in good faith or are known by the other directors and the agreement or transaction is approved or ratified by a resolution of directors that has been approved without counting the vote or consent of any interested director or by the unanimous vote or consent of all disinterested directors if the votes or consents of all disinterested directors are insufficient to approve a resolution of directors.

13.3 An agreement or transaction referred to in Regulation 13.1 is valid if the material facts of the interest of each director in the agreement or transaction and his interest in or relationship to any other party to the agreement or transaction are disclosed in good faith or are known by the members entitled to vote at the meeting of members and the agreement or transaction is approved or ratified by a resolution of members.

13.4 A director who has an interest in any particular business to be considered at a meeting of directors or members may be counted for purposes of determining whether the meeting is duly constituted.

14. INDEMNIFICATION

14.1 Subject to Regulation 14.2 the Company may indemnify against all expenses, including legal fees, and against all judgements, fines and amounts paid in settlement and reasonably incurred in connection with legal, administrative or investigative proceedings any person who

14.1.1 is or was a party or is threatened to be made a party to any threatened, pending or completed proceedings, whether civil, criminal, administrative or investigative, by reason of the fact that the person is or was a director, an officer or a liquidator of the Company; or

14.1.2 is or was at the request of the Company, serving as a director, officer or liquidator, or in any other capacity is or was acting for, another company or a partnership, joint venture, trust or other enterprise.

14.2 Regulation 14.1 only applies to a person referred to in that Regulation if the person acted honestly and in good faith with a view to the best interests of the Company and, in the case of criminal proceedings, the person had no reasonable cause to believe that his conduct was unlawful.

14.3 The decision of the directors as to whether the person acted honestly and in good faith and with a view to the best interests of the Company and as to whether the person had no reasonable cause to believe that his conduct was unlawful, is in the absence of fraud, sufficient for the purposes of these Articles, unless a question of law is involved.

14.4 The termination of any proceedings by any judgement, order, settlement, conviction or the entering of a nolle prosequi does not, by itself, create a presumption that the person did not act honestly and in good faith and with a view to the best interests of the Company or that the person had reasonable cause to believe that his conduct was unlawful.

14.5 If a person referred to in Regulation 14.1 has been successful in defence of any proceedings referred to in that Regulation the person is entitled to be indemnified against all expenses, including legal fees, and against all judgements, fines and amounts paid in settlement and reasonably incurred by the person in connection with the proceedings.

14.6 The Company may purchase and maintain insurance in relation to any person who is or was a director, an officer or a liquidator of the Company, or who at the request of the Company is or was serving as a director, an officer or a liquidator of, or in any other capacity is or was acting for, another company or a partnership, joint venture, trust or other enterprise, against any liability asserted against the person and incurred by the person in that capacity, whether or not the Company has or would have had the power to indemnify the person against the liability under Regulation 14.1.

15. SEAL

The directors shall provide for the safe custody of the Seal. An imprint of the Seal shall be kept at the registered office of the company. The Seal when affixed to any written instrument shall be witnessed by a director or any other person so authorised from time to time by resolution of directors. The directors may provide for a facsimile of the Seal and of the signature of any director or authorised person which may be reproduced by printing or other means on any instrument and it shall have the same force and validity as if the Seal had been affixed to such instrument and the same had been signed as hereinbefore described. The Company may by resolution of directors authorise the adoption and use of one or more corporate seals for use outside the Commonwealth of the Bahamas.

16. DIVIDENDS

16.1 The Company may by a resolution of directors declare and pay dividends in money, shares, or other property but dividends shall only be declared and paid out of surplus. In the event that dividends are paid in specie the directors shall have responsibility for establishing and recording in the resolution of directors authorising the dividends, a fair and proper value for the assets to be so distributed.

16.2 The directors may from time to time pay to the members such interim dividends as appear to the directors to be justified by the profits of the Company.

16.3 The directors may, before declaring any dividend, set aside out of the profits of the Company such sum as they think proper as a reserve fund to meet contingencies or for equalising dividends or for special dividends or bonuses or the redemption of preference shares or for repairing, improving or maintaining any of the property of the Company and for such other purposes as the directors shall in their absolute discretion think conducive to the interests of the Company and may invest the several sums so set aside upon such investments as they may think fit and from time to time deal with and vary such investments and dispose of all or any part thereof for the benefit of the Company and may divide the reserve fund into such special funds as they think fit and employ the reserve fund or any part thereof in the business of the Company and that without being bound to keep the same separate from the other assets.

16.4 No dividend shall be declared and paid unless the directors determine that immediately after the payment of

the dividend the Company will be able to satisfy its liabilities as they become due in the course of its business and the realisable value of the assets of the Company will not be less than the sum of its total liabilities, other than deferred taxes, as shown in its books of account, and its capital. In the absence of fraud, the decision of the directors as to the realisable value of the assets of the Company is conclusive, unless a question of law is involved.

16.5 Notice of any dividend that may have been declared shall be given to each member in manner hereinafter mentioned and all dividends unclaimed for 3 years after having been declared may be forfeited by resolution of directors for the benefit of the Company.

16.6 No dividend shall bear interest as against the Company and no dividend shall be paid on shares described in Regulation 4.9.

16.7 A share issued as a dividend by the Company shall be treated for all purposes as having been issued for money equal to the surplus that is transferred to capital upon the issue of the share.

16.8 In the case of a dividend of authorised but unissued shares with par value, an amount equal to the aggregate par value of the shares shall be transferred from surplus to capital at the time of the distribution.

16.9 In the case of a dividend of authorised but unissued shares without par value, the amount designated by the directors shall be transferred from surplus to capital at the time of the distribution, except that the directors must designate as capital an amount that is at least equal to the amount that the shares are entitled to as a preference, if any, in the assets of the Company upon liquidation of the Company.

16.10 A division of the issued and outstanding shares of a class or series of shares into a larger number of shares of the same class or series having a proportionately smaller par value does not constitute a dividend of shares.

17. ACCOUNTS

The Company shall keep such accounts and records as the directors consider necessary or desirable in order to reflect the financial position of the Company.

18. AUDIT

18.1 The Company may by resolution of members call for the accounts to be examined by auditors.

18.2 The first auditors shall be appointed by resolution of directors; subsequent auditors shall be appointed by a resolution of members.

18.3 The auditors may be members of the Company but no director or other officer shall be eligible to be an auditor of the Company during his continuance in office.

18.4 The remuneration of the auditors of the Company

18.4.1 in the case of auditors appointed by the directors, may be fixed by resolution of directors;

18.4.2 subject to the foregoing, shall be fixed by resolution of members or in such manner as the Company may by resolution of members determine.

18.5 The auditors shall examine each profit and loss account and balance sheet required to be served on every member of the Company or laid before a meeting of the members of the Company and shall state in a written report whether or not

18.5.1 in their opinion the profit and loss account and balance sheet give a true and fair view respectively of

the profit and loss for the period covered by the accounts, and of the state of affairs of the Company at the end of that period;

18.5.2 all the information and explanations required by the auditors have been obtained.

18.6 The report of the auditors shall be annexed to the accounts and shall be read at the meeting of members at which the accounts are laid before the Company or shall be served on the members.

18.7 Every auditor of the Company shall have a right of access at all times to the books of account and vouchers of the Company, and shall be entitled to require from the directors and officers of the Company such information and explanations as he thinks necessary for the performance of the duties of the auditors.

18.8 The auditors of the Company shall be entitled to receive notice of, and to attend any meetings of members of the Company at which the Company's profit and loss account and balance sheet are to be presented.

19. NOTICES

19.1 Any notice, information or written statement to be given by the Company to members must be served in the case of members holding registered shares by mail addressed to each member at the address shown in the share register and in the case of members holding shares issued to bearer, in the manner provided in the Memorandum.

19.2 Any summons, notice, order, document, process, information or written statement to be served on the Company may be served by leaving it, or by sending it by registered mail addressed to the Company, at its registered office, or by leaving it with, or by sending it by registered mail to, the registered agent of the Company.

19.3 Service of any summons, notice, order, document, process, information or written statement to be served on the Company may be proved by showing that the summons, notice, order, document, process, information or written statement was mailed in such time as to admit to its being delivered in the normal course of delivery within the period prescribed for service and was correctly addressed and the postage was prepaid.

20. PENSION AND SUPERANNUATION FUNDS

The directors may establish and maintain or procure the establishment and maintenance of any non-contributory or contributory pension or superannuation funds for the benefit of, and give or procure the giving of donations, gratuities, pensions, allowances or emoluments to any persons who are or were at any time in the employment or service of the Company or any company which is a subsidiary of the Company or is allied to or associated with the Company or with any such subsidiary, or who are or were at any time directors or officers of the Company or of any such other company as aforesaid or who hold or held any salaried employment or office in the Company or such other company, or any persons in whose welfare the Company or any such other company as aforesaid is or has been at any time interested, and to the wives, widows, families and dependents of any such person, and may make payments for or towards the insurance of any such persons as aforesaid, and may do any of the matters aforesaid either alone or in conjunction with any such other company as aforesaid. Subject always to the proposal being approved by resolution of members, a director holding any such employment or office shall be entitled to participate in and retain for his own benefit any such donation, gratuity, pension, allowance or emolument.

21. ARBITRATION

21.1 Whenever any difference arises between the Company on the one hand and any of the members or their executors, administrators or assigns on the other hand, touching the true intent and construction or the

incidence or consequences of these Articles or of the Act, touching anything done or executed, omitted or suffered in pursuance of the Act or touching any breach or alleged breach or otherwise relating to these Articles, or to any other act or ordinance affecting the Company or to any of the affairs of the Company such difference shall, unless the parties agree to refer the same to a single arbitrator, be referred to 2 arbitrators one to be chosen by each of the parties to the difference and the arbitrators shall before entering on the reference appoint an umpire.

21.2 If either party to the reference makes default in appointing an arbitrator either originally or by way of substitution (in the event that an appointed arbitrator shall die, be incapable of acting or refuse to act) for 10 days after the other party has given him notice to appoint the same, such other party may appoint an arbitrator to act in the place of the arbitrator of the defaulting party.

22. VOLUNTARY WINDING UP AND DISSOLUTION

The Company may voluntarily commence to wind up and dissolve by a resolution of members but if the Company has never issued shares it may voluntarily commence to wind up and dissolve by resolution of directors.

23. CONTINUATION

The Company may by resolution of members or by resolution passed unanimously by all directors of the Company continue as a company incorporated under the laws of a jurisdiction outside the Commonwealth of the Bahamas in the manner provided under those laws.

RNB 007273

The undersigned for the purpose of incorporating an International Business Company under the laws of the Commonwealth of the Bahamas hereby subscribe our names to the Articles of Association 20th day of September, 1999 in the presence of:

SUBSCRIBERS

TRIDENT CORPORATE SERVICES (BAHAMAS) LTD.

FREGON CORPORATION

The above subscribers
signed in the presence of:

(Witness)

CERTIFIED A TRUE COPY

TRIDENT CORPORATE SERVICES (BAHAMAS) LTD.

DATE: 20 September, 1999

RIGGS & CO.

RIGGS & CO. TRUST SERVICES ACCOUNT APPROVAL & OPENING MEMO

☒ NEW ACCOUNT

☐ ADDITION TO EXISTING ACCOUNT

Date: 5/30/2000

Prepared by: SIMON KAVERI

CLIENT INFORMATION

Account Title: OTONG S.A.

Account Number:

Revocable ☒ Irrevocable ☐

Address: c/o EMBASSY BANKING
ATT: SIMON KAVERI
1529 CONN. AVE N.W
WASHINGTON DC
20036

Tax I.D.s: (Grantors, Beneficiaires, Principals) NONE

For EB: Employer EIN

Plan ID

Certification: W9 ☐ or W8 ☒
Attached ☐ or To be obtained ☐

Reason for **opening**/ additions

KYC Form Attached: ☒

ACCOUNT TYPE

☐ Personal Custody	☐ RIMCO Instit.
☐ Personal ISA	☐ RIMCO Personal
☐ Personal IMA	
☐ Personal Trust	Defined Benefit
☐ Estate	☐ Custody
☐ Estate Custody	☐ Investment Mgmt
☐ Estate ISA	☐ Trustee
☐ Control/Subsidiary	
	Defined Contribution
☒ J. Bush & Co. Personal	☐ Custody
☒ J. Bush & Co. Instit.	☐ Investment Mmgt
	☐ Trustee
☐ MEPT	
	IRA Rollover
☐ Escrow	☐ IRA Custody
☐ Paying Agent	☐ IRA ISA
	☐ IRA IMA
☐ Institutional Custody	
☐ Institutional ISA	☐ EB/Insurance Trust
☐ Institutional IMA	☐ EB Other
☐ Institutional Trust	☐ Control/subsidiary

Names and general description of principal parties:

ASSETS AND FEES

Market Value at ~~Opening~~ / of Addition $ 500,000-

Expected Market Value/ Additions $ 2,000,000-

Recurring Fees _____

Non-recurring Fees _____

Describe any deviation from regular fee schedule:

New Assets to Trust Department? ☒

From Existing Trust Dept. Account? ☐
If yes: Account Name & Number

Source/Assets

Increased/Decreased revenue to be generated by change:
Fee of this account _____
Fee of prior account _____
Difference _____

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Governing instrument is (check one)

☐ Attached
☐ Not attached, because it is a pre-printed Riggs form
☐ Not attached, because it is a new account created under the terms of an existing agreement on Riggs books
☐ Not attached, because this is an addition to an existing account.
(A/C #)

If Riggs has investment responsibility, general type of management is:

Stocks ☒
Bonds ☒
Cash Management ☒
Balanced ☐
RIMCO Monument Funds ☐
Other ☒: T. BILL

Any other information of significance which might make this an unusual account:

SOURCE OF BUSINESS
Direct Source:
(Be specific: seminar, advertisement, call-in, etc.)

REFERRAL
Riggs Employee ☒ and/or External Referror ☐

Referror's Name(s) SIMON KARERI
Department or Branch EMBASSY BANKING

Referror's Name(s)
Company

Salesperson who opened account: SIMON KARERI

Administrative officer/ Portfolio Manager: _____

☐ This memo reports a new account/ addition for which Adm. Officer/Portfolio manger is deserving of a reward for an "assist."
Copies of presentation materials prepared by such officer are attached.
☒ This memo reports an addition which was ☐ was not ☐ the result of a face to face meeting.
☐ Copies of all writings documenting a bona fide sales effort, including calendar entries, memos, correspondence, etc. attached.
Signature of Salesperson who opened account: _____
Signature of Officer deserving reward payment: _____
Division manager approval of referral reward payment _____
(Only required when referror is administrative officer or portfolio manager)

APPROVAL
The undersigned have reviewed the governing instrument, value and nature of assets, the responsibilities of the bank, the identity and nature of significant parties, and the fees to be charged, and determined that the account is a potentially sound and profitable relationship which is acceptable to the Trust Department.

X _____ CLIENT SIGNATURE

Approval required from two of the following:
A. Behar D. McClung
H. Dudley M. Richwine
R. Hall W. Ross
L. Harris

Approved:_____

Approved:_____

For RIMCO accts:
P. Tasho
R. Marsilia

For MEPT accts:
P. Mayberry
R. Edwards
J. Beckhorn

For RPS Accts:
S. Murphy (800 17th)
B. Moffett (Riverside)

Original to Operations Unit Copies to:
Mr. Dudley
Mr. Richwine
Mr. Thompson (PEC)
Mr. Riegelhaupt
Mr. Peddicord (Income Tax Unit)
Mr. Tasho (RIMCO accts. only)
Mr. Harris (RPS accts.)
Investment Officer _____
(Indicate officer's name)
Legal File

Revised 10/99

RIGGS

Name & Current Mailing Address
OTONG S.A.
Individual Name(s)
C/O EMBASSY BANKING
Business Name (Sole proprietors see instructions on reverse)
1528 CONN. AVE N.W.
Address
WASHINGTON D.C. 20036
City, State Zip Code

TAXPAYER IDENTIFICATION NUMBER (TIN)
Social Security Number
OR
Employer Identification Number

Account Number(s)

Please check appropriate box:
(For Form W-9 only)
☐ Individual/Sole proprietor
☒ Corporation
☐ Partnership
☐ Other

Note: If joint names, list first and circle the individual/entity whose TIN you provide us. Only the joint owner whose TIN is provided should sign the certification.

Substitute Form W-9 — **Taxpayer Identification Number Certification**

By signing below, you certify under penalties of perjury that:

(1) The taxpayer identification number (TIN) shown on this form is your correct TIN; and

(2) You are not subject to backup withholding because: (a) you are exempt from backup withholding, or (b) you have not been notified by the Internal Revenue Service (IRS) that you are subject to backup withholding as a result of a failure to report all interest and dividends, or (c) the IRS has notified you that you are no longer subject to backup withholding. (You must cross out item (2) if you have been notified by the IRS that you are currently subject to backup withholding because of underreporting interest or dividends on your tax return.)

If you qualify as an exempt payee under the criteria listed on the reverse, check here ☐

Signature of Individual or Authorized Signer — Date

Note: Complete Form W-8 or W-9. Do Not Complete Both.

Substitute Form W-8BEN — **Certification Of Foreign Status Of Beneficial Owner For United States Tax Withholding**

Type Of Beneficial Owner (check appropriate box):

☐ Individual	☐ Corporation	☐ Partnership	☐ Trust	☐ Estate
☐ Foreign Government	☐ Int'l Organization	☐ Disregarded Entity	☐ Foreign Central Bank of Issue	☐ Foreign Tax-Exempt Organization

Country of incorporation or organization

U.S. taxpayer identification number (TIN), if required
☐ SSN or ITIN ☐ EIN

Certification — ALL Joint Owners MUST Complete the Requested Information and Sign Below

Under penalties of perjury, I declare that I have examined the information on this form and to the best of my knowledge and belief it is true, correct and complete. I further certify under penalties of perjury that:

- I am the beneficial owner (or am authorized to sign for the beneficial owner) of all income to which this form relates,
- The beneficial owner is a foreign person,
- The income to which this form relates is not effectively connected with the conduct of a trade or business in the United States,
- For broker transactions or barter exchanges, the beneficial owner is an exempt foreign person as defined in the instructions, and
- I am not a former citizen or long-term resident of the United States subject to section 877 (relating to certain acts of expatriation) or, if I am subject to section 877, I am nevertheless entitled to treaty benefits with respect to the amounts received.

Print Name of Beneficial Owner	Print Name of Joint Owner	Print Name of Joint Owner
T. NGUI		
Permanent (Non-U.S.) Address (street, apt. or suite no. or rural rte). Do not use a P.O. Box.	Permanent (Non-U.S.) Address (street, apt. or suite no. or rural rte). Do not use a P.O. Box.	Permanent (Non-U.S.) Address (street, apt. or suite no. or rural rte). Do not use a P.O. Box.
AVENUE DE LA INDEPENDENCIA		
City or town, state or province, postal code	City or town, state or province, postal code	City or town, state or province, postal code
MALABO		
Country	Country	Country
EQUATORIAL GUINEA		
U.S. TIN (if any)	U.S. TIN (if any)	U.S. TIN (if any)
Signature Date	Signature Date	Signature Date
X MAY 5/30/2000		

RNB 007091

RIGGS

ATTACHMENT C

RIGGS & CO
KNOW YOUR CUSTOMER
CLIENT PROFILE

NEW: X KYC Input:

SECTION 1: OFFICE OF FOREIGN ASSETS CONTROL

Date of OFAC list Checked: 02/22/2000 Verified by whom:
SPK
(Initials)

If the customer/business appears on this list (exact match), do not proceed with account opening.

SECTION 2: CLIENT DATA

NAME/TITLE: Otong S.A.
DATE ACCOUNT OPENED: 5/30/2000 Account No.

	NAME (PERSON/PIC)	RELATIONSHIP	PASSPORT	COUNTRY	DOB/PIC DATE
1.	Otong SA	Owner		Equatorial Guinea	9/20/99
2.					
3.					
4.					
5. (POA)					

CONFIDENTIAL ADDRESS: MAILING ADDRESS: HOLD MAIL (N) (Y/N)
c/o Embassy Banking
Africa & Caribbean Region
Mail Code PC-2D

SPECIAL INSTRUCTIONS:
E-mail/tel/FAX/other:

	RELATED ACCOUNTS	PHONE Nos.	FAX Nos.
1			
2			
3			

INITIAL DEPOSIT
AMOUNT: $ 500,000.00 SOURCE OF FUNDS: RIGGS BANK account #76863013
Approval Date: April 17, 1998 C:\data\WORD\Otong2.doc 1 of 5
Revision Date: April 6, 1998

RIGGS

ATTACHMENT C

RIGGS & CO
KNOW YOUR CUSTOMER
CLIENT PROFILE

SOURCE USED TO VERIFY (i.e. will, sales receipt, contract, financial stmts., etc.)

AMOUNT OF TOTAL RELATIONSHIP $ 500,000.00

SECTION 3: CLIENT BACKGROUND AND INFORMATION

NAME OF PERSON REFERRING CLIENT: None
RELATIONSHIP OF PERSON REFERRING CLIENT:
ORIGINAL SOURCE OF WEALTH: Cocoa farming and construction businesses
SOURCE USED TO VERIFY: Incountry visits
CURRENT SOURCE OF INCOME: Construction, pharmaceuticals and farming
ESTIMATED ANNUAL INCOME:
REASON FOR BANKING WITH RIGGS: Experience with Riggs and account officer
(i.e., services offered, international services, embassy banking services, etc.)

BACKGROUND/OCCUPATION OF PERSON(S) OR CORPORATION (Attach additional sheets, as necessary)
(FOR BUSINESSES: Detail nature of business, location of business, list of suppliers/vendors, major clients, countries in which business operates, import/export business, legal status of company, and other information deemed pertinent)
(FOR INDIVIDUALS: Description with background)

The President of Equatorial Guinea has been in office for twenty years. He has extensive farming assests and is a major partner of the telecommunication (phone system modernization) project in the country with France Telecom.

BENEFICIAL OWNER(S) OF ACCOUNT(S)?
FOR BUSINESS ACCOUNTS, attach financial statements, marketing brochures, annual reports, etc.

SECTION 4: INVESTMENT SUITABILITY

RISK PROFILE: XX☐ CONSERVATIVE (CDS/Bonds) ☐ MODERATE (Stocks/Bonds) ☐ AGGRESSIVE (Stocks & Emerging Markets Paper)

ALSO BANKS WITH: Banks in Equatorial Guinea
Accounts with Investment/Brokerage Firms: None
Approximate Total Personal NETWORTH: US$ Unknown

INVESTMENTS NOT WITH RIGGS: ☐ CDS$ ☐ Stocks$ ☐ Bonds$ ☐ Other$
BRIEF DESCRIPTION OF INVESTMENTS: Unknown

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RIGGS

ATTACHMENT C

RIGGS & CO
KNOW YOUR CUSTOMER
CLIENT PROFILE

RIGGS INVESTMENTS:

CDS	(INITIAL)	$_____	(EXPECTED)	$_____
BONDS	(INITIAL)	$_____	(EXPECTED)	$_____
STOCKS	(INITIAL)	$_____	(EXPECTED)	$_____
RIMCO	(INITIAL)	$_____	(EXPECTED)	$_____
MM FUNDS	(INITIAL)	$ 500,000.00	(EXPECTED)	$_____
OTHER	(INITIAL)	$ 500,000.00	(EXPECTED)	$_____

CLIENT'S INVESTMENT OBJECTIVES:_____

SECTION 5: PRODUCT NEEDS

DEPOSITS	INVESTMENTS	CREDIT	TRUST
☐ Checking	☐ Discretionary	☐ Loan	☐ Int'l Trust
☐ Money Market	☐ Non-Discretionary	☐ Overdraft	☐ PIC
☐ Time Deposits	☐ Mutual Funds	☐ L/C Credit	☐ Trading Co.
☐ FX Deposits	☐ RIMCO	☐ Credit Cards	☐XX Personal Trust

SECTION 6: EXPECTED ACTIVITIES/VOLUMES AND PRODUCT USAGE

A. Checking Account (# Checks Drawn/mo) _____
Checking Account: LARGEST amount PER CHECK to be drawn: _____
Wire Transfers: HIGHEST amount Expected per Wire Transfer: _____
Wire Transfers: Number of Wire Transfers Anticipated/one mo. Period _____
Incoming/Outgoing/Both _____

B. Expected Average Balances in Operating Account: $ 100,000.00
Method for Effecting Deposits into Account: ☐ Check
☐ Wire Transfer
XX☐ Both

AMOUNT OF CASH expected to be deposited into account: Unknown
NUMBER OF Deposits expected in one month period: Infrequent
ANTICIPATED Volume of CASH Sales (Businesses only): _____

C. Expected Amount of LOANS/LETTERS OF CREDIT/OVERDRAFTS: None
PURPOSE of the CREDIT: _____
SOURCE of Collateral: _____

D. Is the expected/described activity deemed reasonable based on the type of Account, customer resources, and/or nature of business in which the client Is involved? **Refer to Section IIC of the policy discussing "typical" customer.**

XX☐ Yes ☐ No

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RIGGS

ATTACHMENT C

RIGGS & CO
KNOW YOUR CUSTOMER
CLIENT PROFILE

SECTION 7: REFERENCES

☐ A. If a client is already an existing PB/IPBD/TRUST/RIMCO customer, check here and skip the remainder of Section 7.

☐ B. If referred by an EXISTING PB/IPBD/TRUST/RIMCO CLIENT…_____
Client/Account No.
Document verbal recommendations from existing client in Call Report.
COMMENTS:_____

☐ C. If referred by a RIGGS BANK OFFICE(R):……Simon P. Kareri,_____
Location/Officer Embassy Banking Division
Attach copy of Letter of Recommendation from RIGGS referral officer(s) signed by an authorized representative of Riggs or an internal memorandum.

☐ D. Direct solicitation by Account Officer

(For Business Accounts and/or Large Accounts [as defined by business unit])
FIRST Bank Reference: _____
_____
_____

SECOND Bank Reference: _____
_____
_____

Document all corroboration of references and information provided.

☐ E. High Profile/Visibility, Publicity Elected/Appointed Clients

Attach a brief background memorandum of recommendation signed by the Senior Vice President/Manager of International Banking, the Division Manger of Domestic Private Banking, the Executive Director of Trust, or the Executive Director of RIMCO, as applicable.

ANY ADDITIONAL COMMENTS:

By law of Equatorial Guinea, their President is the final authority of the country. Any institutional relationship we might have with the Government is duly authorized by him. We have known him for five years and has been quite consistent with us. The President desires to have a personal relationship with us in order to facilitate his personal and family needs while in the U.S. These needs include health and management of his residence here in the U.S.

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RIGGS

ATTACHMENT C

RIGGS & CO
KNOW YOUR CUSTOMER
CLIENT PROFILE

KYC STATUS:

ALL CLIENTS	YES/NO	LARGE ACCOUNTS/BUSINESSES	YES/NO
(All "No's" must be explained)			
Passports Verified:	Yes:___	Credit Bureau Report	_____
Address Verified:	Yes____	Financial Statements	_____
Telephone Verified:	Yes____	Annual Report	_____
Name of Referral on file:	_____	List of Suppliers/Vendors	_____
Original Source of Wealth Verified:	Yes____	Corporate Resolution(s)	_____
Current Activity Within Normal Range:	Yes____	Marketing Materials	_____
Two forms of photo ID	No____		

PERSONAL INVESTMENT CORPS	YES/NO	RIMCO	YES/NO
Account Data Form	_____	W-8/W-9	_____
Certificate of Ownership	_____	Governing Instrument	_____
W-8	Yes____	10K/10Q	_____
Two Signature Cards	Yes____	Statement of Portfolio Assets	_____
Riggs Corporate Resolution Form	Yes____	Corporate Resolutions	_____
Riggs Resolution for Bank Accounts	Yes____	Customer Statement – Source of Wealth	_____
Articles of Incorporation	Yes____		
By-laws for Commonwealth Companies	_____		
Copy of Passport	_____		

DATE OF NEXT REVIEW

Waiver approval of any of the above must be initialed, dated and supported.

SECTION 8: NEW ACCOUNT APPROVAL

☐ Documentation Checklist complete

RECOMMENDED BY:	REVIEWED BY:	APPROVED BY:
Simon Kareri / 05/30/2000	_____	_____
Account Officer/Date	Supervising Officer/Date	Managing Director/Date

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RIGGS

Name & Current Mailing Address

OTONG S.A.
Individual Name(s)

C/O EMBASSY BANKING
Business Name (Sole proprietors see instructions on reverse)

1528 CONN. AVE N.W.
Address

WASHINGTON DC 20036
City, State Zip Code

OTONG S.A.

TAXPAYER IDENTIFICATION NUMBER (TIN)

Social Security Number

OR

Employer Identification Number

Account Number(s)

Please check appropriate box:
(For Form W-9 only)

☐ Individual/Sole proprietor
☒ Corporation
☐ Partnership
☐ Other

Note: If joint names, list first and circle the individual/entity whose TIN you provide us. Only the joint owner whose TIN is provided should sign the certification.

Substitute Form W-9 — **Taxpayer Identification Number Certification**

By signing below, you certify under penalties of perjury that:

(1) The taxpayer identification number (TIN) shown on this form is your correct TIN; and

(2) You are not subject to backup withholding because: (a) you are exempt from backup withholding, or (b) you have not been notified by the Internal Revenue Service (IRS) that you are subject to backup withholding as a result of a failure to report all interest and dividends, or (c) the IRS has notified you that you are no longer subject to backup withholding. (You must cross out item (2) if you have been notified by the IRS that you are currently subject to backup withholding because of underreporting interest or dividends on your tax return.)

If you qualify as an exempt payee under the criteria listed on the reverse, check here ☐

Signature of Individual or Authorized Signer — Date

Note: Complete Form W-8 or W-9. Do Not Complete Both.

Substitute **Form W-8BEN** — **Certification Of Foreign Status Of Beneficial Owner For United States Tax Withholding**

Type Of Beneficial Owner (check appropriate box):

☐ Individual ☐ Corporation ☐ Partnership ☐ Trust ☐ Estate
☐ Foreign Government ☐ Int'l Organization ☐ Disregarded Entity ☐ Foreign Central Bank of Issue ☐ Foreign Tax-Exempt Organization

Country of incorporation or organization

U.S. taxpayer identification number (TIN), if required
☐ SSN or ITIN ☐ EIN

Certification — ALL Joint Owners MUST Complete the Requested Information and Sign Below

Under penalties of perjury, I declare that I have examined the information on this form and to the best of my knowledge and belief it is true, correct and complete. I further certify under penalties of perjury that:

- I am the beneficial owner (or am authorized to sign for the beneficial owner) of all income to which this form relates,
- The beneficial owner is a foreign person,
- The income to which this form relates is not effectively connected with the conduct of a trade or business in the United States,
- For broker transactions or barter exchanges, the beneficial owner is an exempt foreign person as defined in the instructions, and
- I am not a former citizen or long-term resident of the United States subject to section 877 (relating to certain acts of expatriation) or, if I am subject to section 877, I am nevertheless entitled to treaty benefits with respect to the amounts received.

Print Name of Beneficial Owner	Print Name of Joint Owner	Print Name of Joint Owner
T. NGUI		
Permanent (Non-U.S.) Address (street, apt. or suite no. or rural rte). Do not use a P.O. Box.	Permanent (Non-U.S.) Address (street, apt. or suite no. or rural rte). Do not use a P.O. Box.	Permanent (Non-U.S.) Address (street, apt. or suite no. or rural rte). Do not use a P.O. Box.
AVENUE DE LA INDEPENDENCIA		
City or town, state or province, postal code	City or town, state or province, postal code	City or town, state or province, postal code
MALABO		
Country	Country	Country
EQUATORIAL GUINEA		
U.S. TIN (if any)	U.S. TIN (if any)	U.S. TIN (if any)
Signature Date	Signature Date	Signature Date
5/30/2000		

RNB 007097

Instructions for Substitute Form W-9

Purpose of Form. — Riggs is required to obtain your correct taxpayer identification number (TIN) to report income paid to you.

Complete W-9 section on front to furnish your correct TIN and, (1) to certify that the TIN you are furnishing is correct, (2) to certify that you are not subject to backup withholding, or (3) to claim exemption from backup withholding if you are an exempt payee. Furnishing your correct TIN and making the appropriate certifications will prevent certain payments from being subject to backup withholding.

How to Obtain a TIN. — If you do not have a TIN, you should apply for one immediately. To apply for the number, obtain **Form SS-5**, Application for a Social Security Card (for individuals), or **Form SS-4**, Application for Employer Identification Number (for businesses and all other entities), at your local office of the Social Security Administration or the Internal Revenue Service. Complete and file an appropriate form according to its instructions.

To complete this form if you do not have a TIN, write "Applied For" in the space for the TIN, and sign and date the Substitute Form W-9 on the front.

As soon as you receive your TIN, complete another form W-9. Include your new TIN, sign and date the form, and give it to Riggs.

What is Backup Withholding? — Payers of interest are required to withhold and pay to IRS 31% of interest payments under certain conditions. This is called "backup withholding."

If you give Riggs your correct TIN, make the appropriate certifications, and report all your taxable interest and dividends on your tax return, your payments will not be subject to backup withholding.

Payees Exempt From Backup Withholding. — The following payees are exempt from backup withholding and information reporting on interest:

(1) A corporation.

(2) An organization exempt from tax under section 501(a), or an individual retirement plan (IRA), or a custodial account under 403(b)(7).

(3) The United States or any of its agencies or instrumentalities.

(4) A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities.

(5) A foreign government or any of its political subdivisions, agencies or instrumentalities.

(6) An international organization or any of its agencies or instrumentalities.

(7) A foreign central bank of issue.

(8) A dealer in securities or commodities required to register in the U.S. or a possession of the U.S.

(9) A real estate investment trust.

(10) An entity registered at all times during the tax year under the Investment Company Act of 1940.

(11) A common trust fund operated by a bank under section 584(a).

(12) A financial institution.

(13) A middleman known in the investment community as a nominee or listed in the most recent publication of the American Society of Corporate Secretaries, Inc. Nominee List.

(14) A trust exempt from tax under section 664 or described in section 4947 of the Internal Revenue Code.

If you are exempt from backup withholding, you should complete this form to avoid possible erroneous backup withholding. Enter your correct TIN, check the exempt box, and sign and date the form. If you are a nonresident alien or foreign entity not subject to backup withholding, complete the Form W-8BEN section, "Certification of Foreign Status of Beneficial Owner for United States Tax Withholding," on front.

Specific Instructions

At the Top. — Fill in account name, mailing address, TIN, and account number(s). Check the appropriate box indicating account type.

Name. — Individuals. If you are an individual, generally provide the name shown on your social security card. If you have changed your last name, you should contact your local branch or RiggsDirect for instructions on how to change the name on your account. Any name changes should also be reported to the Social Security Administration.

Sole proprietor. — If you are a sole proprietor, you must furnish your **individual** name and either your SSN or EIN. You may also enter your business name or "doing business as" name on the business name line. Enter your name as shown on your social security card and business name as it was used to apply for your EIN on Form SS-4.

Privacy Act Notice. — Section 6109 requires you to furnish your correct taxpayer identification number (TIN) to persons who must file information returns with IRS. IRS uses the numbers for identification purposes and to help verify the accuracy of your tax return. You must provide your TIN whether or not you are required to file a tax return. Payers must generally withhold 31% of taxable interest, dividend, and certain other payments to a payee who does not furnish a TIN to a payer. Certain penalties may also apply.

...ast Name and Number to Give Us

For this type of account:	Give the name and SOCIAL SECURITY number of:
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual named on the account[1]
3. Custodian account of a minor (Uniform Transfer to Minors Act)	The minor [2]
4. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee[3]
b. So-called trust account that is not a legal or valid trust under state law	The actual owner[4]
5. Sole proprietorship	The owner [3]
For this type of account:	**Give the name and EMPLOYER IDENTIFICATION number of:**
6. Sole proprietorship	The owner [3]
7. A valid trust, estate, or pension trust	Legal entity (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title)[4]
8. Corporate	The corporation
9. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
10. Partnership	The partnership
11. A broker or registered nominee	The broker or nominee

[1] List first and circle the name of the person whose number you furnish.
[2] Circle the minor's name and furnish the minor's social security number.
[3] Show the individual's name. You may also enter your business name. You may use either your SSN or EIN.
[4] List first and circle the name of the legal trust, estate, or pension trust.

Note: If there is more than one name on the account and no name is circled on the front, the TIN will be considered to be that of the first name listed on the account.

Instructions for Substitute Form W-8BEN

Purpose of Form. Complete Form W-8BEN to inform Riggs that you are a foreign person not subject to certain U.S. information return reporting or backup withholding rules. Failure to provide a Form W-8BEN when requested may lead to withholding at a 31% rate of certain payments made to you.

Who May File. You may file Form W-8BEN if you can substantiate that you are a nonresident alien individual or a foreign corporation, partnership, estate or trust. A nonresident alien individual is any individual who is not a citizen or resident of the United States. An alien individual meeting either the "green card test" or the "substantial presence" test for the calendar year is a resident alien. See **Pub. 519**, U.S. Tax Guide for Aliens, for more information on resident and nonresident alien status.

Specific Instructions

At the top. Fill in account name(s), current mailing address and account number(s).

Type of beneficial owner. Check the one box that applies. By checking a box, you are representing that you qualify for this classification under U.S. tax principles. For entities, do not check the box that describes your status under the law of the treaty country or the status of your single owner. If you are a sole proprietor, check the "Individual" box.

Country of incorporation or organization. Enter the country of incorporation if you are a corporation. If you are another type of entity, enter the country under whose laws you are created, organized, or governed. Individuals enter "N/A" for not applicable.

U.S. taxpayer identification number (TIN), if required. A U.S. TIN is a social security number (SSN), employer identification number (EIN), or IRS individual taxpayer identification number (ITIN). Check the appropriate box for the type of TIN you are providing.

Permanent (non-U.S.) address. Provide your permanent residence address. Your permanent residence address is the address in the country where you claim to be a resident for purposes of that country's income tax.

If you are not an individual and you do not have a tax residence in any country, the permanent residence address is where you maintain your principal office.

Signature and date. Form W-8BEN must be signed and dated by the beneficial owner of the income, or, if the beneficial owner is not an individual, by an authorized representative or officer of the beneficial owner. The beneficial owner is the person who is the owner of the income for tax purposes and who beneficially owns the income. Thus a person receiving income as a nominee, custodian, or agent for another person is not the beneficial owner of the income. **NOTE:** If you own the income or account jointly with one or more other persons, the income or account will be treated as owned by a foreign person only if Forms W-8BEN are provided by all of the owners. If a Form W-8BEN is not received from all joint owners or a Form W-9 is received from any of the joint owners, any payments must be treated as made to a U.S. person.

AWAKE LIMITED

(An International Business Company)

Appointment of First Directors

We, Trident Corporate Services (Bahamas) Limited and Fregon Corporation of P. O. Box N-3944, Nassau, Bahamas, being the subscribers to the Memorandum and Articles of Association of the Company and having the power to appoint the first directors of the Company hereby appoint the following as the first directors of the Company:

TEODORO NGUEMA OBIANG
PASTOR OBIANG

In witness whereof a duly authorised representative of Trident Corporate Services (Bahamas) Limited and Fregon Corporation have executed this appointment this 1st day of February, 2001.

TRIDENT CORPORATE SERVICES (BAHAMAS) LIMITED
(Authorised Signatory)

FREGON CORPORATION

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 174

INITIAL CONSENT ACTIONS OF THE DIRECTORS

OF

AWAKE LIMITED

THE UNDERSIGNED, being the Directors of **AWAKE LIMITED** **("the Company")**, a company incorporated and operating as an International Business Company under the laws of the Commonwealth of the Bahamas, hereby consents to the adoption of the following resolutions:

WHEREAS, the Company has been incorporated in the Commonwealth of the Bahamas under the International Business Companies Act 2000 on January 3, 2001, and

WHEREAS, the Subscribers to the Memorandum of Association of the Company have appointed

TEODORO NGUEMA OBIANG
PASTOR OBIANG

as First Directors of the Company.

NOW, THEREFORE, it is:

HEREBY RESOLVED, that the Company's Registered Office will be at Kings Court, 1st Floor, Bay Street, P.O. Box N-3944, Nassau, Bahamas;

and further

RESOLVED, that the Company's Registered Agent will be Trident Corporate Services (Bahamas) Limited, Kings Court, 1st Floor, Bay Street, P.O. Box N-3944, Nassau, Bahamas;

and further

RESOLVED, that the Company will have a corporate seal, an imprint of which is affixed hereto,

and further

RESOLVED, that the following share certificates be issued:

Share Certificate No 1 for 40,000 shares of US$1.00 each in favor of **TEODORO NGUEMA OBIANG** dated February 1, 2001

Share Certificate No 2 for 10,000 shares of US$1.00 each in favor of **PASTOR OBIANG** dated February 1, 2001

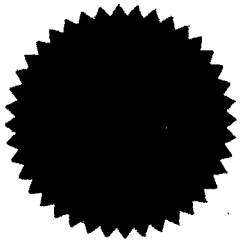
2/...

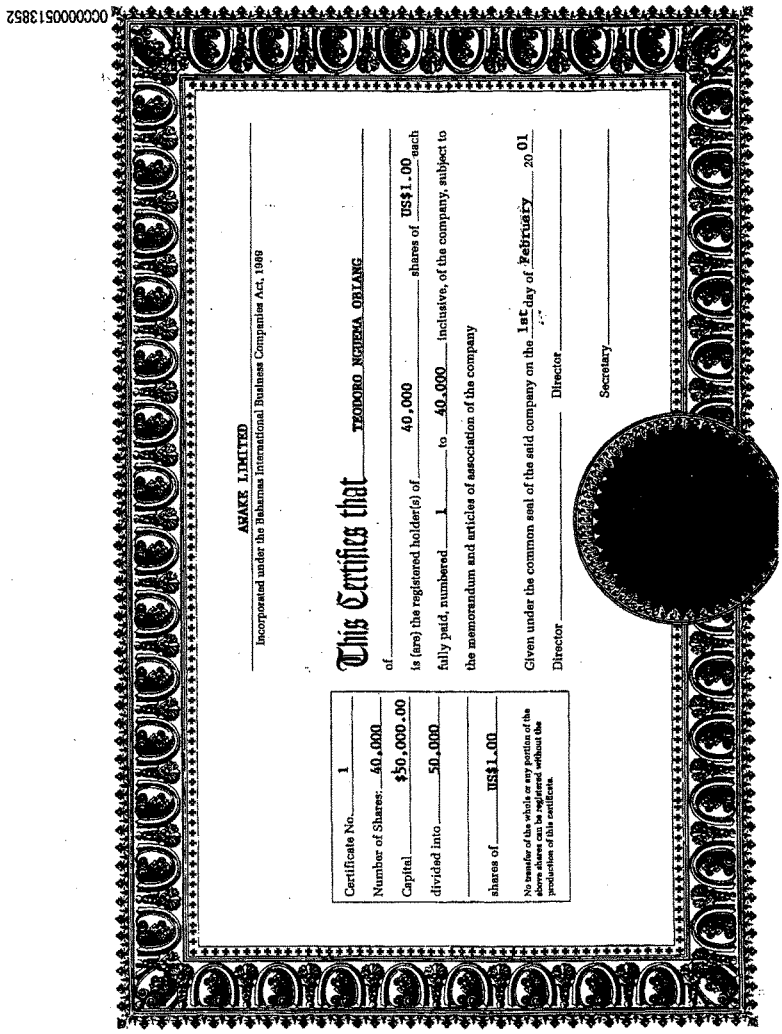
and that such issuance be recorded in the Register of Members of the Company.

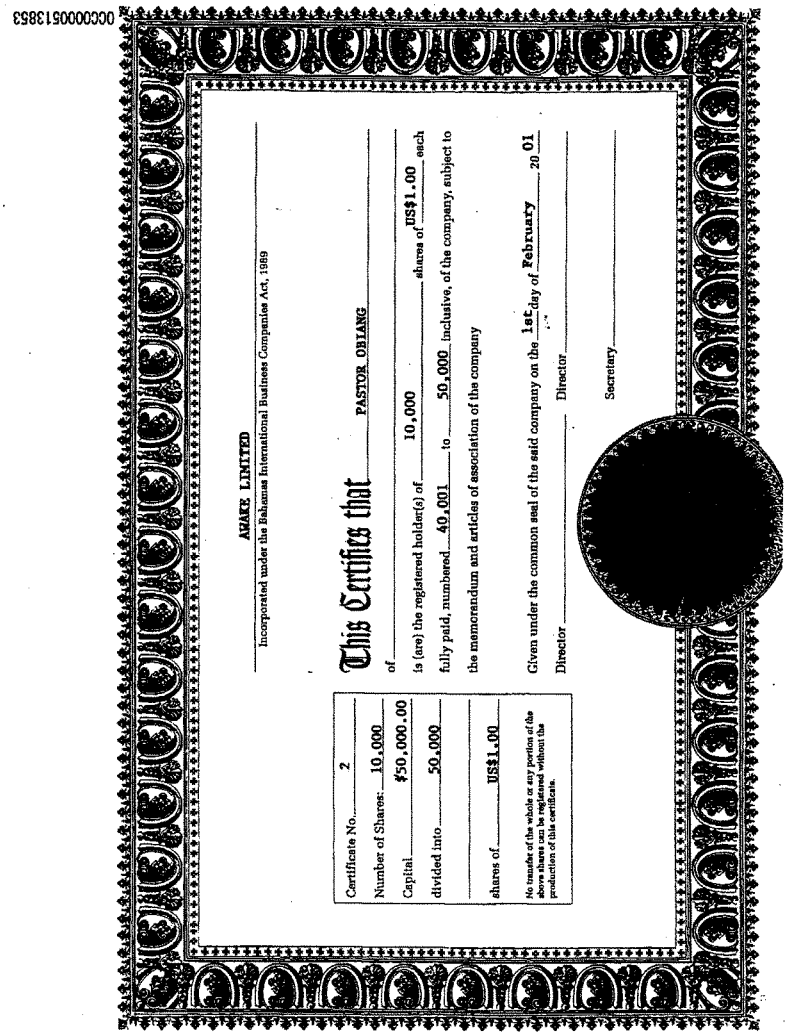
This Consent was issued and shall be effective as of the February 1st, 2001.

AWAKE LIMITED

Teodoro Nguema Obiang **Director**	**Pastor Obiang** **Director**




0000000513852
ASAKE LIMITED
Incorporated under the Bahamas International Business Companies Act, 1989
This Certifies that TEODORO NGUEMA OBIANG
of
is (are) the registered holder(s) of 40,000 shares of US$1.00 each
fully paid, numbered 1 to 40,000 inclusive, of the company, subject to
the memorandum and articles of association of the company
Given under the common seal of the said company on the 1st day of February 20 01
Director
Secretary
Certificate No. 1
Number of Shares: 40,000
Capital $50,000.00
divided into 50,000
shares of US$1.00
No transfer of the whole or any portion of the above shares can be registered without the production of this certificate.


0CC000051385 3
AMAKE LIMITED
Incorporated under the Bahamas International Business Companies Act, 1989
This Certifies that PASTOR OBIANG
of
is (are) the registered holder(s) of 10,000 shares of US$1.00 each
fully paid, numbered 40,001 to 50,000 inclusive, of the company, subject to
the memorandum and articles of association of the company
Given under the common seal of the said company on the 1st day of February 20 01
Director
Secretary
Certificate No. 2
Number of Shares: 10,000
Capital $50,000.00
divided into 50,000
shares of US$1.00
No transfer of the whole or any portion of the above shares can be registered without the production of this certificate.



Commonwealth of The Bahamas

IBC 01

The International Business Companies Act
(No. 45 of 2000)
~~*(No. 2 of 1990)*~~

Certificate of Incorporation

(Section 16)
~~*(Section 11 and 12)*~~

No. 117730 B

AWAKE LIMITED

I, **JACINDA P. BUTLER,** *Assistant Registrar General, the Commonwealth of The Bahamas Do Hearby Certify pursuant to the International Business Companies Act,* (No. 45 of 2000) ~~*(No. 2 of 1990)*~~ *that all the requirements of the said Act in respect of incorporation have been satisfied, and that*

AWAKE LIMITED

is incorporated in the Commonwealth of The Bahamas as an International Business Company this 3rd *day of* **January, 2001**

Given under my hand and seal
At Nassau in the Commonwealth
of The Bahamas

Assistant Registrar General

0CC000051385 4

TRIDENT TRUST
BAHAMAS

Awake Limited
Riggs Bank, N.A.
1913 Massachusetts Avenue, N.W.
Washington, D.C. 20036
U.S.A.

TRIDENT CORPORATE SERVICES (BAHAMAS)LIMITED
Kings Court
Bay Street
P.O Box N-3944
Nassau
Bahamas
Tel 1-242-322-6154
Fax 1-242-328-1064
E-Mail bahamas@tridenttrust.com
Web www.tridenttrust.com

Attention: Mr. Simon Kareri

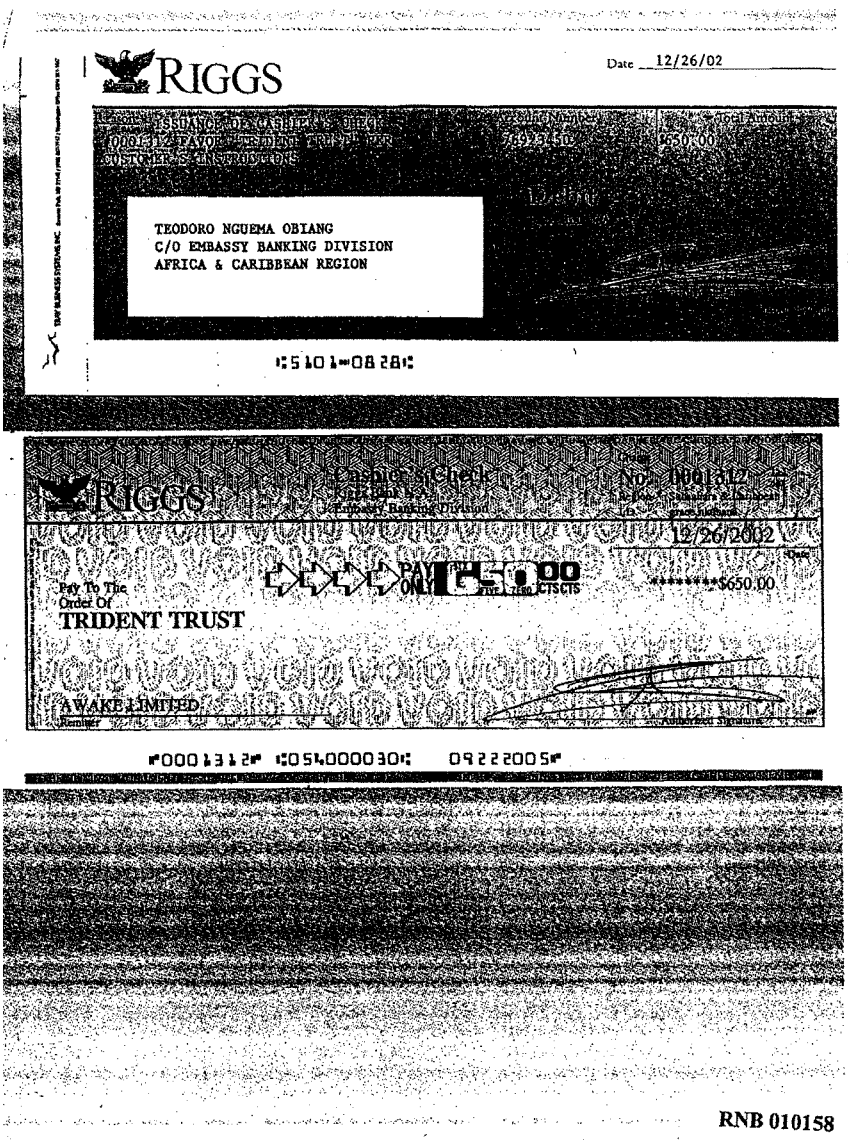
Date: 01 November, 2002 **Invoice No:** TIL/4834/0211/1603/RIG

Your Reference: **Our Reference:** TCS NA

FEES:	
TO: Provision of the services of Trident Corporate Services (Bahamas) Limited as Registered Agent and providing Registered Office for the year ending January 2, 2004.	300 00
DISBURSEMENTS:	
To: 2003 Government Annual Licence Fee.	350 00
PLEASE NOTE: We will not be liable to pay the Government Annual Licence Fee by April 30, 2003 unless we are in receipt of funds two weeks prior to this date. Payment received later than this will incur Government penalties which will be the liability of the Company. Please ensure that all outstanding fees are also paid at this time.	
	US$ 650 00

RNB 010157

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 174



RIGGS

Date 12/26/02

TEODORO NGUEMA OBIANG
C/O EMBASSY BANKING DIVISION
AFRICA & CARIBBEAN REGION

:051O1=08 28:

RIGGS

Cashier's Check

No. 0001312

12/26/2002

PAY

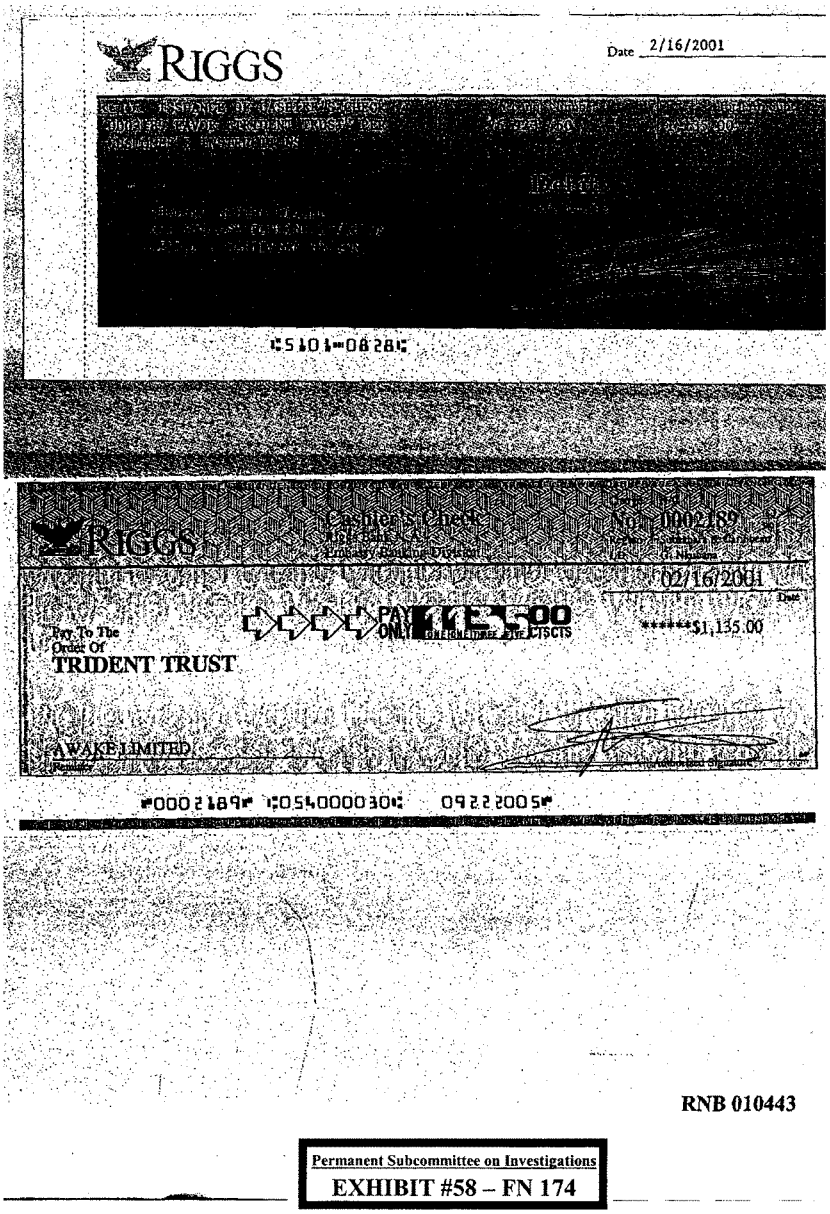
Pay To The Order Of
TRIDENT TRUST

********$650.00

AWAKE LIMITED

⑈0001312⑈ ⑆054000030⑆ 09222005⑈

RNB 010158


RIGGS

Date 2/16/2001

[redacted]

Cashier's Check No. 0002189

RIGGS

02/16/2001

Pay To The Order Of
TRIDENT TRUST

PAY ONLY [redacted] CTSCTS

******$1,135.00

AWAKE LIMITED

RNB 010443

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 174

76923450

TRIDENTTRUST
COMPANY FORMATIONS

BAHAMAS COMPANY FORMATIONS LTD

Kings Court
Bay Street
P.O. Box N-3944
Nassau, Bahamas
Tel 1-242-322-6154
Fax 1-242-328-1064
Email bahamas@tridenttrust.com
Web www.tridenttrust.com

Riggs Bank N.A.
1913 Massachusetts Ave., N.W.
Washington, D.C. 20036
USA

Attention: Mr. Simon Kareri

Please send your remittance by way of a banker's draft drawn on a U.S. bank made payable to Bahamas Company Formations Limited.

If making payment by wire transfer, please quote our reference and wire to our account number 05-72314 at Canadian Imperial Bank of Commerce, Shirley Street Branch, Nassau, Bahamas.

Date: 1st February, 2001

Invoice No.: TIL/4834/0102/1771/RIC

Your Reference:

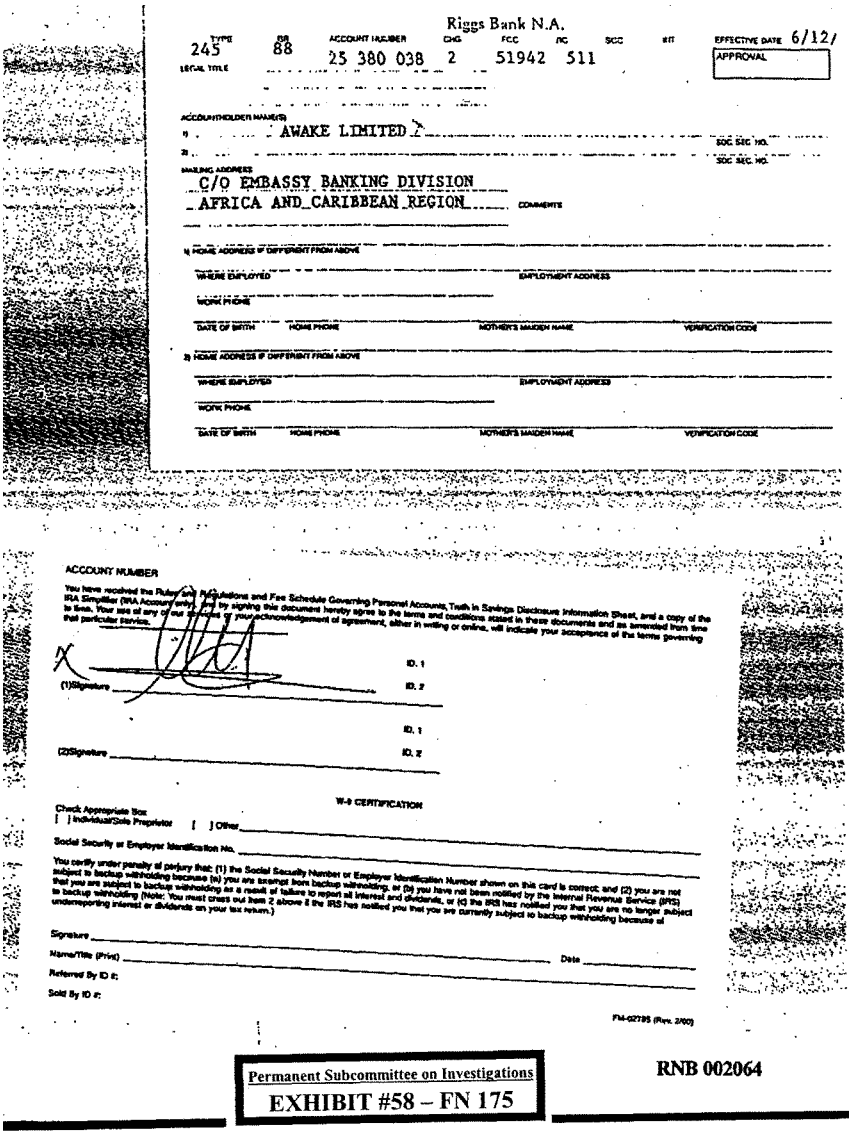
Our Reference:

Name of Matter: AWAKE LIMITED

FEES:		
To: First year's fees, inclusive of Incorporation Registered Office/Agent and government registration	1,135	00
WITH COMPLIMENTS	US$1,135	00

IMPORTANT: PLEASE RETURN THE PINK COPY WITH YOUR PAYMENT

RNB 010444



Riggs Bank N.A.

TYPE 245 | SUB 88 | ACCOUNT NUMBER 25 380 038 | CHG 2 | FCC 51942 | RC 511 | SCC | RT | EFFECTIVE DATE 6/12/

LEGAL TITLE

APPROVAL

ACCOUNTHOLDER NAME(S)

1) AWAKE LIMITED

2)

SOC SEC NO.

SOC SEC NO.

MAILING ADDRESS

C/O EMBASSY BANKING DIVISION

AFRICA AND CARIBBEAN REGION

COMMENTS

1) HOME ADDRESS IF DIFFERENT FROM ABOVE

WHERE EMPLOYED | EMPLOYMENT ADDRESS

WORK PHONE

DATE OF BIRTH | HOME PHONE | MOTHER'S MAIDEN NAME | VERIFICATION CODE

2) HOME ADDRESS IF DIFFERENT FROM ABOVE

WHERE EMPLOYED | EMPLOYMENT ADDRESS

WORK PHONE

DATE OF BIRTH | HOME PHONE | MOTHER'S MAIDEN NAME | VERIFICATION CODE

ACCOUNT NUMBER

You have received the Rules and Regulations and Fee Schedule Governing Personal Accounts, Truth in Savings Disclosure Information Sheet, and a copy of the IRA Simplifier (IRA Account only) and by signing this document hereby agree to the terms and conditions stated in these documents and as amended from time to time. Your use of any of our services or your acknowledgment of agreement, either in writing or online, will indicate your acceptance of the terms governing that particular service.

X

(1)Signature _____ ID. 1 _____ ID. 2 _____

(2)Signature _____ ID. 1 _____ ID. 2 _____

W-9 CERTIFICATION

Check Appropriate Box:

[ ] Individual/Sole Proprietor [ ] Other _____

Social Security or Employer Identification No. _____

You certify under penalty of perjury that: (1) the Social Security Number or Employer Identification Number shown on this card is correct, and (2) you are not subject to backup withholding because (a) you are exempt from backup withholding, or (b) you have not been notified by the Internal Revenue Service (IRS) that you are subject to backup withholding as a result of failure to report all interest and dividends, or (c) the IRS has notified you that you are no longer subject to backup withholding (Note: You must cross out Item 2 above if the IRS has notified you that you are currently subject to backup withholding because of underreporting interest or dividends on your tax return.)

Signature _____ Date _____

Name/Title (Print) _____

Referred By ID #:

Sold By ID #:

FM-02795 (Rev. 2/00)

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 175

RNB 002064

ACCOUNT NUMBER 25380038

You have received the Rules and Regulations and Fee Schedule Governing Business Accounts and by signing this document hereby agree to the terms and conditions as stated in these documents and as amended from time to time. Your use of any of our services or your acknowledgement of agreement, either in writing or online, will indicate your acceptance of the terms governing that service.

AUTHORIZED SIGNATURE	FACSIMILE OR STAMPED SIGNATURE
1)	
2)	
3)	

W-9 CERTIFICATION

Check Appropriate Box

[ ] Sole Proprietor [ ] Corporation [ ] Partnership [ ] Other _____

Social Security or Employer Identification No. 00-0000000

You certify under penalty of perjury that: (1)the Social Security Number or Employer Identification Number shown on this card is correct; and (2) you are not subject to backup withholding because (a) you are exempt from backup withholding, or (b) you have not been notified by the Internal Revenue Service (IRS) that you are subject to backup withholding as a result of failure to report all interest and dividends, or (c) the IRS has notified you that you are no longer subject to backup withholding, and 3)You are a U.S. person (including a U.S. resident alien) (Note: You must cross out item 2 above if the IRS has notified you that you are currently subject to backup withholding because of under reporting interest or dividends on your tax return.)

Signature: _____ Date: _____

Referred By: Rev 6/9/01

Sold By: 10027837 FOLD HERE

Riggs Bank N.A.

TYPE	BR	ACCOUNT NUMBER	CHG	TAX ID NUMBER	FCC	RC	INT	SCC	DATE
245	00088	25380038	2	00-0000000	1 51942	00511	010	838	06/11/2002

BUSINESS/COMPANY NAME
AWAKE LIMITED

COMMENTS:

LEGAL TITLE

AWAKE LIMITED

BUSINESS ACCOUNT MAILING ADDRESS

C/O EMBASSY BANKING DIVISION
AFRICA & CARIBBEAN REGION
MAIL CODE G 4001

AUTHORIZED SIGNERS / TITLE

1) TEODORO NGUEMA OBIANG
PRESIDENT/SECREATRY

2)

3)

SIGNER ID / ID INFORMATION

Passport
121/78

BUSINESS PHONE NO.

VERIFICATION CODE
999999999

APPROVAL

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

* * * \

INTERNATIONAL DECISION STRATEGIES, INC. *
911 Duke Street *
Alexandria, Virginia 22314 *
*
Defendants. *
*
****

COMPLAINT

Nature of This Action

1. This is an action for breach of contract based on Defendants' failure to pay agreed compensation to Plaintiff law firm Foley Hoag LLP for professional legal services provided to Defendants.

Parties

2. Plaintiff Foley Hoag LLP is a law partnership organized in the State of Massachusetts, with an office located in the District of Columbia.

3. Defendant Republic of Equatorial Guinea ("Equatorial Guinea") is a sovereign nation located in western Africa and is a shareholder of Defendant Nusiteles, S.A.

4. Defendant Nusiteles, S.A. ("Nusiteles") is a corporation organized under the laws of, and with its principal place of business in, Equatorial Guinea.

5. Defendant Ruben Maye Nsue Mangue ("Maye") is a citizen of Equatorial Guinea, and is the Minister of Justice and Religious Affairs of Equatorial Guinea. In his personal capacity, Defendant Maye is also President of Defendant Nusiteles and a Nusiteles shareholder.

6. Defendant Pastor Micha Ondo Bile ("Bile") is a citizen of Equatorial Guinea, and is the Minister of Foreign Affairs of Equatorial Guinea. In his personal capacity, Defendant Bile is an officer and shareholder of Defendant Nusiteles.

7. Armengol Ondo Nguema ("Ondo") is a citizen of Equatorial Guinea, and is an officer and shareholder of Defendant Nusiteles.

RNB 003360

8. Socio Abayak, S.A. is a corporation organized under the laws of, and with its principal place of business in, Equatorial Guinea, and is a shareholder of Defendant Nusiteles. The President of Equatorial Guinea Teodoro Obiang Nguema ("Obiang") is the major shareholder of Defendant Socio Abayak, S.A.

9. International Decision Strategies, Inc. ("IDS"), a Virginia corporation, with its principal place of business in Alexandria, Virginia, is a shareholder of Defendant Nusiteles.

Jurisdiction and Venue

10. Jurisdiction of this Court over Defendant Equatorial Guinea and its officials, including Defendants Maye and Bile, is founded on 28 U.S.C. § 1330. Pursuant to this statute, federal district courts have original jurisdiction without regard to amount in controversy of any nonjury civil action against a foreign state. 28 U.S.C. §1330(a). Furthermore, personal jurisdiction over a foreign state exists as to every claim for relief over which the district courts have jurisdiction under subsection (a) of § 1330 where service of process has been made under 28 U.S.C. § 1608. 28 U.S.C. §1330(b).

11. A foreign state is not immune from the jurisdiction of courts of the United States or of the States in any case in which the action is based upon a commercial activity carried on in the United States by the foreign state; and this Complaint is based on commercial activities carried on in the United States by all Defendants, including Defendants Equatorial Guinea, Maye and Bile. 28 U.S.C. § 1605(a)(2).

12. Venue is proper for Defendants Equatorial Guinea, Maye and Bile under 28 U.S.C. § 1391(f)(4). Pursuant to this statute, a civil action may be brought in the United States District Court for the District of Colombia if the action is brought against a foreign state.

13. Jurisdiction and venue for all other Defendants are founded on 28 U.S.C. §§ 1332(a)(2) and 1391(b)&(d).

RNB 003361

Factual Allegations

14. Between January and March 2001, the shareholders of Defendants Nusiteles, S.A., a private corporation formed by senior officials within the Government of Equatorial Guinea and others close to President Teodoro Obiang Nguema ("Obiang'), including Defendants Maye, Bile and Ondo, made plans to develop and operate telecommunication systems in Equatorial Guinea. After exploring various options, and with the advice of Defendant IDS, which was acting as a consultant, the shareholders of Defendant Nusiteles, S.A. decided to acquire from TCS, Inc., an American company based in Annapolis, Maryland, the equipment and services necessary to establish a new telecommunications system in Equatorial Guinea.

15. At the request of the shareholders of Defendant Nusiteles, S.A., Defendant Equatorial Guinea formally issued a government license to Nusiteles, as required by the laws of Equatorial Guinea, so that it could operate the new telecommunications system.

16. Acquisition of the equipment and services to operate the system, which were ultimately priced at more than $60 million, required lengthy and complex negotiations with TCS, Inc., as well as the drafting of comprehensive contracts and related documents totaling hundreds of pages. Recognizing that they needed experienced U.S. legal counsel to assist them in these negotiations, and in the drafting of the contracts and related documents, Defendants delegated to Defendant Maye (the Minister of Justice of Defendant Equatorial Guinea and President of Nusiteles, S.A.) the responsibility for retaining the services of U.S. legal counsel.

17. In April 2001, Defendant Maye, accompanied by R. Bruce McColm, President of Defendant IDS, met with Paul S. Reichler, a member of Plaintiff law firm at Plaintiff's offices in Washington, D.C. In this meeting, Defendant Maye, acting on behalf of all named Defendants, retained Plaintiff law firm to represent them in negotiations with TCS, Inc., and in drafting all

RNB 003362

agreements, contracts and other documents related to Defendants' purchase of telecommunications equipment and services for Defendant Nusiteles, S.A.

18. In this meeting, Defendant Maye expressly promised Plaintiff law firm that Defendant Equatorial Guinea would guarantee that Defendant Nusiteles or its shareholders would pay for all of Plaintiff's legal services, at Plaintiff's normal hourly billing rates, and would reimburse Plaintiff's out-of-pocket expenses, on a timely basis. Based on Defendant Maye's assurances, Plaintiff agreed to perform the legal services requested. Plaintiff expressly relied on Defendant Maye's assurance that Defendant Equatorial Guinea would assure payment of Plaintiff's fees, because Plaintiff was aware that Equatorial Guinea is a wealthy, oil-producing state with a per capita income that is among the highest in Africa, and Plaintiff had no knowledge of the financial condition, or capacity to pay, of Defendant Nusiteles or any of the other Defendants.

19. Defendant Maye instructed Plaintiff to send all of its invoices for legal services and expenses to Defendant IDS, which would review the invoices and forward them to Defendant Maye for timely payment.

20. From April to July 2001, relying on Defendant Maye's promises, Plaintiff performed the legal services requested by him. Specifically, Plaintiff's attorneys, accompanied by Mr. McColm of Defendant IDS, and maintaining regular telephone contact with Defendant Maye, successfully negotiated an agreement with TCS, Inc., approved by Defendant Maye on behalf of all Defendants, for the purchase of a telecommunications equipment and services for Defendant Nusiteles, S.A. In addition, Plaintiff's attorneys drafted all contracts and related documents attendant to this transaction.

RNB 003363

21. Plaintiff's fees for legal services in performing this work totaled $114,793.13. Plaintiff also incurred out-of-pocket expenses in the amount of $2,588.28. Thus, Plaintiff's invoices for fees and expenses totaled $117,381.41.

22. Pursuant to Defendant Maye's instructions, Plaintiff submitted four invoices (one each for April, May, June and July 2001) to Defendant IDS. Defendant IDS reviewed and approved each of Plaintiff's invoices, and sent them to Defendant Maye for payment. Defendant Maye advised Mr. McColm of Defendant IDS that the invoices were proper in all respects, that Defendants were fully satisfied with Plaintiff's services, and that Plaintiff's invoices would be paid in full. Defendant Maye made the same statements to Mr. Reichler, a member of Plaintiff law firm, on several occasions. Indeed, Defendant Maye repeatedly assured Plaintiff, through Mr. Reichler, that Defendant Equatorial Guinea would honor the oral retainer agreement Defendant Maye made with Plaintiff in April 2001, and pay for Plaintiff's legal services and expenses on behalf of all Defendants. This promise was expressly reiterated during a meeting in Alexandria, Virginia attended by Defendant Maye, Mr. McColm of Defendant IDS, and Mr. Reichler and Jonas Monast, attorneys with Plaintiff law firm, on September 27, 2002.

23. The shareholders of Defendant Nusiteles, S.A., including all named Defendants other than Nusiteles, S.A., deliberately withheld funds from Defendant Nusiteles, S.A. in order to render the corporation unable to pay the fees that they had been advised by Defendant Maye that Defendant Nusiteles, S.A. was obligated to pay Plaintiff.

24. Plaintiff has repeatedly requested of Defendants that they pay Plaintiff the $117,381.41 that they agreed to pay. Nevertheless, Defendants have paid nothing to Plaintiff, and they remain indebted to Plaintiff for the full amount of its invoices for legal services and expenses -- $117,381.41 -- plus interest since July 2001.

COUNT I

(As to All Defendants)

25. Plaintiff incorporates paragraphs 1 through 23 as if fully set forth herein.

26. Plaintiff provided legal services to Defendants in exchange for Defendants' promise to pay Plaintiff for such services based on Plaintiff's normal hourly billing rate plus expenses.

27. Defendants continue to enjoy the benefits of the services performed on their behalves by Plaintiff.

28. Defendants, through Defendant Maye, have repeatedly assured Plaintiff that Plaintiff would be paid in full for the services rendered.

29. Plaintiff on multiple occasions demanded payment from Defendants.

30. Defendants have consistently refused to honor their binding financial commitment to Plaintiff.

31. As a direct result of Defendants' failure to compensate Plaintiff for the legal services rendered, Plaintiff lost the use of the funds to which it was entitled under the terms of the agreement.

32. Defendants are jointly and severally liable for the full value of the legal services performed by Plaintiff on their behalves, which amounts to US $117,381.41.

COUNT II

(As to Defendant Republic of Equatorial Guinea)

33. Plaintiff incorporates paragraphs 1 through 23 as if fully set forth herein.

34. Defendant Maye, Minister of Justice and Religious Affairs for Defendant the Republic of Equatorial Guinea and President of Defendant Nusiteles, represented to Plaintiff that Defendant the Republic of Equatorial Guinea, a shareholder of Defendant Nusiteles, would

guarantee payment of any fees or expenses owed to Plaintiff in connection with Plaintiff's services performed on behalf of Defendants.

35. Defendants have not paid Plaintiff for the legal services performed on their behalves.

36. Plaintiff on multiple occasions demanded payment from Defendant the Republic of Equatorial Guinea.

37. Defendant the Republic of Equatorial Guinea, through its Minister of Justice and Religious Affairs, has repeatedly assured Plaintiff that it would honor its commitment to guarantee payment of the monies owed to Plaintiff in exchange for the legal services rendered and expenses incurred.

38. Defendant the Republic of Equatorial Guinea has consistently failed to honor its binding financial commitment to Plaintiff.

39. As a direct result of Defendant the Republic of Equatorial Guinea's failure to pay the debt owed to Plaintiff for the legal services performed and expenses incurred on behalf of Defendants, Plaintiff lost the use of the funds to which it was entitled under the terms of the agreement and guarantee.

40. Defendant the Republic of Equatorial Guinea is jointly and severally liable for the full value of the legal services performed by Plaintiff, which amounts to US $117,381.41.

COUNT III

(As to All Defendants except Defendant Nusiteles, S.A.)

41. Plaintiff incorporates paragraphs 1 through 23 as if fully set forth herein.

42. Defendant Maye, acting on behalf of all Defendants, induced Plaintiff to perform legal services by promising that Plaintiff would be compensated at Plaintiff's normal hourly billing rates plus expenses.

44. Defendants deliberately withheld funds from Defendant Nusiteles, S.A. in order to render the corporation unable to pay Plaintiff for the legal services provided on behalf of Defendant Nusiteles, S.A.

45. As a direct result of the failure of Defendants to compensate Plaintiff for the legal services rendered, Plaintiff lost the use of the funds to which it was entitled under the terms of the agreement.

46. Defendants therefore are jointly and severally liable to Plaintiff for the full value of the legal services performed and expenses incurred, which amount to US $117,381.41.

Relief Requested

WHEREFORE, Plaintiff prays for judgment against the Defendants and requests that the Court award Plaintiff the following:

(1) The sum of $117,381.41 as compensatory damages, plus interest;

(2) Any and all costs and expenses related to this action, including reasonable attorneys' fees; and

(3) Any other and further relief as the Court deems proper.

Respectfully submitted,

DATE: October __, 2003.

Lawrence H. Martin
FOLEY HOAG LLP
1747 Pennsylvania Ave., NW
Suite 1200
Washington, DC 20006
(202) 223-1200

RIGGS BANK/Africa Dept Fax'1-202-835-5321

** Transmit Conf. Repor ¿ **

P.1					Jul 25 2002 14:35	
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RIGGS

Fax Cover Sheet

Embassy Banking Division
1528 Connecticut Avenue, NW
Washington, DC 20036
Tel (202) 835-5380 Fax (202) 835-5321

Date: July 25, 2002

To: Ms. Desiree Causey, Esq

Fax Number: [redacted]

From: Simon P. Kareri
Senior Vice President

Pages: 11, (including cover)

Subject: Teodoro Nguema Obiang

Per our discussion, please find attached the approved copy of the loan package for the above referenced client. Please advise when I can receive the loan documents.

Thanks

[redacted] = Redacted by the Permanent Subcommittee on Investigations

RNB 010507

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 179

OFFICERS' LOAN COMMITTEE ACTION

MINUTE: Teodoro Nguema Obiang

COMMITTEE MEMBERS ATTENDING:

Voting: Shaun Kelley
Bob Roane
Terrie Spiro
Larry Hebert
Marya Kayeum
Henry Morneault
Ray Lund

Non-Voting: Gerry Savitsky
Jason Notini
Bob Bradecamp

COMMITTEE DATE: July 18, 2002

COMMITTEE ACTION: Unanimously Approved

CHAIRMAN'S SIGNATURE: S Kelley

RNB 010508

RIGGS

CREDIT APPROVAL MEMORANDUM

Nature of Request:	New Facility	**Analysis Date:**	07/12/02
		Next Review Date:	07/12/03
New/Existing Customer:	Existing Customer		
Borrower:	Teodoro Nguema Obiang	**SS/Tax ID:**	N/A
Borrower Address:	[redacted]	**SNC:**	NO
	Los Angeles, CA 90077	**Reg. O List:**	No
		Date of Reg. O List Consulted:	6/2002
Business:	N/A	**Board Approved Credit Limit (Reg. O):**	N/A
Principals:	Teodoro Nguema Obiang	**OFAC List:**	No
		NAICS Code:	53132
Related Party:	None	**CRA Consideration:**	N/A
Bank / Division / RC#:	Riggs Bank NA/ International Div./ RC 511		
Relationship Manager / Officer # / Extension:	Simon Kareri/ Officer #2003/ Ext. 5380		
Analyst / Officer # / Extension:	Tiyanjana Mbaya/ Officer #11659/ Ext. 8662		

Transaction Summary:

	Actual:	*Guideline:*
DSR:	N/A	*N/A*
LTV:	27%**	*75%*

Facility Type:	Term Loan
Account # / Cmt #/ Note #:	N/A
Related DDA(s):	76 923 450
Advisement Code:	L (Legal)
Amount:	$3,750,000
Purpose:	To purchase real estate property located at [redacted] Wilshire Boulevard [redacted] Los Angeles CA 90024
Purpose Code:	2006
Interest Rate:	WSJ Prime rate plus 200 basis points (Fixed at closing) RK — **Rate Type:** [Fixed]
Facility Fee:	2% of loan amount due at closing
Call Code:	I
Repayment Term:	Bullet with monthly interest payments. Principal due upon sale of collateral or one year whichever is sooner.
Maturity:	07/31/2003
Collateral:	1. Security interest DOT on property located at [redacted] Los Angeles CA 90077. [1] Pledge of sale proceeds from property located at [redacted] LA California 2. Security interest DOT on property located at [redacted] Wilshire Boulevard [redacted] Los Angeles CA 90004. 3. Security interest on loan servicing Money Market account # 25423886 that will be established at settlement and funded with one year interest for the loan.
Collateral Code:	70
Guarantors:	None — **Adj. N.W.:** N/A — **Liquidity:** N/A

Total Current Exposure:	$50,000[2]	**Risk Rating:**	Pass
Total Proposed Exposure:	$3,800,000	**Public Rating (S&P):**	N/A
Average Collected Balances:	$672,160	**Public Rating (Moodys):**	N/A
Industry Limit (see Appendix N in Policy):	N/A		
Industry Exposure:	N/A	**Other Agency Rating:**	N/A

APPROVALS:	**Names:**	**Initials:**	**Date:**		
Relationship Manager:	Simon Kareri	[signature]	7/22/02	**Approval Exception:**	[NO]
Team Leader:	Janell Blue	[signature]	7/22/02	**Other Policy Exception:**	Yes
Group Head:	Ray Lund			**Covenants:**	No
Credit Admin: *				**Taxes & Ins.:**	N/A
Executive Officer:					

* *Approval by Credit Admin is required as determined by the Credit Approval Matrix*

[1] Appraisals for both properties are currently under review by Riggs.
[2] The customer has secured a $50,000 credit Card under the Riggs Bank guarantee program with First USA Bank (secured by $100,000 held in MMA #76-923-450)

[redacted] = Redacted by the Permanent Subcommittee on Investigations

COMMENTS: LTV (27%) is based on the present market value of [redacted], Los Angeles CA. And the purchases price of [redacted] Wilshire Boulevard [redacted], Los Angeles CA 90004.

Summary and Recommendation

Borrower: Teodoro Nguema Obiang
Relationship Manager: Simon P. Kareri

Credit Risks and Weaknesses:

- One of the collateral property for this loan located at [redacted] will be listed for sale after ongoing renovations. Presently the owner, Teodoro Nguema Obiang, is making renovations on the collateral property. There is no guarantee that the collateral property, which is intended for sale later during the year, will sell at its forecast value, of approximately $10 million.

Strengths Which Mitigate Risks:

- The value of the collateral properties is almost quadruple the loan amount (27% LTV).
- The assignment of sale proceeds from [redacted], Los Angeles California will be taken with the requirement that funds be wired directly to Riggs Bank for credit to the loan. This will serve as the primary source of repayment.
- Interest will be serviced from a new loan servicing money market account to be established here at Riggs and funded with one-year interest payments.

Recommendation:

- Based on low LTV of 27%, the availability of liquid funds for servicing the interest payments on the loan, the strong banking relationship between Riggs Bank and Mr. Nguema Obiang, this loan is recommended for approval.

Risk Rating Justification (also includes specific triggers for upgrade and downgrade):

- The risk rating on this credit facility should be Pass (P) based on the sources of repayment and underlying deposit balances available for debt service.

Recommended Documentation Method (check one):

[ ]	[ ]	[X]
LASERPRO	**LASERPRO w/legal review**	**Outside Counsel**
• *Secured (RE) up to $1MM*	• *Secured (RE) up to $5MM*	• *Secured greater than $5MM*
• *Secured (non-RE) up to $2.5MM*	• *Secured up to $5MM*	• *Unsecured greater than $25MM*
• *Unsecured up to $10MM*	• *Unsecured up to $25MM*	

RNB 010510

[redacted] = Redacted by the Permanent Subcommittee on Investigations

RELATIONSHIP SUMMARY REPORT
(As Of 7/16/02)

BORROWER	FACILITY	GUARANTORS	PRESENT EXPOSURE	PROPOSED EXPOSURE	CURRENT OUTSTANDING	RISK RATING	AVERAGE BORROWINGS	RATE/FEE	AMORTIZATION/ MATURITY DATE	COLLATERAL DESCRIPTION	LTV RATIO
Direct	Term Loan	None	$0	$3,750,000	$0	P	N/A	6.75% plus 1% facility fee	7/31/02	See below - comments	27%
	Credit card	None	$50,000	$50,000	$0	N/A	N/A	N/A	N/A	$100,000 held in a/c#76 923-450	200%
TOTAL:				$3,800,000							

Note: Asterisk (*) indicates Credit Facility or Facilities Presented for Approval.

**There is no country risk on this transaction since the collateral for the loan is located in the United States and the source of repayment will come from US assets sale and interest is covered by the reserve account.
Deposit summary and usage for LOC's (if applicable):

P:\PUBLIC\POOL\CREDITMEMOS\CREDITMEMO.DOC Revised 2/2000 Page 3

RNB 010511

= Redacted by the Permanent Subcommittee on Investigations

CREDIT APPROVAL MEMORANDUM
DATE: 07/22/02

A. BACKGROUND/RELATIONSHIP SUMMARY:

1. Borrower:

Mr. Teodoro Nguema Obiang
[redacted]
Los Angeles, CA.

Mr. Teodoro Nguema Obiang is the first son of the President of the Republic of Equatorial Guinea and is considered the heir to the presidency. While the borrower and his father are senior political figures as defined in the US Patriot Act, we have performed appropriate due diligence on the borrower's income producing businesses to comply with the Act. The borrower was educated in Switzerland and has lived in Europe for many years. Government filings on file indicate that the borrower began exporting hard timber in 1997 and derived over $26.8 million dollars for the year 1999. Mr. Nguema is also the owner of a small commuter airline in Equatorial Guinea called GEASA. The flights service the country's mainland and the island of Bioko where the capital of Equatorial Guinea, Malabo is located. He is also owner and the Chairman of ASONGA, which is a radio and television company. According to an official letter signed by the accountant of Grupo Sofana in Bata, Equatorial Guinea, Mr. Nguema derives income in excess of $10 million a year from his business ventures. Banking references for the companies from Societe Generale and CCEI bank have been requested in the past and are on file.

Mr. Nguema has an entertainment company in California (TNO Entertainment) which produces new recording artists. The company has not been generating income yet, however, there are some signed contracts with a few artists and a distribution contract with TimeWarner. Since beginning to visit California often, the U.S. government granted Mr. Nguema a non expiring visa and he decided to use his windfall in 1999 from his business ventures to purchase a property in BelAir for $6.5 million. Simon Kareri recommended against the purchase due to higher maintenance requirements for a property with many acres in BelAir and Mr. Nguema decided to buy nevertheless. He apparently has realized the difficulties of maintaining a property while living overseas and thus decided to purchase an apartment.

Mr. Teodoro Nguema Obiang is the sole owner of a company called Grupo Sofana in Bata, Equatorial Guinea. Grupo Sofana is a forestry company, which has exclusive rights of exploiting and exporting timber in Equatorial Guinea. Forest covers ⅔ of the country. Forestry is the main source of foreign exchange after oil accounting for about 12.4% of total export earnings in 2000. Most of the production of Okoume (a high quality grade of timber) is exported mainly to Asia and only 3% is processed locally.

According to the financial statements of the Sofana Group shows a total production of 305,124.00 metric tons of timber was exported for total revenue of the 17 billions CFA (USD $26.1 million) for the fiscal year 1999. For the year 2000 and 2001, the revenues were 16.2 billion CFA (USD $24.92 million) and 19.7 billion CFA (USD $30.3 million) respectively.

2. Banking Relationship:

The borrower, Mr. Teodoro Nguema Obiang has been a client of Riggs Bank since February 2000. The borrower became acquainted with Riggs Bank as a result of the banking relation between Riggs Bank and the Government of Equatorial Guinea of which his father is president. The President of Equatorial Guinea personally introduced the borrower, along with his entire family to Mr. Kareri. Presently the borrower maintains a money market account with a current balance of $3.8 million. His year-to-date average balance

RNB 010512

[redacted] = Redacted by the Permanent Subcommittee on Investigations

is $672 thousand. Additionally the borrower has a secured First USA Credit card with $50,000. This card is secured by $100,000, funds held in his money market account.

In addition, Riggs continues to enjoy a very profitable relationship with the Government of Equatorial Guinea and its agencies. Presently, the relationship of Equatorial Guinea exceeds $439 million with a profitability contribution to the bank of over $3.8 million for year 2001.

B. REQUEST AND SECURITY:

1. Terms

Mr. Nguema has made an offer of $7.5 million to buy the property located at [redacted] Wilshire Boulevard, [redacted], Los Angeles CA 90024 that will serve as his new residence. Mr. Nguema is desirous of purchasing this property because it is easier to maintain than his Bel Air property since he lives overseas most of the time. The residential facility is in a neighborhood called Westwood. Westwood was originally developed between mid 1920s and the late 1930s with good to very good quality, primarily Spanish style homes. UCLA is at the center of Westwood with residential neighborhoods surrounding the campus on the west south and east. The subject is located along Wilshire Boulevard in a sub-neighborhood known as the Wilshire corridor. The Wilshire corridor consists primarily of high rise commercial, apartment and condominium buildings.

The subject property is 2 floors, 16 rooms, 8 bedrooms, 9 baths, 13,059 square feet of gross living area per unit. The two floors are combined into one with completely remodeled interior done in two styles (formal & informal).

The borrower has signed the counteroffer from seller for the purchase price of $7,500,000. Included in this purchase price shall be all existing furniture, audio-visual systems and equipment/speakers and draperies. A complete inventory of the above referenced items was provided to the buyer (our borrower).

The borrower currently owns residential property located at [redacted], Los Angeles CA that has been his residence since March 2001. This property is under renovations for $1,500,000 in preparation for the market before the end of this year; however, it will be pledged as one of the collateral against this loan. Riggs will take DOT and a pledge of the sale proceeds. It has been currently appraised for $6.5 million. The other collateral is the property being purchased located at [redacted] Wilshire Boulevard [redacted], Los Angeles, CA 90004 on which another Security interest DOT will be taken.

Interest will be fixed at the WSJ Prime Rate plus 200 basis points at closing along with a 100 basis points fee due at closing. The term facility will be a bullet with monthly interest. There will be no prepayment penalty.

2. Collateral:

There are two properties and a loan servicing account to be pledged as collateral for his loan:

a) Property located at [redacted], Los Angeles CA. Purchased for $6,500,000. The property is in a prime location in the Bel Air neighborhood of Los Angeles.
b) Property located at [redacted] Wilshire Boulevard [redacted], Los Angeles CA 90004.

[redacted] = Redacted by the Permanent Subcommittee on Investigations

c) The LTV would be 27%. (This LTV is based property located at [redacted]d, which was appraised this week at $6,500,000 and the purchase price of [redacted]Wilshire Boulevard[redacted] Los Angeles CA 90004.

d) Security interest on loan servicing Money Market account # 25423886 that will be established at settlement and funded with one-year interest for the loan.

C. GUARANTORS: None

D. REPAYMENT SOURCES:

The primary source of repayment on this credit facility will be from the sale of proceeds of the collateral property located at [redacted] Los Angeles CA.

There is no secondary source of repayment, however, the interest will be serviced while there is no default from a new loan servicing account #25423886 to be established and funded with one-year interest reserve.

E. COVENANTS (Enter "None" if not applicable):

Covenant Requirement:	Frequency Of Testing:	Performance As of :	In compliance?
Mr. Nguema will endeavor to sell the property within the loan term.	Annual		

F. FINANCIAL REPORTING REQUIREMENTS:

The borrower has provided annual financial reports for 1999, 2000 and 2001 for Grupo Sofana. This is his forestry business in Equatorial Guinea from which funds to service this loan will be remitted. Since Equatorial Guinea does not have private accounting firms, the Ministry of Finance normally certifies company financials through the annual filing process.

[redacted] = Redacted by the Permanent Subcommittee on Investigations

CREDIT ANALYSIS

QUALITY OF FINANCIAL STATEMENTS

*The last financials for Grupo Sofana on file from which Mr. Nguema earns his income were last submitted to Riggs for 1999 which show considerable income.

However, it should be noted that Mr. Nguema, the owner of Grupo Sofana, a forestry company has exclusive rights to export timber in Equatorial Guinea. Timber is also the second largest source of export revenue in Equatorial Guinea. Therefore, Grupo Sofana is the principal source of Mr. Nguema's US dollar income.

RNB 010515

LIST OF ATTACHMENTS

1. Policy Exception Checklist (required only if a credit decision is being made)

RIGGS

Riggs Bank N.A.

POLICY EXCEPTION CHECKLIST

This checklist serves to document a loan officer=s review of reportable policy exceptions and is a mandatory addendum to all Credit Approval Memorandums requesting a credit decision (e.g. - new loan, renewal/reaffirmation or modification). If one or more policy exceptions are identified on this form, the Policy Exception box on the front page of the Credit Approval Memorandum should be marked AYES= and a justification for each exception must be discussed within the Credit Approval Memorandum. Exceptions should be infrequent, properly approved, and firmly mitigated.

ACCOUNT NAME: Teodoro Nguema Obiang ACCOUNT NUMBER:

[ ] **APPROVAL EXCEPTION:** Loan is being approved, modified, and/or renewed without the concurrence of Credit Administration, as required by the Credit Approval Matrix;

[YES] **OUT-OF-MARKET EXCEPTION:** Credit is outside Riggs= natural market; ie., the greater Washington D.C. Metropolitan Statistical Area (MSA) *[Syndications, Participations, and Assignments,and bulk purchased RRE are exempt. If secured by liquid collateral held at Riggs, then exempt];*

[ ] **DEBT SERVICE EXCEPTION:** Loan=s actual debt service ratio (DSC or D/I) does not meet the established Product Profile requirement for the product;

[ ] **MARGIN EXCEPTION:** Loan-to-Value for any product exceeds the Product Profile requirement, or the Advance Rate for marketable collateral exceeds one or more of the thresholds defined in Chapter XI, Section B;

[ ] **RECEIVABLE CONFIRMATION EXCEPTION:** Loan is secured by accounts receivable, but the loan documents do not provide for the Bank=s right to confirm the receivable;

[ ] **FINANCIAL STATEMENT EXCEPTION:** Loan lacks financial statements as required by policy, see Chapter VII, Section F;

- [ ] No financial statements,
- [ ] No audited financial statements (required for credits ≥ $1,000,000),
- [ ] No interim financial statements (required for credits ≥ $500,000).

[ ] **HOUSE LIMIT EXCEPTION:** Loan exceeds house limit (currently $50,000,000 for "I" rated credits & $25,000,000 for all others) - *[Cash-secured loans are exempt];*

[ ] **INTEREST PAYMENT EXCEPTION:** Loan does not require interest payments at least quarterly;

[ ] **PREPAYMENT EXCEPTION:** Fixed rate loans that do not include a prepayment penalty requirement *[Loans under $500,000 are exempt from reporting as an exception.];*

[ ] **COVENANT EXCEPTION:** DSR or margin covenants have been set below Product Profile requirement or no covenants have been set as required.

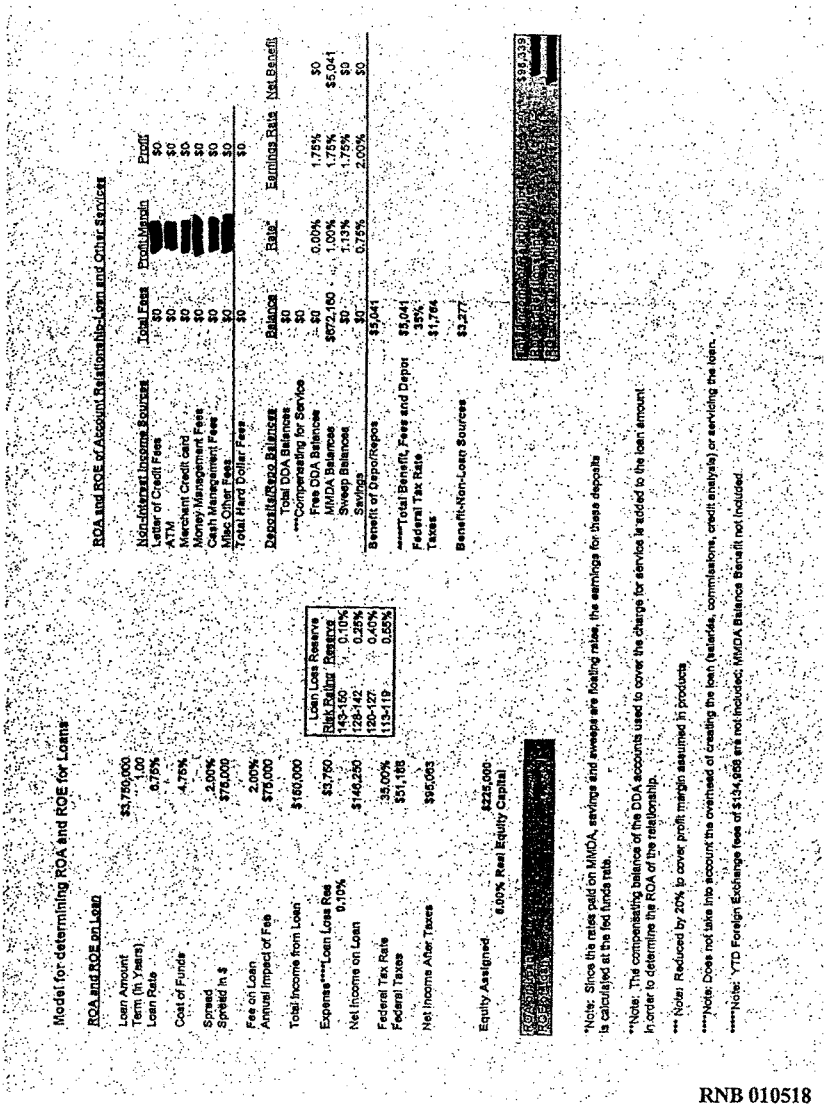
[ ] Loan is secured by real estate and, in addition to any exception noted above, the following parameters also exceed the underwriting thresholds outlined in the Product Profiles or the Lenders' Toolbox;

YES			
[ ]	**R.E. GUARANTY EXCEPTION:**	Guaranty Requirement Not Met	See Product Profile
[ ]	**R.E. LIEN EXCEPTION:**	Junior Lien/Wraparound	See Product Profile
[ ]	**R.E. MATURITY EXCEPTION:**	Maturity Exceeds Requirement	See Product Profile
[ ]	**R.E. INTEREST RESERVE EXCEPTION:**	Interest Reserve Requirement Not Met	See Lenders' Toolbox
[ ]	**R.E. PRELEASING EXCEPTION:**	Insufficient Preleasing/Presale	See Lenders' Toolbox
[ ]	**R.E. APPRAISAL EXCEPTION:**	Appraisal Requirement Not Met	See Appraisal Policy
[ ]	**R.E. FDICIA EXCEPTION:**	LTV Exceeds FDICIA Supervisory Limits	See 12 CFR 34 (Subpart D)

Please provide a short comment regarding the justification for the proposed exception(s). For example, if a Loan-to-Value exception is being requested, an acceptable justification might read "LTV is mitigated by DSC ratio in excess of 2x and strong guarantor support".:

Loan Officer: Date: 7/28/2002 Revised 2/00

RNB 010517



RNB 010518

= Redacted by the Permanent Subcommittee on Investigations

RIGGS

TO: File

FROM: Simon Kareri

DATE: September 17, 2001

RE: Deposits

We received proceeds from the sale of two properties in Spain in the amount of $5million. Due to the deteriorating relations with Spain, the president decided to purchase properties in the United States and establish relationships with doctors and hospitals to provide care for him and his family.

RNB 007070

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 187

RIGGS

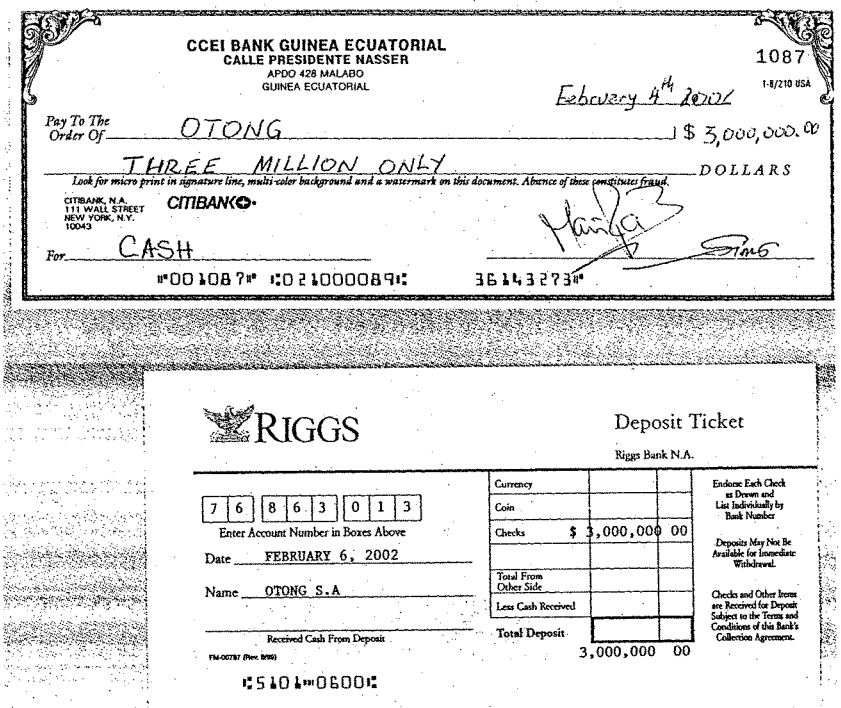
TO: File

FROM: Simon Kareri

DATE: April 12, 2002

RE: Deposits

We received proceeds from the sale of the properties in France in the amount of $3 million. The president has maintained multiple properties in France, Switzerland, Spain and now Washington. The president has two families that require separate properties.



CCEI BANK GUINEA ECUATORIAL
CALLE PRESIDENTE NASSER
APDO 428 MALABO
GUINEA ECUATORIAL

1087

1-8/210 USA

Febuary 4th 2002

Pay To The Order Of OTONG $ 3,000,000.00

THREE MILLION ONLY DOLLARS

Look for micro print in signature line, multi-color background and a watermark on this document. Absence of these constitutes fraud.

CITIBANK, N.A.
111 WALL STREET
NEW YORK, N.Y.
10043

CITIBANK

For CASH

⑈001087⑈ ⑆021000089⑆ 36143273⑈

RIGGS

Deposit Ticket

Riggs Bank N.A.

7 6 8 6 3 0 1 3

Enter Account Number in Boxes Above

Date FEBRUARY 6, 2002

Name OTONG S.A

Received Cash From Deposit

FM-0078T (Rev. 8/98)

⑆510100600⑆

Currency		
Coin		
Checks	$ 3,000,000	00
Total From Other Side		
Less Cash Received		
Total Deposit	3,000,000	00

Endorse Each Check as Drawn and List Individually by Bank Number

Deposits May Not Be Available for Immediate Withdrawal.

Checks and Other Items are Received for Deposit Subject to the Terms and Conditions of this Bank's Collection Agreement.

RNB 007396

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 188

RIGGS

Riggs Bank N.A.
Embassy Banking Division
1528 Connecticut Avenue, NW
Washington, DC 20036
(202) 835-4518

12 abril de 2002

Excelentísimo señor
Obiang Nguema Mbasogo

Excelentísimo señor Presidente:

Tengo el agredado de informer que los saldos de las cuentas del Otong S.A. con el Banco Riggs desde el fin del 11 de abril del 2002 son los siguentes:

Nombre de Cliente	Numero de Cuenta	Tipo	Saldo
Otong S.A.	76863013	Money Market Account	$ 104,032.14
Otong S.A.	81450109	Certificate of Deposit	$ 11,606,297.23
Total:			**$ 11,710,329.37**

Como siempre, es un placer poder servirle. Cualquier pregunta que usted tuviese, por favor comuniquese conmigo.

Aténtamente,

Sr. Simón P. Kareri
Vicepresidente Principal
Grupo de Banca Internacional

4/12/2002

Saldos de cuentas de Otong S.A.

Con fecha 4/12/2002

Activo	Total
Cuentas bancarias y de efectivo	
Ahorros	104,032.14
Inversiones	11,606,297.23
Total Cuentas bancarias y de efectivo	11,710,329.37
Activo total	11,710,329.37
Patrimonio neto	11,710,329.37

Operaciones en cuentas de Otong S.A.
Todas las cuentas

desde 1/1/2001 hasta 12/31/2002

Núm.	Fecha	Beneficiario	Categoría	Importe
Ahorros				
	1/31/2001	Intereses Bancarios	Int Ing : Intereses Bancarios	32.35
	2/16/2001	Trident Trust	Bancos : Otong	(550.00)
	2/28/2001	Intereses Bancarios	Int Ing : Intereses Bancarios	24.57
	3/8/2001	Depósito	Efectivo	1,000,000.00
	3/20/2001	Depósito	Efectivo	1,500,000.00
	3/21/2001	Transferencia a Inversiones	Transferencia a : Inversiones	(2,500,000.00)
	3/31/2001	Intereses Bancarios	Int Ing : Intereses Bancarios	1,121.46
	4/30/2001	Intereses Bancarios	Int Ing : Intereses Bancarios	24.19
	5/31/2001	Intereses Bancarios	Int Ing : Intereses Bancarios	21.02
	6/30/2001	Intereses Bancarios	Int Ing : Intereses Bancarios	18.76
	7/31/2001	Intereses Bancarios	Int Ing : Intereses Bancarios	18.16
	8/31/2001	Intereses Bancarios	Int Ing : Intereses Bancarios	17.82
	9/5/2001	Depósito	Efectivo	2,000,000.00
	9/17/2001	Depósito	Efectivo	3,000,000.00
	9/30/2001	Intereses Bancarios	Int Ing : Intereses Bancarios	4,081.41
	10/31/2001	Intereses Bancarios	Int Ing : Intereses Bancarios	6,394.52
	11/30/2001	Intereses Bancarios	Int Ing : Intereses Bancarios	5,576.51
	12/31/2001	Intereses Bancarios	Int Ing : Intereses Bancarios	5,341.48
	1/15/2002	Gastos de casa	Casa	(50,000.00)
	1/30/2002	Trident Trust	Bancos : Otong	(775.00)
	1/31/2002	Intereses Bancarios	Int Ing : Intereses Bancarios	5,317.98
	2/6/2002	Depósito	El cheque	3,000,000.00
	2/28/2002	Intereses Bancarios	Int Ing : Intereses Bancarios	7,046.37
	3/22/2002	Transferencia a Inversiones	Transferencia a : Inversiones	(7,900,000.00)
	3/31/2002	Intereses Bancarios	Int Ing : Intereses Bancarios	5,779.09
Total Ahorros				89,490.69
Inversiones				
	3/15/2001	Intereses Bancarios	Int Ing : Intereses Bancarios	14,664.46
	3/21/2001	Transferencia a Inversiones	Transferencia de : Ahorros	2,500,000.00
	6/15/2001	Intereses Bancarios	Int Ing : Intereses Bancarios	40,198.86
	9/15/2001	Intereses Bancarios	Int Ing : Intereses Bancarios	40,654.81
	12/15/2001	Intereses Bancarios	Int Ing : Intereses Bancarios	40,669.02
	3/15/2002	Intereses Bancarios	Int Ing : Intereses Bancarios	40,673.37
	3/22/2002	Transferencia a Inversiones	Transferencia de : Ahorros	7,900,000.00
Total Inversiones				10,576,860.52
Total general				10,666,351.21

RNB 007387

RIGGS

To: EVP – Security & Investigations

From: GVP – Security & Investigations

Date: 12/18/03

Re: Equatorial Guinea

Recently, a comprehensive review of the Equatorial Guinea (EG) relationship was undertaken by the Security and Investigations Group. The review was conducted by representatives from Investigations, Compliance as well as Monitoring and Reporting.

Additionally, the law firm of Williams and Connolly, LLP was retained by Riggs in response to the receipt of a subpoena for records from the Senate's Permanent Subcommittee on Investigations of the Committee on Governmental Affairs.

All known accounts (open/closed) related to EG as well as several outstanding loans were reviewed. The review period covered the previous five (5) year period.

All transactions in excess of $10,000.00 were reviewed for the filing of Currency Transaction Reports (CTR's). There were no instances of the failure to file a CTR.

Research into the payees who received payments at or in excess of $100,000.00 from any EG government account was conducted. The review included a thorough analysis of all accounts belonging to the President (Teodoro Nguema Obiang Mbasago), his wife (Constancia Nsue), his son (Teodoro Nguema Obiang), the EG Ambassador (Teodoro Biyogo), the Ambassador's wife (Elena Mensa) as well as all EG Ministerial Staff.

Due diligence efforts included a review of the accounts held by the son of President Obiang at the City National Bank of Beverly Hills. This review was done under the auspices of Section 314(b) of the USA PATRIOT Act.

Foreign EG bank account relationships (e.g., Central Bank of Africa (BEAC), Caisse Commune d'Epargne et d'Investissement (CCEI), Societe Generale, etc.) were not reviewed due to obvious limitations.

The review found three instances of the transfer of monies from the RdGE government oil account to the Riggs personal account of Melchor Esono Edjo – Secretary of State for Treasury and Budget. Two transfers of $122,000.00 each were made into the account on March 13, 1998,

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and May 27, 1998, respectively. Explanations of the transfers were for services rendered by Mr. Edjo on behalf of the EG government.

The one additional transfer of monies to Mr. Edjo from the RdGE oil account is a transfer of $255,000.00 to Mr. Edjo at Societe Generale on 6/12/02. Explanation for this transfer is given as an official government function (purchase of Chancery building in Sao Tome).

The review of the relationship found no instances of funds "boomeranging" from one account to another.

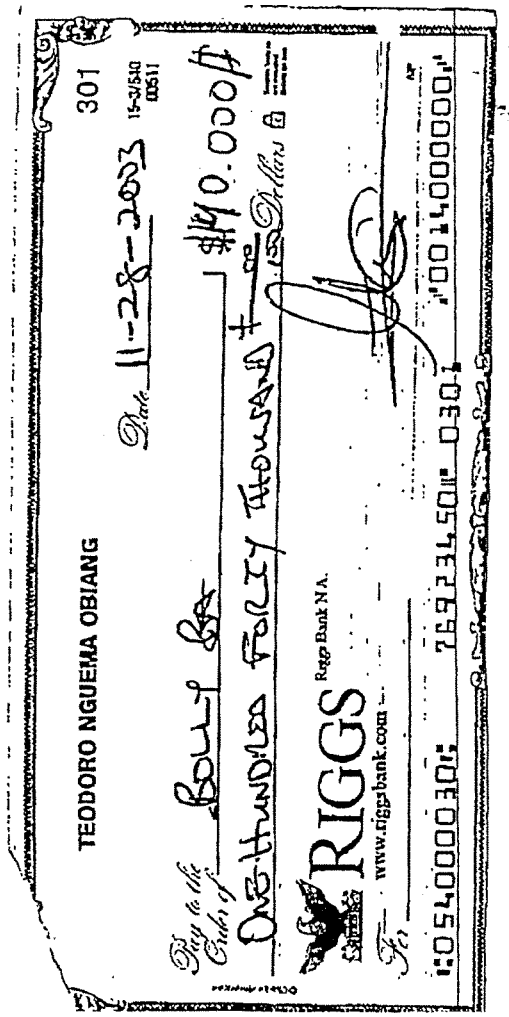
Compliance efforts to date include numerous meetings with Riggs EG regional staff in order to develop a better understanding of the relationship. Spreadsheets were prepared detailing the relationship at the Politically Exposed Person (PEP), Government and Embassy levels. The spreadsheets were then cross-checked against twelve the twelve (12) sources, listed below:

1. Regional PEP list
2. Senate's Permanent Subcommittee subpoena request
3. Office of the Comptroller of the Currency (OCC) relationship list
4. OCC request for information dated 10/21/03
5. OCC request for information dated 10/28/03
6. Research conducted by Investigations
7. Input from Legal Department
8. EG Regional staff
9. ONYX Program
10. Service Delivery System
11. Department of State's "Diplomat List"
12. Central Intelligence Agency's "Chiefs of State & Cabinet Member of Foreign Government List"

Additional due diligence steps planned by Compliance include corroboration of the region-approved spreadsheets by Investigations, Monitoring and Reporting and Legal. To ensure all activity is understood and duly noted, the data will be shared with other departments in the bank for comparison against their records, including the commercial and consumer loan groups.

Monitoring and Reporting is currently utilizing the Onyx software program to assist in its monitoring of the relationship. Onyx provides the capability to "link" related accounts via a relationship module. This function is currently being utilized to automate the linking of existing and all future EG accounts. All EG accounts have been linked within Onyx. Therefore, when any given EG account is accessed within Onyx, the user will have the ability to view all linked (related) accounts by selecting the "relationships tab".

B.J. Moravek



TEODORO NGUEMA OBIANG

301

15-30/540
00511

Date 11-28-2023

Pay to the Order of Bout Ltd

$10.000.00

One Hundred Forty Thousand and 00/100 Dollars

RIGGS Riggs Bank N.A.

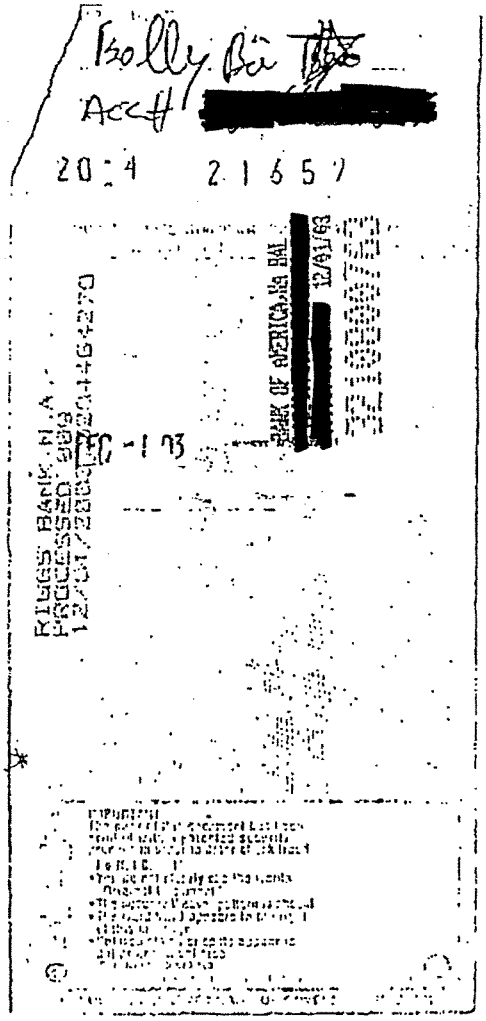
www.riggsbank.com

For

:054000030: 7892345501 0301 "0014000000"

RNB 002234

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 194



= Redacted by the Permanent Subcommittee on Investigations

If opening a Crestar Key Account, the following banking extra(s) were chosen:

Key Account 1	Key Account 2	Key Account 3
807127807		
NONE		

ubstitute Form W-9

You certify by signing below, under penalties of perjury, that:

A. The Social Security Number shown below is your correct taxpayer identification number; and

B. You are not subject to backup withholding either because you have not received a notice to that effect, or the IRS has notified you that you are no longer subject to backup withholding.

(Cross out Item B above if you have been notified by the IRS that you are currently subject to backup withholding because of underreporting interest or dividends on your tax return.)

Signature [redacted] Date 3/14/98

Name: SIMON P KARERI SSN: [redacted]

Address: [redacted]

City, State, ZIP: SILVER SPRING MD 20906

lection Of Type Of Survivorship

Joint accounts can be either with or without survivorship. "With Survivorship" means that if one owner dies, the surviving owner becomes the sole owner of the account. "Without Survivorship" means that if one owner dies, the surviving owner and the decedent's estate own the account. Refer to the Rules and Regulations For Deposit Accounts for additional information.

Type Of Survivorship For Acct. _____: (Choose One) ( ) With Survivorship ( ) Without Survivorship
The following should sign:

Signature	Date	Signature	Date

Type Of Survivorship For Acct. _____: (Choose One) ( ) With Survivorship ( ) Without Survivorship
The following should sign:

Signature	Date	Signature	Date

Type Of Survivorship For Acct. _____: (Choose One) ( ) With Survivorship ( ) Without Survivorship
The following should sign:

Signature	Date	Signature	Date

ank Use Only: Date Opened: 05/11/98 Owning RU#: 6328 Employee#: 4046

Comments (ID): EXISTING

[redacted] = Redacted by the Permanent Subcommittee on Investigations

Starter Kit(s) Given: N

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 195

SUNT00701

TOTAL P.01

...onal Account Deposit Agreement And Substitute Form W-9

Crestar Bank ( ) Crestar Bank MD (X) Crestar Bank N.A. ( ) Crestar Bank FSB

...unt Number 860237680 Type MONEY MARKET

SIMON P KARERI TIN [redacted] Tot. Amt. Deposited $3,500.00

Part Of Key Acct? YES If Yes, Account Number(s) Below

807122807

...unt Number Type

TIN Tot. Amt. Deposited

Part Of Key Acct? If Yes, Account Number(s) Below

...unt Number Type

TIN Tot. Amt. Deposited

Part Of Key Acct? If Yes, Account Number(s) Below

...omer(s) Agreement And Account Verification Signature(s)

By signing below:

- You authorize Crestar to open the account(s) indicated on this agreement; to establish, if requested, a Crestar Key Account® by linking your existing, or new, Crestar personal checking account to your existing, or new, Crestar savings and/or money market account(s); and to verify the information provided;
- You acknowledge the receipt of and agree to be bound by the Rules And Regulations For Deposit Accounts and the terms of the Electronic Fund Transfer Disclosure, as, to the extent permitted by law, they may be amended from time to time, with or without notice;
- If selected, now or in the future, you authorize Crestar to issue you a Crestar MoneyCard and you understand that your MoneyCard, together with your confidential Personal Identification Number, will give you access to your account(s);
- If you selected a fee-free VISA® and/or MasterCard® as a Key Account banking extra(s), you understand that an application(s) for a new card(s) is subject to the normal credit approval process;
- If you open a Key Account, you understand that overdraft protection is not automatic and requires a separate application; and
- In the event of opening the requested account(s) in joint ownership without the signature(s) of all the joint owner(s), you agree to provide Crestar with full signature authority for this account(s) within ten (10) business days of the opening of this account(s) and to hold Crestar harmless and indemnify Crestar from and against any and all claims, demands, actions, damages and expenses of any kind whatsoever, including attorney's fees, arising directly or indirectly out of, or resulting in whole or in part from opening this account(s) without all the joint signature(s).

MON P KARERI Signature 5/14/98 Date

Credit EXISTING Employer RIGGS

Signature Date

Credit Employer

Signature Date

Credit Employer

Signature Date

Credit Employer

Signature Date

Credit Employer

Signature Date

Credit Employer

0160 I [redacted] = Redacted by the Permanent Subcommittee on Investigations

Over, Please

SUNT00702

TOTAL P.01

SUNTRUST

Non-Personal Account Deposit Agreement

7002652279

Title JADINI HOLDINGS LTD Acct. No. 7002652279 Opened 07/03/01

Emp. No. 3086 Resp. Ctr. 6935 Bank No. 0443

Corp. INTEREST CHECKING REGULAR
Acct. Type Total Deposit Amt.

TIN 000000000 Phone No. (301) 942-352

Customer(s) Agreement And Authorizing Signature(s)

Each person signing on behalf of the account owner(s) hereby authorizes SunTrust Bank to open the account as indicated and to verify the information provided. Each person signing on behalf of the account owner(s) agrees to be bound by the *Rules and Regulations For Deposit Accounts Mid-Atlantic*, a copy of which each person acknowledges receiving, reading and understanding, and as, to the extent permitted by law, it may be amended from time to time, with or without notice.

SunTrust is authorized to recognize any (1)* of the signatures below in the payment of funds or the transaction of any other business for this account. (*Indicate number of signatures required.)

	Signature	Name	Title
1.		NDEYE NENE FALL	PRESIDENT
2.		NDEYE NENE FALL	SIGNER
3.			
4.			

Secretary's Signature Required

The signatures affixed above are the duly permissible signatures in accordance with authorizations submitted to SunTrust authorizing the establishment of this account.

Secretary's Signature _____ Date 07/03/01

Account Owner Information

Local Address:

JADINI HOLDINGS LTD
1526 INGRAM TERRACE
SILVER SPRING MD 20906

Head Office Address:

Corporate Officers:

Name	TIN	Credit (Bank Use Only)

Type Of Business: CORPORATION

Bank Use Only

Comments: WELL KNOWN TO NIRMAL GOYAL

Authorizations Received: _____ Date Received: 7-7-01

Starter Kit Given: N If Yes, Officer Approved: _____

630610 (5/00)

SUNT00703

SUNTRUST

Specimen Signatures

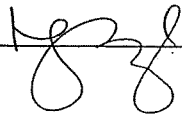
Account Number 0000700265279
Account Title JADINI HOLDINGS LTD

No. Of Signatures Required
Bank Name SunTrust Bank, Mid-Atlantic
Date Opened 07/03/2001
Date Revised 08/14/2001

Signature 1		Name ADEYE N FALL
Signature 2		Name
Signature 3		Name
Signature 4		Name
Signature 5		Name

Special Instructions

I agree that the signature(s) represent(s) the Depositor's authorized signers' specimen signature(s).

Signature 

Date 8/30/01

Specimen Signatures Page 1 of 1
600132 (2/1998)

SUNT00704

SUNTRUST

Specimen Signatures

Account Number 1000070026526O
Account Title JADINI HOLDINGS LTD

No. Of Signatures Required
Bank Name SunTrust Bank, Mid-Atlantic
Date Opened 07/03/2001
Date Revised 08/14/2001

Signature 1		Name - NOYE N. FALL
Signature 2		Name
Signature 3		Name
Signature 4		Name
Signature 5		Name

Special Instructions

I agree that the signature(s) represent(s) the Depositor's authorized signers' specimen signature(s).

Signature  Date 8/30/01

Specimen Signatures Page 1 of 1
600132 (2/1998)

SUNT00705

SUNTRUST

Non-Personal Account Deposit Agreement

Title JADINI HOLDINGS LTD Acct. No. 700265260 Opened 07/03/01

Emp. No. 3086 Resp. Ctr. 6935 Bank No. 0443

Acct. Type Corp. INTEREST CHECKING REGULAR Total Deposit Amt.

TIN 000000000 Phone No. (301) 942-352

Customer(s) Agreement And Authorizing Signature(s)

Each person signing on behalf of the account owner(s) hereby authorizes SunTrust Bank to open the account as indicated and to verify the information provided. Each person signing on behalf of the account owner(s) agrees to be bound by the *Rules and Regulations For Deposit Accounts Mid-Atlantic*, a copy of which each person acknowledges receiving, reading and understanding, and as, to the extent permitted by law, it may be amended from time to time, with or without notice.

SunTrust is authorized to recognize any (1)* of the signatures below in the payment of funds or the transaction of any other business for this account. (*Indicate number of signatures required.)

Signature	Name	Title
1.	NDEYE NENE FALL	PRESIDENT
2.	NDEYE NENE FALL	SIGNER
3.		
4.		

Secretary's Signature Required

The signatures affixed above are the duly permissible signatures in accordance with authorizations submitted to SunTrust authorizing the establishment of this account.

Secretary's Signature Date 07/07/01

Account Owner Information

Local Address:

JADINI HOLDINGS LTD
1526 INGRAM TERRACE
SILVER SPRING MD 20906

Head Office Address:

Corporate Officers:

Name	TIN	Credit (Bank Use Only)

Type Of Business: CORPORATION

Bank Use Only

Comments: WELL KNOWN TO NIRMAL GOYAL

Authorizations Received: Date Received: 7-7-01

Starter Kit Given: N If Yes, Officer Approved:

830010 (5/00)

SUNT00706

SUNTRUST

Certificate Of Foreign Status Of Beneficial Owner For United States Tax Withholding And/Or Foreign Person's Claim For Exemption From Withholding On Income Effectively Connected With The Conduct Of A Trade Or Business In The United States

Substitute W-8BEN/ECI

Bank Number	Bank Name	International Code	Country Of Incorporation Or Organization
			B.V.I.

Name (1), As Shown On The Account	U.S. TIN, If Any (Required For W-8ECI)	Foreign Tax Identifying Number, If Any
JADINI HOLDINGS LTD	NONE	NONE
Name (2), As Shown On The Account	U.S. TIN, If Any (Required For W-8ECI)	Foreign Tax Identifying Number, If Any

Type Of Beneficial Owner

☐ Individual ☐ Partnership ☐ Trust ☐ Private Foundation ☐ Foreign Central Bank Of Issue

☐ Int'l Organization ☒ Corporation ☐ Estate ☐ Foreign Government ☐ Foreign Tax-Exempt Organization

☐ Disregarded Entity

Name (1) Permanent Street Address	City	Province Or State	Postal Code	Country (Do Not Abbreviate)
AVENUE BOURGUIBA, VILLA 4337 AMITIE III DAKAR, SENEGAL WEST AFRICA	DAKAR	SENEGAL		SENEGAL
Name (1) Current Mailing Address, If Different Form Permanent				
Name (2) Permanent Street Address				
Name (2) Current Mailing Address, If Different Form Permanent				

Account Number	Account Type
700265260	Corp. Interest Checking

Certification

The Internal Revenue Service does not require your consent to any provisions of this document other than the certifications required to establish your status as a foreign person.

It is hereby agreed that I will notify SunTrust Bank in writing of any change in exempt foreign status within 30 days of the change.

Under penalties of perjury, I declare that I have examined the information on this form and to the best of my knowledge and belief it is true, correct, and complete. I further certify under penalties of perjury that for interest payments:

- I am the beneficial owner (or am authorized to sign for the beneficial owner) of all the income to which this form relates.
- The beneficial owner is a foreign person.
- The income to which this form relates is not effectively connected with the conduct of a trade or business in the United States (W-8BEN), unless the box below is checked:
  - ☐ The amounts for which this certification is provided are effectively connected with the conduct of a trade or business in the United States and are includible in my gross income (or the beneficial owner's gross income) for the taxable year (W-8ECI).
- I am not a former citizen or long-term resident of the United States subject to section 877 (relating to certain acts of expatriation).

Signature Of Beneficial Owner (1) (Or Individual Authorized To Sign For Beneficial Owner)	Date	Capacity In Which Acting
	07/7/01	PRESIDENT
Signature Of Beneficial Owner (2) (Or Individual Authorized To Sign For Beneficial Owner)	**Date**	**Capacity In Which Acting**

830028 (5/00) Send Completed Form To: IRS Compliance, TOC 7500

SUNT00707

SUNTRUST **Universal Banking Resolution For All Business Entities**

A. Account Information

Name of Business Jacini Holdings L Date Resolution Adopted May 2001

Taxpayer I.D. No. W-8 Account No. 700 265 260

We, the undersigned authorized signers, hereby certify to SunTrust Bank ("Bank") that the above-named Business is a business entity organized under the laws of (Check One)

☐ District of Columbia ☐ Maryland ☐ Virginia ☒ Other British Virgin Islands as a (Check One):

☒ Corporation	☐ General Partnership
☐ Professional Corporation	☐ Limited Partnership
☐ Limited Liability Company	☐ Limited Liability Partnership
☐ Professional Limited Liability Company	☐ Unincorporated Organization
☐ Sole Proprietorship (including spousal proprietorship)	☐ Other _____

The Business has been registered in the manner prescribed by law and is currently in full compliance with all requirements relating to its organization and continued existence under applicable law.

B. Authorized Signers

Enter below the signature, full name, and title of each person with authority to transact business on behalf of the Business as indicated in Section D:

Signature	Name	Title
	NDEYE H. FALL	PRESIDENT

C. Authorized Facsimile (Stamped) Signatures

Show below the stamped signature, followed by the full name and title of each person whose facsimile signature the Bank is to treat as an authorized signature on all checks, drafts, or other orders for payment by the Business.

Stamped/Facsimile Signature of Authorized Signer	Name	Title

The Business shall hold the Bank harmless from all claims, expenses and costs (including attorneys' fees) resulting from the Bank's honoring the facsimile signature of any of the above authorized signers; from the Bank's refusal to honor any facsimile signature other than those shown above; or from the unauthorized use of the means to produce the facsimile signature by persons other than authorized signers.

311026 (12/00) Over, Please

1323

SUNT00709

TERRITORY OF THE BRITISH VIRGIN ISLANDS

THE INTERNATIONAL BUSINESS COMPANIES ACT
(CAP. 291)

CERTIFICATE OF INCORPORATION (SECTIONS 14 AND 15)

No. 443767

The Registrar of Companies of the British Virgin Islands HEREBY CERTIFIES *pursuant to the International Business Companies Act, Cap. 291 that all the requirements of the Act in respect of incorporation having been satisfied,*

JADINI HOLDINGS LTD.

is incorporated in the British Virgin Islands as an International Business Company this 9th day of May, 2001.

Given under my hand and seal at
Road Town, in the Territory of the
British Virgin Islands

CRTI0011

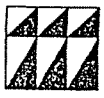
REGISTRAR OF COMPANIES

No. [illegible]

British Virgin Islands
The International Business Companies Act
(Cap. 291)

MEMORANDUM OF ASSOCIATION
AND
ARTICLES OF ASSOCIATION
OF
JADINI HOLDINGS LTD.

Incorporated the 9th day of May, 2001



B.V.I. COMPANY FORMATIONS LTD.
P.O. Box 146
Road Town
Tortola
British Virgin Islands

SUNT00710



JADINI HOLDINGS LTD.

(An International Business Company)

Appointment of First Director/s

We, Trident Trust Company (B.V.I.) Limited, being the subscriber to the Memorandum and Articles of Association of the Company and having the power to appoint the first director/s of the Company hereby appoint the following as the first director/s of the Company:

Ndeye N. Fall

In witness whereof a duly authorised representative of Trident Trust Company (B.V.I.) Limited has executed this Appointment this 9th day of May, 2001.

Authorised Representative

Trident Trust Company (B.V.I.) Limited

MEMORANDUM OF ASSOCIATION

OF

JADINI HOLDINGS LTD.

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4	General Objects and Powers	1
5	Exclusions	1-2
6	Share Capital	3
7	Amendments	4
8	Definitions	4



TERRITORY OF THE BRITISH VIRGIN ISLANDS

THE INTERNATIONAL BUSINESS COMPANIES ACT
(CAP. 291)

MEMORANDUM OF ASSOCIATION

OF

JADINI HOLDINGS LTD.

1. **NAME**

The name of the Company is Jadini Holdings Ltd.

2. **REGISTERED OFFICE**

The Registered Office of the Company will be the offices of Trident Trust Company (B.V.I.) Limited, Trident Chambers, P.O. Box 146, Road Town, Tortola, British Virgin Islands or such other place within the British Virgin Islands as the Company from time to time may determine by a resolution of directors.

3. **REGISTERED AGENT**

The Registered Agent of the Company will be Trident Trust Company (B.V.I.) Limited or such other qualified person in the British Virgin Islands as the Company from time to time may determine by a resolution of directors.

4. **GENERAL OBJECTS AND POWERS**

The object of the Company is to engage in any act or activity that is not prohibited under any law for the time being in force in the British Virgin Islands.

The Company shall have all such powers as are permitted by law for the time being in force in the British Virgin Islands which are necessary or conducive to the conduct, promotion or attainment of the object of the Company.

5. **EXCLUSIONS**

5.1 The Company has no power to:

5.1.1 carry on business with persons resident in the British Virgin Islands,

REGISTRAR OF INTERNATIONAL BUSINESS COMPANIES
GOVERNMENT OF THE BRITISH VIRGIN ISLANDS

5.1.2 own an interest in real property situate in the British Virgin Islands, other than a lease referred to in paragraph 5.2.5 of sub clause 5.2,

5.1.3 carry on banking or trust business unless it is licensed under the Banks and Trust Companies Act, 1990;

5.1.4 carry on business as an insurance or reinsurance company, insurance agent or insurance broker unless it is licensed under an enactment authorising it to carry on that business;

5.1.5 carry on business of company management, unless it is licensed under the Company Management Act, 1990; or

5.1.6 carry on the business of providing the registered office or the registered agent for companies incorporated in the British Virgin Islands.

5.2 For the purposes of paragraph 5.1.1 of sub clause 5.1, the Company shall not be treated as carrying on business with persons resident in the British Virgin Islands if,

5.2.1 it makes or maintains deposits with a person carrying on banking business within the British Virgin Islands,

5.2.2 it makes or maintains professional contact with solicitors, barristers, accountants, bookkeepers, trust companies, administration companies, investment advisers or other similar persons carrying on business within the British Virgin Islands,

5.2.3 it prepares or maintains books and records within the British Virgin Islands,

5.2.4 it holds, within the British Virgin Islands, meetings of its directors or members,

5.2.5 it holds a lease of property for use as an office from which to communicate with members or where books and records of the Company are prepared or maintained,

5.2.6 it holds shares, debt obligations or other securities in a company incorporated under the International Business Companies Act, or

5.2.7 shares, debt obligations or other securities in the Company are owned by any person resident in the British Virgin Islands or by any company incorporated under the International Business Companies Act.

6. SHARE CAPITAL

6.1 CURRENCY

Shares in the Company shall be issued in the currency of The United States of America.

6.2 AUTHORISED CAPITAL

The Authorised Share Capital of the Company is US$50,000.00 divided into 50,000 shares of US$1.00 each, with one vote per share.

6.3 CLASSES OF SHARES

The shares shall be divided into such number of classes and series as the directors shall by resolution from time to time determine and until so divided shall comprise one class and series.

6.4 RIGHTS, QUALIFICATIONS OF SHARES

The directors shall by resolution have the power to issue any class or series of shares that the company is authorised to issue in its capital, original or increased, with or subject to any designations, powers, preferences, rights, qualifications, limitations and restrictions.

6.5 REGISTERED OR BEARER SHARES

6.5.1 The directors are authorised at their discretion to determine by resolution whether shares are to be issued as registered shares or as shares to bearer or both.

6.5.2 Shares issued as registered shares may be exchanged for shares issued to bearer. Shares issued to bearer may be exchanged for registered shares.

6.5.3 Notice to the holders of shares issued to bearer shall be sent by prepaid registered post addressed to the addressee to which the original bearer shares were despatched and notice to such address shall constitute proper service upon the bearer of such shares.

6.6 TRANSFER OF SHARES

Registered shares in the Company may be transferred subject to the prior or subsequent approval of the Company as evidenced by a resolution of directors or by a resolution of members.

REGISTRAR OF INTERNATIONAL BUSINESS COMPANIES
GOVERNMENT OF THE BRITISH VIRGIN ISLANDS

7. AMENDMENTS

The Company may amend its Memorandum of Association and Articles of Association in any way permitted by the International Business Companies Act by a resolution of members or a resolution of directors.

8. DEFINITIONS

The meanings of words in this Memorandum of Association are as defined in the Articles of Association annexed hereto.

We, the undersigned, of the address stated below, for the purpose of incorporating an International Business Company under the laws of the British Virgin Islands hereby subscribe our name to this Memorandum of Association this 9th day of May, 2001 in the presence of the undersigned witness:

NAME AND ADDRESS
OF WITNESS

Jason Kendall
c/o P.O. Box 146
Road Town, Tortola
British Virgin Islands

SUBSCRIBER

Lenia Lettsome
For and on behalf of
Trident Trust Company (B.V.I.) Limited
Trident Chambers
P.O. Box 146
Road Town, Tortola
British Virgin Islands

ARTICLES OF ASSOCIATION

OF

JADINI HOLDINGS LTD.

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TERRITORY OF THE BRITISH VIRGIN ISLANDS

THE INTERNATIONAL BUSINESS COMPANIES ACT
(CAP. 291)

ARTICLES OF ASSOCIATION OF

JADINI HOLDINGS LTD.

1. INTERPRETATION

In these Articles, if not inconsistent with the context, the words and expressions standing in the first column of the following table shall bear the meanings set opposite them respectively in the second column thereof.

	Expression:	Meaning:
1.1	**capital**	The sum of the aggregate par value of all outstanding shares with par value of the Company and shares with par value held by the Company as treasury shares plus 1.1.1 the aggregate of the amounts designated as capital of all outstanding shares without par value of the Company and shares without par value held by the Company as treasury shares, and 1.1.2 the amounts as are from time to time transferred from surplus to capital by a resolution of directors.
1.2	**member**	A person who holds shares in the Company.
1.3	**person**	An individual, a corporation, a trust, the estate of a deceased individual, a partnership or an unincorporated association of persons.
1.4	**resolution of directors**	1.4.1 a resolution approved at a duly constituted meeting of directors or of a committee of directors of the Company, by affirmative vote of a simple majority of the directors present at the meeting who voted and did not abstain; or 1.4.2 a resolution consented to in writing by all the directors or all the members of the committee, as the case may be; 1.4.3 where a director is given more than one vote in any circumstances, he shall in the circumstances be counted for the purposes of establishing a majority by the number of votes he casts.

1.5	**resolution of members**	1.5.1	A resolution approved at a duly constituted meeting of the members of the company by the affirmative vote of
		1.5.1.1	a simple majority, or such larger majority as may be specified in the Articles, of the votes of the shares that were present at the meeting and entitled to vote thereon and were voted and did not abstain, or
		1.5.1.2	a simple majority, or such larger majority as may be specified in the Articles, of the votes of each class or series of shares which were present at the meeting and entitled to vote thereon as a class or series and were voted and not abstained and of a simple majority, or such larger majority as may be specified in the Articles, of the votes of the remaining shares entitled to vote thereon that were present at the meeting and were voted and not abstained; or
		1.5.2	a resolution consented to in writing by
		1.5.2.1	a majority, or such larger majority as may be specified in the Articles, of the votes of shares entitled to vote thereon, or
		1.5.2.2	a majority, or such larger majority as may be specified in the Articles, of the votes of each class or series of shares entitled to vote thereon and of a majority, or such larger majority as may be specified in the Articles, of the votes of the remaining shares entitled to vote thereon.
1.6	**securities**		Shares and debt obligations of every kind, and options, warrants and rights to acquire shares, or debt obligations.
1.7	**surplus**		The excess, if any, at the time of the determination of the total assets of the Company over the aggregate of its total liabilities, as shown in its books of accounts, plus the Company's capital.
1.8	**the Act**		The International Business Companies Act (Cap. 291), including any modification, extension, re-enactment or renewal thereof and any regulations made thereunder.
1.9	**the Memorandum**		The Memorandum of Association of the Company as originally framed or as from time to time amended.

1.10	**the Seal**	Any seal which has been adopted as the Seal of the Company.
1.11	**these Articles**	These Articles of Association as originally framed or as from time to time amended.
1.12	**treasury shares**	Shares in the Company that were previously issued but were repurchased, redeemed or otherwise acquired by the Company and not cancelled.

1.13 **"Written"** or any term of like import includes words typewritten, printed, painted, engraved, lithographed, photographed or re-presented or reproduced by any mode of representing or re-producing words in a visible form, including telex, telegram, facsimile, cable or other form of writing produced by electronic communication.

1.14 Save as aforesaid any words or expressions defined in the Act shall bear the same meaning in these Articles.

1.15 Whenever the singular or plural number, or the masculine, feminine or neuter gender is used in these Articles, it shall equally, where the context admits, include the others.

1.16 A reference in these Articles to voting in relation to shares shall be construed as a reference to voting by members holding the shares except that it is the votes allocated to the shares that shall be counted and not the number of members who actually voted and a reference to shares being present at a meeting shall be given a corresponding construction.

1.17 A reference to money in these Articles is, unless otherwise stated, a reference to the currency in which shares in the Company shall be issued according to the provisions of the Memorandum.

2. REGISTERED SHARES

2.1 The Company shall issue to every member holding registered shares in the Company a certificate signed by a director or officer of the Company and under the Seal specifying the share or shares held by him and the signature of the director or officer and the Seal may be a facsimile.

2.2 Any member receiving a share certificate for registered shares shall indemnify and hold the Company and its directors and officers harmless from any loss or liability which it or they may incur by reason of the wrongful or fraudulent use or representation made by any person by virtue of the possession thereof. If a share certificate for registered shares is worn out or lost it may be renewed on production of the worn out certificate or on satisfactory proof of its loss together with such indemnity as may be required by a resolution of directors.

2.3 If several persons are registered as joint holders of any shares, any one of such persons may be given receipt for any dividend payable in respect of such shares.

3. BEARER SHARES

3.1 Subject to a request for the issue of bearer shares and to the payment of the appropriate consideration for the shares to be issued, the Company may, to the extent authorized by the Memorandum, issue bearer shares to, and at the expense of, such person as shall be specified in the request. The Company may also upon receiving a request in writing accompanied by the share certificate for the shares in question, exchange registered shares for bearer shares or may exchange bearer shares for registered shares. Such request served on the Company by the holder of bearer shares shall specify the name and address of the person to be registered and unless the request is delivered in person by the bearer shall be authenticated as hereinafter provided. Such request served on the Company by the holder of bearer shares shall also be accompanied by any coupons or talons which at the date of such delivery have not become due for payment of dividends or any other distribution by the Company to the holders of such shares. Following such exchange the share certificate relating to the exchanged shares shall be delivered as directed by the member requesting the exchange.

3.2 Bearer share certificates shall be under the Seal and shall carry an identifying number and state that the bearer is entitled to the shares therein specified, and may provide by coupons, talons, or otherwise for the payment of dividends or other monies on the shares included therein.

3.3 Subject to the provisions of the Act and of these Articles the bearer of a bearer share certificate shall be deemed to be a member of the Company and shall be entitled to the same rights and privileges as he would have had if his name had been included in the share register of the Company as the holder of the shares.

3.4 Subject to any specific provisions in these Articles, in order to exercise his rights as a member of the Company, the bearer of a bearer share certificate shall produce the bearer share certificate as evidence of his membership of the Company. Without prejudice to the generality of the foregoing, the following rights may be exercised in the following manner:

3.4.1 for the purpose of exercising his voting rights at a meeting, the bearer of a bearer share certificate shall produce such certificate to the chairman of the meeting;

3.4.2 for the purpose of exercising his vote on a resolution in writing, the bearer of a bearer share certificate shall cause his signature to any such resolution to be authenticated as hereinafter set forth

3.4.3 for the purpose of requisitioning a meeting of members, the bearer of a bearer share certificate shall address his requisition to the directors and his signature thereon shall be duly authenticated as hereinafter provided; and

3.4.4 for the purpose of receiving dividends, the bearer of the bearer share certificate shall present at such places as may be designated by the directors any coupons or talons issued for such purpose, or shall present the bearer share certificate to any paying agent authorised to pay dividends.

3.5 The signature of the bearer of a bearer share certificate shall be deemed to be duly authenticated if the bearer of the bearer share certificate shall produce such certificate to a

notary public or a bank manager or a director or officer of the Company (herein referred to as an "authorised person") and if the authorised person shall endorse the document bearing such signature with a statement

3.5.1 identifying the bearer share certificate produced to him by number and date and specifying the number of shares and the class of shares (if appropriate) comprised therein;

3.5.2 confirming that the signature of the bearer share certificate was subscribed in his presence and that if the bearer is representing a body corporate he has so acknowledged and has produced satisfactory evidence thereof; and

3.5.3 specifying the capacity in which he is qualified as an authorised person and, if a notary public, affixing his seal thereto or, if a bank manager, attaching an identifying stamp of the bank of which he is a manager.

3.6 Notwithstanding any other provisions of these Articles, at any time, the bearer of a bearer share certificate may deliver the certificate for such shares into the custody of the Company at its registered office, whereupon the Company shall issue a receipt therefor under the Seal signed by a director or officer identifying by name and address the person delivering such certificate and specifying the date and number of bearer share certificates so deposited and the number of shares comprised therein. Any such receipt may be used by the person named therein for the purpose of exercising the rights vested in the shares represented by the bearer share certificate so deposited including the right to appoint a proxy. Any bearer share certificate so deposited shall be returned to the person named in the receipt or his personal representative if such person be dead and thereupon the receipt issued therefor shall be of no further effect whatsoever and shall be returned to the company for cancellation or, if it has been lost or mislaid, such indemnity as may be required by resolution of directors shall be given to the Company.

3.7 The bearer of a bearer share certificate shall for all purposes be deemed to be the owner of the shares comprised in such certificate and in no circumstances shall the Company or the Chairman of any meeting of members or the Company's registrars or any director or officer of the Company or any authorised person be obliged to inquire into the circumstances whereby a bearer share certificate came into the hands of the bearer thereof, or to question the validity or authenticity of any action taken by the bearer of a bearer share certificate whose signature has been authenticated as provided herein.

3.8 If the bearer of a bearer share certificate shall be a corporation, then all the rights exercisable by virtue of such shareholding may be exercised by an individual duly authorised to represent the corporation but unless such individual shall acknowledge that he is representing a corporation and shall produce upon request satisfactory evidence that he is duly authorised to represent the corporation, the individual shall for all purposes hereof be regarded as the holder of the shares in any bearer share certificate held by him.

3.9 The directors may provide for payment of dividends to the holders of bearer shares by coupons or talons and in such event the coupons or talons shall be in such form and payable at such time and in such place or places as the directors shall resolve. The Company shall be entitled to recognise the absolute right of the bearer of any coupon or talon issued as aforesaid to payment of the dividend to which it relates and delivery of the coupon or talon to the Company or its agents shall constitute in all respects a good

discharge of the Company in respect of such dividend.

3.10 If any bearer share certificate, coupon or talon be worn out or defaced, the directors may, upon the surrender hereof for cancellation, issue a new one in its stead, and if any bearer share certificate, coupon or talon be lost or destroyed, the directors may upon the loss or destruction being established to their satisfaction, and upon such indemnity being given to the Company as it shall by resolution of directors determine, issue a new bearer share certificate in its stead, and in either case on payment of such sum as the Company may from time to time by resolution of directors require. In case of loss or destruction the person to whom such new bearer share certificate, coupon or talon is issued shall also bear and pay to the Company all expenses incidental to the investigation by the Company of the evidence of such loss or destruction and to such indemnity.

4. SHARES, AUTHORISED CAPITAL AND CAPITAL

4.1 Subject to the provisions of these Articles and any resolution of members the unissued shares of the Company shall be at the disposal of the directors who may, without limiting or affecting any rights previously conferred on the holders of any existing shares or class or series of shares, offer, allot, grant options over or otherwise dispose of the shares to such persons, at such times and upon such terms and conditions as the Company may by resolution of directors determine.

4.2 No share in the Company may be issued until the consideration in respect thereof is fully paid, and when issued the share is for all purposes fully paid and non-assessable save that a share issued for a promissory note or other written obligation for payment of a debt may be issued subject to forfeiture in the manner prescribed in these Articles.

4.3 Shares in the Company shall be issued for money, services rendered, personal property, an estate in real property, a promissory note or other binding obligation to contribute money or property or any combination of the aforegoing as shall be determined by a resolution of directors.

4.4 Shares in the Company may be issued for such amount of consideration as the directors may from time to time by resolution of directors determine, except that in the case of shares with par value, the amount shall not be less than the par value, and in the absence of fraud the decision of the directors as to the value of the consideration received by the Company in respect of the issue is conclusive unless a question of law is involved. The consideration in respect of the shares constitutes capital to the extent of the par value and the excess constitutes surplus.

4.5 A share issued by the Company upon conversion of, or in exchange for, another share or a debt obligation or other security in the Company, shall be treated for all purposes as having been issued for money equal to the consideration received or deemed to have been received by the Company in respect of the other share, debt obligation or security.

4.6 Treasury shares may be disposed of by the Company on such terms and conditions (not otherwise inconsistent with these Articles) as the Company may by resolution of directors determine.

4.7 The Company may issue fractions of a share and a fractional share shall have the same corresponding fractional liabilities, limitations, preferences, privileges, qualifications, restrictions, rights and other attributes of a whole share of the same class or series of shares.

4.8 Upon the issue by the Company of a share without par value, if an amount is stated in the Memorandum to be authorized capital represented by such shares then each share shall be issued for no less than the appropriate proportion of such amount which shall constitute capital, otherwise the consideration in respect of the share constitutes capital to the extent designated by the directors and the excess constitutes surplus, except that the directors must designate as capital an amount of the consideration that is at least equal to the amount that the share is entitled to as a preference, if any, in the assets of the Company upon liquidation of the Company.

4.9 The Company may, subject to any limitations imposed by the Act, purchase, redeem or otherwise acquire and hold its own shares but only out of surplus or in exchange for newly issued shares of equal value.

4.10 Subject to provisions to the contrary in

4.10.1 the Memorandum or these Articles;

4.10.2 the designations, powers, preferences, rights, qualifications, limitations and restrictions with which the shares were issued; or

4.10.3 the subscription agreement for the issue of the shares, the Company may not purchase, redeem or otherwise acquire its own shares without the consent of the members whose shares are to be purchased, redeemed or otherwise acquired.

4.11 No purchase, redemption or other acquisition of shares shall be made unless the directors determine that immediately after the purchase, redemption or other acquisition the Company will be able to satisfy its liabilities as they become due in the ordinary course of its business and the realizable value of the assets of the Company will not be less than the sum of its total liabilities, other than deferred taxes, as shown in the books of account, and its capital and, in the absence of fraud, the decision of the directors as to the realizable value of the assets of the Company is conclusive, unless a question of law is involved.

4.12 A determination by the directors under the preceding Regulation is not required where shares are purchased, redeemed or otherwise acquired

4.12.1 pursuant to a right of a member to have his shares redeemed or to have his shares exchanged for money or other property of the Company;

4.12.2 by virtue of a transfer of capital pursuant to Regulation 7.3;

4.12.3 by virtue of the provisions of Section 83 of the Act; or

4.12.4 pursuant to an order of the Court.

4.13 The Company may purchase, redeem or otherwise acquire its shares at a price lower than the fair value if permitted by, and then only in accordance with, the terms or

4.13.1 the Memorandum or these Articles; or

4.13.2 a written agreement for the subscription for the shares to be purchased, redeemed or otherwise acquired.

4.14 Shares that the Company purchases, redeems or otherwise acquires pursuant to the preceding Regulations may be cancelled or held as treasury shares. Upon the cancellation of a share, the amount included as capital of the Company with respect to that share shall be deducted from the capital of the Company.

4.15 Where shares in the Company are held by the Company as treasury shares or are held by another company of which the Company holds, directly or indirectly, shares having more than 50 percent of the votes in the election of directors of the other company, such shares of the Company are not entitled to vote or to have dividends paid thereon and shall not be treated as outstanding for any purpose except for purposes of determining the capital of the Company.

5. TRANSFER OF SHARES

5.1 Subject to any limitations in the Memorandum, registered shares in the Company may be transferred by a written instrument of transfer signed by the transferor and containing the name and address of the transferee, but in the absence of such written instrument of transfer the directors may accept such evidence of a transfer of shares as they consider appropriate.

5.2 The Company shall not be required to treat a transferee of a registered share in the Company as a member until the transferee's name has been entered in the share register.

5.3 Subject to any limitations in the Memorandum, the Company must, on the application of the transferor or transferee of a registered share in the Company, enter in the share register the name of the transferee of the share save that the registration of transfers may be suspended and the share register closed at such times and for such periods as the Company may from time to time by resolution of directors determine provided always that such registration shall not be suspended and the share register closed for more than 60 days in any period of 12 months.

6. TRANSMISSION OF SHARES

6.1 The executor or administrator of a deceased member, the guardian of an incompetent member or the trustee of a bankrupt member shall be the only person recognised by the Company as having any title to his share but they shall not be entitled to exercise any rights as a member of the Company until they have proceeded as set forth in the next following two regulations.

6.2 Any person becoming entitled by operation of law or otherwise to a share or shares in consequence of the death, incompetence or bankruptcy of any member may be registered

as a member upon such evidence being produced as may reasonably be required by the directors. An application by any such person to be registered as a member shall be deemed to be a transfer of shares of the deceased, incompetent or bankrupt member and the directors shall treat it as such.

6.3 Any person who has become entitled to a share or shares in consequence of the death, incompetence or bankruptcy of any member may, instead of being registered himself, request in writing that some person to be named by him be registered as the transferee of such share or shares and such request shall likewise be treated as if it were a transfer.

6.4 What amounts to incompetence on the part of a person is a matter to be determined by the court having regard to all the relevant evidence and the circumstances of the case.

7. REDUCTION OR INCREASE IN AUTHORISED CAPITAL OR CAPITAL

7.1 The Company may by a resolution of members or a resolution of directors amend the Memorandum to increase or reduce its authorised capital and in connection therewith the Company may in respect of any unissued shares increase or reduce the number of such shares, increase or reduce the par value of any shares or effect any combination of the foregoing.

7.2 The Company may amend the Memorandum to

7.2.1 divide the shares, including issued shares, of a class or series into a larger number of shares of the same class or series; or

7.2.2 combine the shares, including issued shares, of a class or series into a smaller number of shares of the same class or series;

provided however, that where shares are divided or combined under this Regulation, the aggregate par value of the new shares must be equal to the aggregate par value of the original shares.

7.3 The capital of the Company may by a resolution of directors be increased by transferring an amount of the surplus of the Company to capital.

7.4 Subject to the provisions of Regulations 7.5 and 7.6 the capital of the Company may by resolution of directors be reduced by transferring an amount of the capital of the Company to surplus.

7.5 No reduction of capital shall be effected that reduces the capital of the Company to an amount that immediately after the reduction is less than the aggregate par value of all outstanding shares with par value and all shares with par value held by the Company as treasury shares and the aggregate of the amounts designated as capital of all outstanding shares without par value and all shares without par value held by the Company as treasury shares that are entitled to a preference, if any, in the assets of the Company upon liquidation of the Company.

7.6 No reduction of capital shall be effected unless the directors determine that immediately after the reduction the Company will be able to satisfy its liabilities as they become due

in the ordinary course of its business and that the realisable assets of the Company will not be less than its total liabilities, other than deferred taxes, as shown in the books of the Company and its remaining capital, and, in the absence of fraud, the decision of the directors as to the realisable value of the assets of the Company is conclusive, unless a question of law is involved.

7.7 Where the Company reduces its capital the Company may

7.7.1 return to its members any amount received by the Company upon the issue of any of its shares;

7.7.2 purchase, redeem or otherwise acquire its shares out of capital; or

7.7.3 cancel any capital that is lost or not represented by assets having a realisable value.

7.8 The Company may by a resolution of directors include in the computation of surplus for any purpose the unrealized appreciation of the assets of the Company, and, in the absence of fraud, the decision of the directors as to the value of the assets is conclusive, unless a question of law is involved.

8. MORTGAGES AND CHARGES OF REGISTERED SHARES

8.1 Members may mortgage or charge their registered shares in the Company and upon satisfactory evidence thereof the Company shall give effect to the terms of any valid mortgage or charge except insofar as it may conflict with any requirements herein contained for consent to the transfer of shares.

8.2 In the case of the mortgage or charge of registered shares there may be entered in the share register of the Company at the request of the registered holder of such shares

8.2.1 a statement that the shares are mortgaged or charged;

8.2.2 the name of the mortgagee or chargee; and

8.2.3 the date on which the aforesaid particulars are entered in the share register.

8.3 Where particulars of a mortgage or charge are registered, such particulars shall be cancelled

8.3.1 with the consent of the named mortgagee or chargee or anyone authorized to act on his behalf; or

8.3.2 upon evidence satisfactory to the directors of the discharge of the liability secured by the mortgage or charge and the issue of such indemnities as the directors shall consider necessary or desirable.

8.4 Whilst particulars of a mortgage or charge are registered, no transfer of any share comprised therein shall be effected without the written consent of the named mortgagee or chargee or anyone authorized to act on his behalf.

8.5 The provisions of this Regulation 8 shall be without prejudice to the rights of the holder of bearer shares to mortgage such shares in the manner provided in the Act.

9. FORFEITURE

9.1 When shares issued for a promissory note or other written obligation for payment of a debt have been issued subject to forfeiture, the following provisions shall apply.

9.2 Written notice specifying a date for payment to be made and the shares in respect of which payment is to be made shall be served on the member who defaults in making payment pursuant to a promissory note or other written obligations to pay a debt.

9.3 The written notice specifying a date for payment shall

9.3.1 name a further date not earlier than the expiration of 14 days from the date of service of the notice on or before which payment required by the notice is to be made; and

9.3.2 contain a statement that in the event of non-payment at or before the time named in the notice the shares, or any of them, in respect of which payment is not made will be liable to be forfeited.

9.4 Where a written notice has been issued and the requirements have not been complied with within the prescribed time, the directors may at any time before tender of payment forfeit and cancel the shares to which the notice relates.

9.5 The Company is under no obligation to refund any moneys to the member whose shares have been forfeited and cancelled pursuant to these provisions. Upon forfeiture and cancellation of the shares the member is discharged from any further obligation to the Company with respect to the shares forfeited and cancelled.

10. MEETINGS AND CONSENTS OF MEMBERS

10.1 The directors of the Company may convene meetings of the members of the Company at such times and in such manner and places within or outside the British Virgin Islands as the directors consider necessary or desirable.

10.2 Upon the written request of members holding 10 percent or more of the outstanding voting shares in the Company the directors shall convene a meeting of members.

10.3 The directors shall give not less than 7 days notice of meetings of members to those persons whose names on the date the notice is given appear as members in the share register of the Company and are entitled to vote at the meeting. The directors may fix the date notice is given of a meeting of members as the record date for determining those shares that are entitled to vote at a meeting.

10.4 A meeting of members held in contravention of the requirement in Regulation 10.3 is valid.

10.4.1 if members holding not less than 90 percent of the total number of shares entitled to vote on all matters to be considered at the meeting, or 90 percent of the votes of each class or series of shares where members are entitled to vote thereon as a class or series together with not less than a 90 percent majority of the remaining votes, have agreed to shorter notice of the meeting, or

10.4.2 if all members holding shares entitled to vote on all or any matters to be considered at the meeting have waived notice of the meeting and for this purpose presence at the meeting shall be deemed to constitute waiver.

10.5 The inadvertent failure of the directors to give notice of a meeting to a member, or the fact that a member has not received notice, does not invalidate the meeting.

10.6 A member may be represented at a meeting of members by a proxy who may speak and vote on behalf of the member.

10.7 The instrument appointing a proxy shall be produced at the place appointed for the meeting before the time for holding the meeting at which the person named in such instrument proposes to vote.

10.8 An instrument appointing a proxy shall be in substantially the following form or such other form as the Chairman of the meeting shall accept as properly evidencing the wishes of the member appointing the proxy.

(Name of Company)

I/We_____

being a member of the above Company with_____

shares HEREBY APPOINT_____

of_____ or failing him_____

_____ of_____

to be my/our proxy to vote for me/us at the meeting of members to be held on the

day_____ 20____ and, _____ at any

adjournment thereof.

(Any restrictions on voting to be inserted here)

Signed this day of _____, _____.

_____

Member

10.9 The following shall apply in respect of joint ownership of shares:

10.9.1 if two or more persons hold shares jointly each of them may be present in person or by proxy at a meeting of members and may speak as a member;

10.9.2 if only one of the joint owners is present in person or by proxy he may vote on behalf of all joint owners, and;

10.9.3 if two or more of the joint owners are present in person or by proxy they must vote as one.

10.10 A member shall be deemed to be present at a meeting of members if he participates by telephone or other electronic means and all members participating in the meeting are able to hear each other.

10.11 A meeting of members is duly constituted if, at the commencement of the meeting, there are present in person or by proxy not less than 50 percent of the votes of the shares or class or series of shares entitled to vote on resolutions of members to be considered at the meeting. If a quorum be present, notwithstanding the fact that such quorum may be represented by only one person, then such person may resolve any matter and a certificate signed by such person accompanied where such person be a proxy by a copy of the proxy form shall constitute a valid resolution of members.

10.12 If within two hours from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of members, shall be dissolved; in any other case it shall stand adjourned to the next business day at the same time and place or to such other time and place as the directors may determine, and if at the adjourned meeting there are present within one hour from the time appointed for the meeting in person or by proxy not less than one third of the votes of the shares or each class or series of shares entitled to vote on the resolutions to be considered by the meeting, those present shall constitute a quorum but otherwise the meeting shall be dissolved.

10.13 At every meeting of members, the Chairman of the Board of Directors shall preside as chairman of the meeting. If there is no Chairman of the Board of Directors or if the Chairman of the Board of Directors is not present at the meeting, the members present shall choose someone of their number to be the chairman. If the members are unable to choose a chairman for any reason, then the person representing the greatest number of voting shares present in person or by prescribed form of proxy at the meeting shall preside as chairman failing which the oldest individual member or representative of a member present shall take the chair.

10.14 The chairman may, with the consent of the meeting, adjourn any meeting from time to time, and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

10.15 At any meeting of the members the chairman shall be responsible for deciding in such manner as he shall consider appropriate whether any resolution has been carried or not and the result of his decision shall be announced to the meeting and recorded in the minutes thereof. If the chairman shall have any doubt as to the outcome of any resolution put to the vote, he shall cause a poll to be taken of all votes cast upon such resolution, but if the chairman shall fail to take a poll then any member present in person or by proxy

who disputes the announcement by the chairman of the result of any vote may immediately following such announcement demand that a poll be taken and the chairman shall thereupon cause a poll to be taken. If a poll is taken at any meeting, the result thereof shall be duly recorded in the minutes of that meeting by the chairman.

10.16 Any person other than an individual shall be regarded as one member and subject to Regulation 10.17 the right of any individual to speak for or represent such member shall be determined by the law of the jurisdiction where, and by the documents by which, the person is constituted or derives its existence. In case of doubt, the directors may in good faith seek legal advice from any qualified person and unless and until a court of competent jurisdiction shall otherwise rule, the directors may rely and act upon such advice without incurring any liability to any member.

10.17 Any person other than an individual which is a member of the Company may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members of the Company, and the person so authorised shall be entitled to exercise the same powers on behalf of the person which he represents as that person could exercise if it were an individual member of the Company.

10.18 The chairman of any meeting at which a vote is cast by proxy or on behalf of any person other than an individual may call for a notarially certified copy of such proxy or authority which shall be produced within 7 days of being so requested or the votes cast by such proxy or on behalf of such person shall be disregarded.

10.19 Directors of the Company may attend and speak at any meeting of members of the Company and at any separate meeting of the holders of any class or series of shares in the Company.

10.20 An action that may be taken by the members at a meeting may also be taken by a resolution of members consented to in writing or by telex, telegram, cable, facsimile or other written electronic communication, without the need for any notice, but if any resolution of members is adopted otherwise than by the unanimous written consent of all members, a copy of such resolution shall forthwith be sent to all members not consenting to such resolution. The consent may be in the form of counterparts, each counterpart being signed by one or more members.

11. DIRECTORS

11.1 The first directors of the Company shall be elected by the subscribers to the Memorandum; and thereafter, the directors shall be elected

11.1.1 by the members for such terms as the members determine, or

11.1.2 by the directors for such terms as the directors may determine.

11.2 Until directors are appointed the subscribers to the Memorandum of Association shall have the power to act as directors.

11.3 The minimum number of directors shall be one and the maximum number shall be

12.2 The directors may, by a resolution of directors, appoint any person, including a person who is a director, to be an officer or agent of the Company. The resolution of directors appointing an agent may authorize the agent to appoint one or more substitutes or delegates to exercise some or all of the powers conferred on the agent by the Company.

12.3 Every officer or agent of the Company has such powers and authority of the directors, including the power and authority to affix the Seal, as are set forth in these Articles or in the resolution of directors appointing the officer or agent, except that no officer or agent has any power or authority with respect to the matters requiring a resolution of directors under the Act.

12.4 Any director which is a body corporate may appoint any person its duly authorised representative for the purpose of representing it at meetings of the Board of Directors or with respect to unanimous written consents.

12.5 The continuing directors may act notwithstanding any vacancy in their body, save that if their number is reduced below the number fixed by or pursuant to these Articles as the necessary quorum for a meeting of directors, the continuing directors or director may appoint directors to fill any vacancy that has arisen or summon a meeting of members.

12.6 The directors may by resolution of directors exercise all the powers of the Company to borrow money and to mortgage or charge its undertakings and property or any part thereof, to issue debentures, debenture stock and other securities whenever money is borrowed or as security for any debt, liability or obligation of the Company or of any third party.

12.7 All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipts for monies paid to the Company, shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as shall from time to time be determined by resolution of directors.

12.8 The directors may from time to time and at any time by power of attorney appoint any company, firm or person or body of persons whether appointed directly or indirectly by the directors, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under these Regulations) and for such period and subject to such conditions as they may think fit and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with such attorney or attorneys as the directors may think fit and may also authorise any such attorney or attorneys to delegate all or any powers, authorities and discretions vested in them.

12.9 The Company may determine by resolution of directors to maintain at its registered office a register of mortgages, charges and other encumbrances in which there shall be entered the following particulars regarding each mortgage, charge and other encumbrance:

12.9.1 the sum secured;

12.9.2 the assets secured;

12.9.3 the name and address of the mortgagee, chargee or other encumbrancer;

12.9.4 the date of creation of the mortgage, charge or other encumbrance; and

12.9.5 the date on which the particulars specified above in respect of the mortgage, charge or other encumbrance are entered in the register.

12.10 The Company may further determine by a resolution of directors to register a copy of the register of mortgages, charges or other encumbrances with the Registrar of Companies.

13. PROCEEDINGS OF DIRECTORS

13.1 The directors of the Company or any committee thereof may meet at such times and in such manner and places within or outside the British Virgin Islands as the directors may determine to be necessary or desirable.

13.2 A director shall be deemed to be present at a meeting of directors if he participates by telephone or other electronic means and all directors participating in the meeting are able to hear each other.

13.3 A director shall be given not less than 3 days notice of meetings of directors, but meeting of directors held without 3 days notice having been given to all directors shall be valid if all the directors entitled to vote at the meeting who do not attend, waive notice of the meeting; and for this purpose, the presence of a director at the meetings shall be deemed to constitute waiver on his part. The inadvertent failure to give notice of a meeting to a director, or the fact that a director has not received the notice, does not invalidate the meeting.

13.4 A director may by a written instrument appoint an alternate who need not be a director and an alternate is entitled to attend meetings in the absence of the director who appointed him and to vote or consent in place of the director.

13.5 A meeting of directors is duly constituted for all purposes if at the commencement of the meeting there are present in person or by alternate more than one half of the total number of directors.

13.6 If the Company shall have only one director the provisions herein contained for meetings of the directors shall not apply but such sole director shall have full power to represent and act for the Company in all matters as are not by the Act or the Memorandum or these Articles required to be exercised by the members of the Company and in lieu of minutes of a meeting shall record in writing and sign a note or memorandum of all matters requiring a resolution of directors. Such a note or memorandum shall constitute sufficient evidence of such resolution for all purposes.

13.7 At every meeting of the directors the Chairman of the Board of Directors shall preside as chairman of the meeting. If there is no Chairman of the Board of Directors or if the Chairman of the Board of Directors is not present at the meeting the Vice Chairman of the Board of Directors shall preside. If there is no Vice Chairman of the Board of Directors or if the Vice Chairman of the Board of Directors is not present at the meeting the directors present shall choose someone of their number to be chairman of the meeting.

13.8 An action that may be taken by the directors or a committee of directors at a meeting may also be taken by a resolution of directors or a committee of directors consented to in writing or by telex, telegram, cable, facsimile or other written electronic communication by all directors or all members of the committee, as the case may be, without the need for any notice. The consent may be in the form of counterparts, each counterpart being signed by one or more directors.

13.9 The directors shall cause the following corporate records to be kept:

13.9.1 minutes of all meetings of directors, members, committees of directors, committees of officers and committees of members;

13.9.2 copies of all resolutions consented to by directors, members, committees of directors, committees of officers and committees of members; and

13.9.3 such other accounts and records as the directors by resolution of directors consider necessary or desirable in order to reflect the financial position of the Company.

13.10 The books, records and minutes shall be kept at the registered office of the Company, its principal place of business or at such other place as the directors determine.

13.11 The directors may, by a resolution of directors, designate one or more committees, each consisting of one or more directors.

13.12 Each committee of directors has such powers and authorities of the directors, including the power and authority to affix the Seal, as are set forth in the resolution of directors establishing the committee, except that no committee has any power or authority either to amend the Memorandum or these Articles to appoint directors or fix their emoluments, or to appoint officers or agents of the Company.

13.13 The meetings and proceedings of each committee of directors consisting of 2 or more directors shall be governed mutatis mutandis by the provisions of these Articles regulating the proceedings of directors so far as the same are not superseded by any provisions in the resolution establishing the committee.

14. OFFICERS

14.1 The Company may by resolution of directors appoint officers of the Company at such times as shall be considered necessary or expedient. Such officers may consist of a Chairman of the Board of Directors, a Vice Chairman of the Board of Directors, President and one or more Vice Presidents, Secretaries and Treasurers and such other officers as may from time to time be deemed desirable. Any number of offices may be held by the same person.

14.2 The officers shall perform such duties as shall be prescribed at the time of their appointment subject to any modification in such duties as may be prescribed thereafter by resolution of directors or resolution of members, but in the absence of any specific allocation of duties it shall be the responsibility of the Chairman of the Board of

Directors to preside at meetings of directors and members, the Vice Chairman to act in the absence of the Chairman, the President to manage the day to day affairs of the Company, the Vice Presidents to act in order of seniority in the absence of the President but otherwise to perform such duties as may be delegated to them by the President, the Secretaries to maintain the share register, minute books and records (other than financial records) of the Company and to ensure compliance with all procedural requirements imposed on the company by applicable law, and the Treasurer to be responsible for the financial affairs of the Company.

14.3 The emoluments of all officers shall be fixed by resolution of directors.

14.4 The officers of the Company shall hold office until their successors are duly elected and qualified, but any officer elected or appointed by the directors may be removed at any time, with or without cause, by resolution of directors. Any vacancy occurring in any office of the Company may be filled by resolution of directors.

15. CONFLICTS OF INTEREST

15.1 No agreement or transaction between the Company and one or more of its directors or any person in which any director has a financial interest or to whom any director is related, including as a director of that other person, is void or voidable for this reason only or by reason only that the director is present at the meeting of directors or at the meeting of the committee of directors that approves the agreement or transaction or that the vote or consent of the director is counted for that purpose if the material facts of the interest of each director in the agreement or transaction and his interest in or relationship to any other party to the agreement or transaction are disclosed in good faith or are known by the other directors.

15.2 A director who has an interest in any particular business to be considered at a meeting of directors or members may be counted for purposes of determining whether the meeting is duly constituted.

16. INDEMNIFICATION

16.1 Subject to the limitations hereinafter provided the Company may indemnify against all expenses, including legal fees, and against all judgements, fines and amounts paid in settlement and reasonably incurred in connection with legal, administrative or investigative proceedings any person who

16.1.1 is or was a party or is threatened to be made a party to any threatened, pending or completed proceedings, whether civil, criminal, administrative or investigative, by reason of the fact that the person is or was a director, an officer or a liquidator of the Company; or

16.1.2 is or was, at the request of the Company, serving as a director, officer or liquidator of, or in any other capacity is or was acting for, another company or a partnership, joint venture, trust or other enterprise.

16.2 The Company may only indemnify a person if the person acted honestly and in good faith

with a view to the best interests of the Company and, in the case of criminal proceedings, the person had no reasonable cause to believe that his conduct was unlawful.

16.3 The decision of the directors as to whether the person acted honestly and in good faith and with a view to the best interests of the Company and as to whether the person had no reasonable cause to believe that his conduct was unlawful, is in the absence of fraud, sufficient for the purposes of these Articles, unless a question of law is involved.

16.4 The termination of any proceedings by any judgement, order, settlement, conviction or the entering of a nolle prosequi does not, by itself, create a presumption that the person did not act honestly and in good faith and with a view to the best interests of the Company or that the person had reasonable cause to believe that his conduct was unlawful.

16.5 If a person to be indemnified has been successful in defence of any proceedings referred to in that Regulation the person is entitled to be indemnified against all expenses, including legal fees, and against all judgements, fines and amounts paid in settlement and reasonably incurred by the person in connection with the proceedings.

16.6 The Company may purchase and maintain insurance in relation to any person who is or was a director, an officer or a liquidator of the Company, or who at the request of the Company is or was serving as a director, an officer or a liquidator of, or in any other capacity is or was acting for, another company or a partnership, joint venture, trust or other enterprise, against any liability asserted against the person and incurred by the person in that capacity, whether or not the Company has or would have had the power to indemnify the person against the liability under Regulation 16.1.

17. SEAL

The directors shall provide for the safe custody of the Seal. An imprint of the Seal shall be kept at the registered office of the company. The Seal when affixed to any written instrument shall be witnessed by a director or any other person so authorised from time to time by resolution of directors. The directors may provide for a facsimile of the Seal and of the signature of any director or authorised person which may be reproduced by printing or other means on any instrument and it shall have the same force and validity as if the Seal had been affixed to such instrument and the same had been signed as hereinbefore described.

18. DIVIDENDS

18.1 The Company may by a resolution of directors declare and pay dividends in money, shares, or other property but dividends shall only be declared and paid out of surplus. In the event that dividends are paid in specie the directors shall have responsibility for establishing and recording in the resolution of directors authorising the dividends, a fair and proper value for the assets to be so distributed.

18.2 The directors may from time to time pay to the members such interim dividends as appear to the directors to be justified by the profits of the Company.

18.3 The directors may, before declaring any dividend, set aside out of the profits of the

Company such sum as they think proper as a reserve fund, and may invest the sum so set apart as a reserve fund upon such securities as they may select.

18.4 No dividend shall be declared and paid unless the directors determine that immediately after the payment of the dividend the Company will be able to satisfy its liabilities as they become due in the ordinary course of its business and the realisable value of the assets of the Company will not be less than the sum of its total liabilities, other than deferred taxes, as shown in its books of account, and its capital. In the absence of fraud, the decision of the directors as to the realisable value of the assets of the Company is conclusive, unless a question of law is involved.

18.5 Notice of any dividend that may have been declared shall be given to each member in manner hereinafter mentioned and all dividends unclaimed for 3 years after having been declared may be forfeited by resolution of directors for the benefit of the Company.

18.6 No dividend shall bear interest as against the Company and no dividend shall be paid on shares described in Regulation 4.15.

18.7 A share issued as a dividend by the Company shall be treated for all purposes as having been issued for money equal to the surplus that is transferred to capital upon the issue of the share.

18.8 In the case of a dividend of authorised but unissued shares with par value, an amount equal to the aggregate par value of the shares shall be transferred from surplus to capital at the time of the distribution.

18.9 In the case of a dividend of authorized but unissued shares without par value, the amount designated by the directors shall be transferred from surplus to capital at the time of the distribution, except that the directors must designate as capital an amount that is at least equal to the amount that the shares are entitled to as a preference, if any, in the assets of the Company upon liquidation of the Company.

18.10 A division of the issued and outstanding shares of a class or series of shares into a larger number of shares of the same class or series having a proportionately smaller par value does not constitute a dividend of shares.

19. ACCOUNTS

The Company shall keep such accounts and records as the directors consider necessary or desirable in order to reflect the financial position of the Company.

20. AUDIT

20.1 The Company may by resolution of members call for the accounts to be examined by auditors in which event the remaining provisions of this Regulation 20 shall apply to the appointment and activities of the auditors.

20.2 The first auditors shall be appointed by resolution of directors; subsequent auditors shall be appointed by a resolution of members.

20.3 The auditors may be members of the Company but no director or other officer shall be eligible to be an auditor of the Company during his continuance in office.

20.4 The remuneration of the auditors of the Company

20.4.1 in the case of auditors appointed by the directors, may be fixed by resolution of directors;

20.4.2 subject to the foregoing, shall be fixed by resolution of members or in such manner as the Company may by resolution of members determine.

20.5 The auditors shall examine each profit and loss account and balance sheet required to be served on every member of the Company or laid before a meeting of the members of the Company and shall state in a written report whether or not

20.5.1 in their opinion the profit and loss account and balance sheet give a true and fair view respectively of the profit and loss for the period covered by the accounts, and of the state of affairs of the Company at the end of that period;

20.5.2 all the information and explanations required by the auditors have been obtained.

20.6 The report of the auditors shall be annexed to the accounts and shall be read at the meeting of members at which the accounts are laid before the Company or shall be served on the members.

20.7 Every auditor of the Company shall have a right of access at all times to the books of account and vouchers of the Company, and shall be entitled to require from the directors and officers of the Company such information and explanations as he thinks necessary for the performance of the duties of the auditors.

20.8 The auditors of the Company shall be entitled to receive notice of, and to attend any meetings of members of the Company at which the Company's profit and loss account and balance sheet are to be presented.

21. NOTICES

21.1 Any notice, information or written statement to be given by the Company to members may be served in the case of members holding registered shares in any way by which it can reasonably be expected to reach each member or by mail addressed to each member at the address shown in the share register and in the case of members holding shares issued to bearer, in the manner provided in the Memorandum.

21.2 Any summons, notice, order, document, process, information or written statement to be served on the Company may be served by leaving it, or by sending it by registered mail addressed to the Company, at its registered office, or by leaving it with, or by sending it by registered mail to, the registered agent of the Company.

21.3 Service of any summons, notice, order, document, process, information or written statement to be served on the Company may be proved by showing that the summons,

notice, order, document, process, information or written statement was delivered to the registered office or the registered agent of the Company or that it was mailed in such time as to admit to its being delivered to the registered agent of the Company in the normal course of delivery within the period prescribed for service and was correctly addressed and the postage was prepaid.

22. PENSION AND SUPERANNUATION FUNDS

The directors may establish and maintain or procure the establishment and maintenance of any non-contributory or contributory pension or superannuation funds for the benefit of, and give or procure the giving of donations, gratuities, pensions, allowances or emoluments to, any persons who are or were at any time in the employment or service of the Company or any company which is a subsidiary of the Company or is allied to or associated with the Company or with any such subsidiary, or who are or were at any time directors or officers of the Company or of any such other company as aforesaid or who hold or held any salaried employment or office in the Company or such other company, or any persons in whose welfare the Company or any such other company as aforesaid is or has been at any time interested, and to the wives, widows, families and dependents of any such person, and may make payments for or towards the insurance of any such persons as aforesaid, and may do any of the matters aforesaid either alone or in conjunction with any such other company as aforesaid. Subject always to the proposal being approved by resolution of members, a director holding any such employment or office shall be entitled to participate in and retain for his own benefit any such donation, gratuity, pension, allowance or emolument.

23. ARBITRATION

23.1 Whenever any difference arises between the Company on the one hand and any of the members or their executors, administrators or assigns on the other hand, touching the true intent and construction or the incidence or consequences of these Articles or of the Act, touching anything done or executed, omitted or suffered in pursuance of the Act or touching any breach or alleged breach or otherwise relating to the premises or to these Articles, or to any Act or Act affecting the Company or to any of the affairs of the Company such difference shall, unless the parties agree to refer the same to a single arbitrator, be referred to two arbitrators one to be chosen by each of the parties to the difference and the arbitrators shall before entering on the reference appoint an umpire.

23.2 If either party to the reference makes default in appointing an arbitrator either originally or by way of substitution (in the event that an appointed arbitrator shall die, be incapable of acting or refuse to act) for 10 days after the other party has given him notice to appoint the same, such other party may appoint an arbitrator to act in the place of the arbitrator of the defaulting party.

24. VOLUNTARY WINDING UP AND DISSOLUTION

The Company may voluntarily commence to wind up and dissolve by a resolution of members but if the Company has never issued shares it may voluntarily commence to wind up and dissolve by resolution of directors.

25. CONTINUATION

The Company may by resolution of members or by resolution passed unanimously by all directors of the Company continue as a company incorporated under the laws of a jurisdiction outside the British Virgin Islands in the manner provided under those laws.

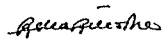
We, the undersigned, of the address stated below, for the purpose of incorporating an International Business Company under the laws of the British Virgin Islands hereby subscribe our name to these Articles of Association this 9th day of May, 2001 in the presence of the undersigned witness.

NAME AND ADDRESS OF WITNESS



Jason Kendall
c/o P. O. Box 146
Road Town, Tortola
British Virgin Islands

SUBSCRIBER



Lenia Lettsome
For and on behalf of
Trident Trust Company (B.V.I.) Limited
Trident Chambers
P. O. Box 146
Road Town, Tortola
British Virgin Islands

Fil 3/10/04

RIGGS

Security & Investigations
Riggs Bank N.A.
800 17th Street, NW
Washington, DC 20006

February 10, 2004

Ms. Gloria Benson
Banco Santander
Hato Rey, P.R.

RE: INFORMATION SHARING REQUEST PURSUANT TO 314(B) OF THE UNITED STATES PATRIOT ACT AND 31 CFR 103.110

Dear Ms. Benson:

Please accept this letter as a formal request to share customer information between Banco Santander and Riggs Bank N.A. as provided by section 314(b) of the United States Patriot Act and 31 CFR 103.110.

We are currently conducting an investigation involving Kalunga Company, S.A. ([redacted]), for possible Money Laundering and/or Terrorist Financing.

As provided by section 314(b) and 31 CFR 103.110, we request that you share with Riggs Bank N.A. the identity of the owners/authorized signors on the account.

As required, we are registered with FinCEN to share information under this section. We also maintain complete and strict compliance with the provisions of the Gramm-Leach-Bliley Act to protect customer information.

Very truly yours

Jonathan Glass
Vice President
Monitoring & Reporting

[redacted] = Redacted by the Permanent Subcommittee on Investigations

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 197

Faxed 2/10/04

RIGGS

Security & Investigations
Riggs Bank N.A.
800 17th Street, NW
Washington, DC 20006

February 10, 2004

Mr. Peter Javier
HSBC Bank USA
Buffalo, N.Y.

RE: INFORMATION SHARING REQUEST PURSUANT TO 314(B) OF THE UNITED STATES PATRIOT ACT AND 31 CFR 103.110

Dear Mr. Javier:

Please accept this letter as a formal request to share customer information between HSBC Bank USA and Riggs Bank N.A. as provided by section 314(b) of the United States Patriot Act and 31 CFR 103.110.

We are currently conducting an investigation involving Apexside (a.k.a. Apexide) Trading LTD. (HSBC Republic Bank (Luxembourg) [redacted] and West African Navigation (a.k.a. Navigator) Limited (HSBC Republic Bank (Cyprus) Limited [redacted], for possible Money Laundering and/or Terrorist Financing.

As provided by section 314(b) and 31 CFR 103.110, we request that you share with Riggs Bank N.A. the identity of the owners/authorized signors on each of the accounts.

As required, we are registered with FinCEN to share information under this section. We also maintain complete and strict compliance with the provisions of the Gramm-Leach-Bliley Act to protect customer information.

Very truly yours

Jonathan Glass
Vice President
Monitoring & Investigations

[redacted] = Redacted by the Permanent Subcommittee on Investigations

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 198

RIGGS EMBASSY BANKI Fax:2028358518

** Transmit Conf.Report **

P.1 Apr 9 1999 15:07

Telephone Number	Mode	Start	Time	Page	Result	Note
901124092400	NORMAL	9,15:05	1'14"	3	O K	

SIMON P. KARERI
VICE PRESIDENT
INTERNATIONAL BANKING GROUP
RIGGS BANK N.A.
1913 Massachusetts Avenue, N.W.
Washington, D.C. 20036
Tel: 202-835-5380
Fax: 202-835-8518

fax

atención:	Su Excelencia Teodoro Obiang Nguema Mbasogo Presidente de la República de Guinea Ecuatorial
fax #:	9-011-240-9-2400
de:	Sr. Simon P. Kareri
fecha:	January 14, 1999
subjeto:	Extracto de Noviembre
paginas:	4, incluyente portada
NOTAS:	

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 200

RNB 011938

RIGGS EMBASSY BANKII Fax:2028358518

** Transmit Conf.Report **

P.1 Apr 9 1999 15:15

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901124092400	NORMAL	9,15:14	1'17"	3	O K	

SIMON P. KARERI
VICE PRESIDENT
INTERNATIONAL BANKING GROUP
RIGGS BANK N.A.
1913 Massachusetts Avenue, N.W.
Washington, D.C. 20036
Tel: 202-835-5380
Fax: 202-835-8518

fax

atención: Su Excelencia Teodoro Obiang Nguema Mbasogo
Presidente de la República de Guinea Ecuatorial

fax #: 9-011-240-9-2400

de: Sr. Simon P. Kareri

fecha: January 14, 1999

subjeto: Extracto de Noviembre

paginas: 4, incluyente portada

NOTAS:

RNB 011939

SIMON P. KARERI
VICE PRESIDENT
INTERNATIONAL BANKING GROUP
RIGGS BANK N.A.
1913 Massachusetts Avenue, N.W.
Washington, D.C. 20036
Tel: 202-835-5380
Fax: 202-835-8518

fax

atención:	Su Excelencia Teodoro Obiang Nguema Mbasogo Presidente de la República de Guinea Ecuatorial
fax #:	9-011-240-9-2400
de:	Sr. Simon P. Kareri
fecha:	January 14, 1999
subjeto:	Extracto de Noviembre
paginas:	4, incluyente portada
NOTAS:	

RNB 011940

RIGGS

RIGGS BANK N.A.
Embassy Banking Division
1913 Massachusetts Avenue, N.W.
Washington, D.C. 20036-1147
(202) 835-5388 Fax: (202) 835-8518

Enero 14 de 1999

Su Excelencia Teodoro Obiang Nguema Mbasogo
Presidente de la República de Guinea Ecuatorial
Malabo, Guinea Ecuatorial

Su Excelencia:

Señor Presidente, ¡felicidades para el año nuevo!

Le estoy escribiendo esta carta para informarle que nosotros hemos abierto una Carta de Crédito por el monto de dos milliones quinientos tres mil dolares ($2,503,000) en nombre de Sabiex International S.A. en noviembre 5 de 1998. El pasado noviembre 19 y diciembre 22 de 1998, la compañia se contactó con nosotros pidiendo cambios en los términos del crédito. Dos de los cambios no son aceptables para nosotros y no son buenos términos para su pais de Guinea Ecuatorial. Ellos han pedido que nosotros le paguemos en forma adelantada sin la garantia que ellos han prometido a Guinea Ecuatorial, al mismo tiempo que desean enviar los vehículos sin seguro. No recomendamos estos dos cambios y como ellos acordaron en los términos antes de abrir la carta de crédito, ellos deberian cumplir con sus obligaciones.

Su Excelencia, esté seguro que nosotros continuaremos protegiendo los intereses de Guinea Ecuatorial. Esperamos que esta carta lo ponga al tanto de la situación.

Sinceramente,

Señor Simon P. Kareri
Vice President
International Banking Group

January 14, 1999

His Exellency Teodoro Obiang Nguema Mbasogo
Presidente de la Republica de Guinea Ecuatorial
Malabo, Guinea Ecuatorial

Excellencia:

Greetings of the new year Sr. Presidente.

I am writing to inform you that we issued a letter of Credit in the amount of two million five hundred three thousand dollars ($2,503,000.00) to Sabiex International S.A. on November 5, 1998. On November 19, 1998 and December 22, 1998 they contacted us requesting the terms of the credit to be changed. Two of their requests are not acceptable to us and would are not good for Guinea Ecuatorial. They requested that we pay them the advance without the guarantee that they promised Guinea Ecuatorial and wanted to ship the vehicles without insurance. These two requests are not recommended and since they agreed on the terms of the credit before it was issued, they should be requested to honor their obligations.

Excellencia, rest assured taht we will continue to protect the interest of Guinea Ecuatorial. We hope this brief letter brings you upto date with the situation.

Sincerely,

Mr. Simon P. Kareri
Vice President
International Banking Group

Enero 14 de 1999

Su Excelencia Teodoro Obiang Nguema Mbasogo
Presidente de la República de Guinea Ecuatorial
Malabo, Guinea Ecuatorial

Su Excelencia:

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Su Excelencia, esté seguro que nosotros continuaremos protegiendo los intereses de Guinea Ecuatorial. Esperamos que esta carta lo ponga al tanto de la situación.

Sinceramente,

Señor Simon P. Kareri
Vice President
International Banking Group

MESSAGE CONFIRMATION

JAN-14-99 11:08

FAX NUMBER : 202-835-8518

NAME : EMBASSY BANKING

FAX NUMBER : 901124092400

PAGE : 02

ELAPSED TIME : 00'46"

MODE : G3 STD

RESULTS : O.K

RIGGS EMBASSY BANKII Fax:2028358518

** Transmit Conf.Report **

P.1 Apr 8 1999 9:06

Telephone Number	Mode	Start	Time	Page	Result	Note
4523	NORMAL	8, 9:05	0'30"	1	O K	

Fax émis par : 248 9 2488 ESONO EDJO MELCHOR 18/03/99 06:39 Pg: 2

Post-It® Fax Note 7671	Date 4/8/99	# of pages ▶
To D. JACKSON	From S. CAREL	
Co./Dept.	Co.	
Phone #	Phone #	
Fax # 4523	Fax #	

REPUBLICA DE GUINEA ECUATORIAL
Ministerio de Economía y Hacienda
Tesorería General del Estado

Núm. 113 -

Ref^a.-

Sres.

Malabo, 5/4/99.-

Sr. Simón P. Kareri
Vice-Presidente del RIGG N. BANK
1913 Massachussetts, Avenue, N.W.
Washington, D.C. 20036

EXTENDED 4/6/99

DLD PAID YESTERDAY 4/8/99

Señor Kareri :

Tengo el honor de enviarle la Carta ésta, para comunicarle que el Gobierno de Guinea Ecuatorial, ha aceptado la extensión del Documento de Crédito de referencia 980835, de la sociedad **DLD** hasta el 30 de Abril del presente año 1.999.

Sin otro particular, aprovecho esta ocasión, saludando

RNB 011945

Post-it® Fax Note 7671	Date 4/8/99	# of pages ▶
To D. Jackson	From S. Kareri	
Co./Dept.	Co.	
Phone #	Phone #	
Fax # 4523	Fax #	

REPUBLICA DE GUINEA ECUATORIAL.
Ministerio de Economía y Hacienda
Tesorería General del Estado

Núm. /13 -

Ref.

Secc.

Malabo, 5/4/99.-

Sr. Simón P. Kareri
Vice-Presidente del RIGG N. BANK
1913 Massachussetts, Avenue, N.W.
Washington, D.C. 20036

Señor Kareri :

Tengo el honor de enviarle la Carta ésta, para comunicarlo que el Gobierno de Guinea Ecuatorial, ha aceptado la extensión del Documento de Crédito de referencia 980835, de la sociedad **DLD** hasta el 30 de Abril del presente año 1.999.

Sin otro particular, aprovecho esta ocasión, saludando atentamente.

Melchor ESONO EDJO
Tesorero Pagador General del Estado

RNB 011946

July 3, 1996

His Exellency Teodoro Obiang Nguema Mbasogo
Presidente de la Republica de Guinea Ecuatorial
Malabo, Guinea Ecuatorial

Excellencia:

Greetings of the new year Sr. Presidente.

I am writing to inform you that we issued a letter of Credit in the amount of two million five hundred three thousand dollars ($2,503,000.00) to Sabiex International S.A. on November 5, 1998. On November 19, 1998 and December 22, 1998 they contacted us requesting the terms of the credit to be changed. Two of their requests are not acceptable to us and would are not good for Guinea Ecuatorial. They requested that we pay them the advance without the guarantee that they promised Guinea Ecuatorial and wanted to ship the vehicles without insurance. These two requests are not recommended and since they agreed on the terms of the credit before it was issued, they should be requested to honor their obligations.

Excellencia, rest assured taht we will continue to protect the interest of Guinea Ecuatorial. We hope this brief letter brings you upto date with the situation.

Sincerely,

Mr. Simon P. Kareri
Vice President
International Banking Group

22-12-98 19:26 De:SABIEX INTL S.A +32-2-3841710 T-331 P.01/01 Travail-885

URGENT CALL BACK Please
0032 477 256505
and/or
0032 2 3291316.

sabiex INTERNATIONAL S.A
Tel +32 2 3848015 Fax +32 2 3841710

TO	: RIGGS NAT BANK WASHINGTON	**FAX**	: 00.1.202 835.8518
ATTN	: Mister Simon KERERI	**cc:**	:
FROM	: Marc CREMERS	**REF.**	: MC/sd/98/812
DATE	: November 19th, 1998	**PAGES**	: 01 +

SUBJECT : EQUATORIAL GUINEA - L/C N° 981105-001392

MESSAGE

Dear Sir,

We receive notification of your above mentioned L/C for which we thank you. We tried to reach you yesterday and expected your call back with no success to express a few remarks , some minors but some very important, about the terms of the L/C you will read here under.

1/ Delivery terms were C. & F. instead of C.I.F. ;

2/ Total amount of sale was USD. 2,503,890.00 instead of USD.2,503,000.00 ;

3/ With regards to the 35 % down-payment, the L/C requires a written notice from the Government of Equatorial Guinea stating the receipt of a «PERFORMANCE BANK GUARANTEE » for same amount with one year validity instead of an «**ADVANCE PAYMENT GUARANTEE** » for same validity but to be reduced prorated to our expeditions. This guarantee, in favor of the Government of Equatorial Guinea, would be notified to you directly to avoid the notice from the Government of Equatorial Guinea.

4/ With regards to the remaining 30 %, could we add in the L/C a maximum delay after our last expedition, like 30 days, for the certificate of completion to be signed by the Ministry of Defense.

The points 1 & 2 do not require any modification, point 3 must be modified and point 4 to be appreciate.

We remain at your entire disposal for any further information's and thank you in advance for your cooperation.

We appreciate your help in this dossier and are expecting your reply the soonest.

Yours faithfully.

M. CREMERS

RNB 011948

REPUBLICA DE GUINEA ECUATORIAL
MINISTERIO DE ECONOMIA Y HCIENDA
TESORERIA GENERAL DEL ESTADO

Núm.__ __ –
Ref.__ __ –
Secc.__ __ __

Sr. Simon P. Kareri,
Vice-presidente del
RIGGS N. BANK
1913 Masschusectts
Avenue, N.W
Washington, D.C. 20036

Señor Vice-Presidente:

Le confirmo la aceptación del pago de la carta de credito otorgado a la empresa DLD de Paris aunque existe una anomalia ya que el material ha sido ya recepcionado per el ministerio de defensa nacional:

Malabo, 15 de diciembre de 1.998
POR UNA GUINEA MEJOR

MR. MELCHOR ESONO EDJO
Tesorero Pagador General del Estado

RNB 011949

TELECOPIE	
Date :	28 Decembre 1998
Nombre de pages (celle-ci comprise) :	1

D. L. D. SA	
537, rue Hélène Boucher	
Zone Industrielle de BUC - BP 522	
78535 BUC CEDEX - France	
Téléphone :	33 1 39 56 40 00
Télécopie :	33 1 39 56 66 18
De :	Eric JOUBERT

MR MELCHIOR ESONO
copie : Mr Barry Riggs

OBJET : REGLEMENT DE LA LETTRE DE CREDIT EN PROVENANCE DE LA RIGG BANK

Monsieur,

Nous avons eu Mr Karen au téléphone qui nous a expliqué qu'il attendait de votre part un document les autorisant à régler la lettre de crédit au profit de DLD malgré l'anomalie constatée sur le document d'assurance.

Seule une autorisation écrite peut permettre de débloquer le règlement, un appel téléphonique n'est pas valable. Merci de faire le nécessaire à réception de ce fax afin de ne pas retarder l'installation du matériel. Un de nos techniciens doit se rendre à Malabo dans les prochains jours, et ce retard de règlement risque de nous faire dépasser la date de validité de la LC.

Sincères salutations

Sylvie BAT

Assistante Eric JOUBERT

RNB 011950

P. TOTAL 01

interoffice
MEMORANDUM

to: Olga Trujillo/ L/C Dept
from: Simon P Kareri
subject: L/C No. 9808035
date: December 21, 1998

This to confirm that you may effect the payment of the above referenced L/C in favor of D.L.D S.A. in the amount of FF 1,418,527.65 notwithstanding the discrepancy on the insurance certificate.

Should you require further information, please do not hesitate to call me on ext 5381. Thank you in advance for your giving this matter your immediate attention.

Post-it® Fax Note 7671	Date 12/21	# of pages ▶ 1
To Howard	From BARRY	
Co./Dept. LC	Co. Embassy	
Phone # 4457	Phone # 7052	
Fax # 4523	Fax #	

MESSAGE CONFIRMATION

DEC-21-98 12:20

FAX NUMBER : 202-835-8519

NAME : EMBASSY BANKING

FAX NUMBER : 4523

PAGE : 01

ELAPSED TIME : 00'29"

MODE : G3 STD

RESULTS : O.K

DEC.18.1998 12:17PM NO.891 P.1/2

RIGGS

COVER SHEET
RIGGS BANK N.A.
LETTERS OF CREDIT DEPARTMENT
800 17TH STREET, N.W., 9TH FLOOR
WASHINGTON, D.C. 20006

DATE: 12/18/98

SEND TO: BARRY
EMD. BKG.

FAX NO.: 8518

FROM: LETTERS OF CREDIT DEPARTMENT
HOWARD x 4457

OUR FAX NUMBER IS: (202) 835-4523

NUMBER OF PAGES: 2 INCLUDING COVER SHEET

COMMENTS:

ANY PROBLEM WITH THIS TRANSMISSION, PLEASE CALL:

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RIGGS

RIGGS BANK N.A.
Letters of Credit Department
800 17th Street, N.W.
Washington, D.C. 20006
(301) 887-6000

ADVICE OF DISCREPANCY

DECEMBER 18, 1998

Government of Equatorial Guinea
Calle La Libertad S/N
Malabo, Equatorial Guinea

RE: L/C NO. RNB-9808035
BENEFICIARY: D.L.D. S.A.
AMOUNT: FRF 1,418,527.65

GENTLEMEN:

THE ABOVE MENTIONED BENEFICIARY HAS PRESENTED DOCUMENTS FOR PAYMENT UNDER THE REFERENCED LETTER OF CREDIT. UPON EXAMINATION OF THE SAID DOCUMENTS, WE NOTED THE FOLLOWING DISCREPANCY(IES):

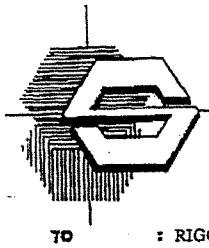
1. **"ALL RISKS" INSURANCE CERTIFICATE EXCLUDES 'WAR RISKS'.**

PLEASE INFORM US IN WRITING IF WE MAY EFFECT PAYMENT NOTWITHSTANDING THE ABOVE MENTIONED DISCREPANCIES.

BEST REGARDS,

AUTHORIZED SIGNATURE

29-09-98 17:27 De:SABIEX INTL SA +32-2-3841710 T-053 P.01/22 Travail:+45



sabiex INTERNATIONAL S.A
Tel +32 2 3840015 Fax +32 2 3841710

TO	: RIGGS NAT BANK WASHINGTON	**FAX**	: 00.1.202 835.8518
ATTN	: Mister Simon KERERI	**cet**	:
FROM	: Marc CREMERS	**REF.**	: MC/sd/98/675
DATE	: September 29th, 1998	**PAGES**	: 01 + 21

SUBJECT : EQUATORIAL GUINEA

MESSAGE

Dear Sir,

With reference to our telephone conversation of to-day concerning a letter of credit in our favor through you from Equatorial Guinea, please find annexed, as requested, copy of our proforma invoice and our complete offer for same.

We remain at your entire disposal for any further informations.

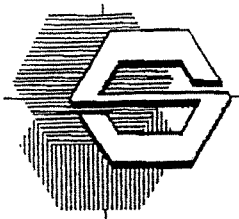
We appreciate your help in this dossier and are expecting your reply the soonest.

Yours faithfully.

M. CREMERS
Director
FINANCIAL DPT.

32-2 384 00 44

28-09-98 17:28 De:SABIEX INTL SA 432-2-3841710 P.002/002 FAX: 0451



sabiex INTERNATIONAL S.A.

CHAUSSEE DE TUBIZE 65—B-1420 BRAINE L'ALLEUD (BELGIQUE)
☎ (02) 384.80.15 (lignes groupées)—Tx 62016 Sabiex B—Fax: 32-2-384.17 10
R.C. Nivelles 60.577 — T.V.A. 435.148.928

PRESIDENCE DE LA REPUBLIQUE

MALABO
GUINEE EQUATORIALE

DATE : 8 septembre 1998.

FACTURE PROFORMA N°044/98 **INVOICE**

Qt.	DESCRIPTION		TOTAL
	REF. NOTRE « PROPUESTA PARA 10 VEHICULOS ELAND MK 7 TD 90 »		
10	VEHICULOS	@ USD.162,760.00	USD.1,627,600.00
1	CAPACITACION DEL PERSONAL		USD. 90,000.00
1	REPUESTOS		USD. 132,750.00
1	MUNICIONES		USD. 593,540.00
	TOTAL ex dépôts		USD.2,443,890.00
	TRANSPORT JUSQU'EN GUINEE EQUATORIALE		USD 60.000.00
	TOTAL C&F		USD. 2,503,890.00

U.S. Dollars : **DEUX MILLIONS CINQ CENT TROIS MILLE HUIT CENT NONANTE & 00/100.**

* Paiement :
Lettre de crédit irrévocable et confirmée aux frais du donneur d'ordre, par Générale de Banque S.A. - blvd Tirou 100 à 6000 Charleroi - Belgique – n° de compte 271-0441700-91 avec une validité de 12 (douze) mois et négociable comme suit :

- 40 % Acompte contre reçu simple et garantie bancaire de remboursement d'acompte.
- 30 % Solde à l'expédition.
- 30 % solde à 180 (cent quatre vingts) jours de la date d'expédition au plus tard.

* Marchandise sujette à obtention d'une licence d'exportation.
* Prix pour Marchandises livrées port Guinée Equatoriale.
* Livraisons partielles autorisées.
* Validité de la proforma 60 (soixante) jours.

SABIEX International S.A.

23-03-98 17:23 De:SABIEX INT. SA

sabiex INTERNATIONAL S.A

INDICE

A. INTRODUCCIÓN

B. PROPUESTA ECONÓMICA

C. PRESENTACIÓN DE LOS ELAND MK 7 TD 90

D. INFORMACIÓN TÉCNICA SOBRE EL REEMPLAZO DEL MOTOR ORIGINAL POR UN MOTOR TURBO DIESEL TOYOTA

E. EQUIPOS SUPLEMENTARIOS

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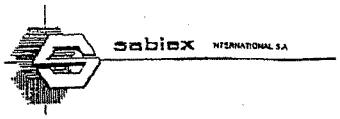
Introducción

Sabiex es una compañía especializada desde hace 30 años en la compra/venta de vehículos militares y de sus repuestos así como en la modernización de estos.

Entre otros, Sabiex posee un lote importante de vehículos Eland equipados con un cañón de 90 mm. Pensando que estos vehículos podrían ser del agrado del Ejército de Guinea ecuatorial, Sabiex quisiera proponer a dicho Ejército de adquirir 10 Eland 90 mm y 15 Eland 60 mm.

En su afán de ofrecer a sus clientes un servicio completo, Sabiex también propone la posibilidad de cambiar el motor de estos vehículos para instalar un Toyota 2,4l Turbo diesel que le otorga al Eland capacidades operativas comparables a las de vehículos modernos y más adaptadas a las características geográficas del continente africano.

Para concluir, Sabiex propondrá ciertas opciones destinadas a mejorar aun más las capacidades operativas del Eland.



B. Propuesta económica

1. Vehículos

Eland MK 7 TD con toreta de 90 mm 10 unidades

Cada vehículo viene equipado con radio , sistema de Intercomunicación y ametralladora coaxial 7,62 mm

Precio unitario FOB Bélgica:

162,760.oo U.S.D.
(Ciento sesenta y dos mil setecientos sesenta U.S. Dólares)



2. *Capacitación del personal*

Tema de la capacitación	Personal	Duración
Mecánica general del vehículo	3 personas	4 semanas
Mantenimiento del armamento	2 personas	2 semanas
Cursos del instructor y del utilizador del armamento	2 personas	3 semanas
Cursos de conducción	4 personas	2 semanas

Las capacitaciones se realizarán en las instalaciones del cliente, lo que implicará el desplazamiento hasta allí de un ingeniero y de un técnico de Sabiex, lo cual está comprendido en el precio siguiente :

90,000.oo U.S.D.
(noventa mil U.S.Dólares)

3. *Repuestos*

Lote de repuestos para dos años de utilización de los vehículos

Precio : 132,750.oo U.S.D.
(Ciento treinta y un dos mil setecientos cincuenta U.S. Dólares) FOB Bélgica

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4. Municiones

a) Municiones 90 mm

Tipo 90-33 CN	700 unidades
Tipo 90-33 CAT-T	300 unidades
Tipo 90-33 HI-T	150 unidades
Tipo 90-33 Canister	100 unidades
Total	1,250 unidades

Precio del lote : 590,000.oo U.S.D
(Quinientos noventa mil U.S. Dólares) FOB Bélgica

b) Municiones 7.62 mm

Cantidad : 30,000 unidades

Precio del lote : 3,540.oo U.S.D
(tres mil quinientos cuarenta U.S. Dólares) FOB Bélgica

Pago : Por carta de crédito irrevocable y confirmada
Validez de la oferta :60 días

Ing. José Valdés
Sabiex International

sabiex INTERNATIONAL S.A

Características técnicas de los ELAND Mk 7 y 8 90

Los ELAND son vehículos derivados del modelo Panhard 61 AML, el cual ha sido totalmente modificado de manera a adaptarse a las duras condiciones de utilización en Africa (ver *Figura 1*).

Por sus características, el Eland ofrece una gran variedad de posibilidades tácticas. En efecto, este vehículo combina una movilidad excepcional y una buenas protecciones con una potencia de fuego apreciable, lo que le permite efectuar misiones muy diversas tal como la caza de tanques o el control de insurrecciones.

También se le puede equipar con sistemas modernos de comunicaciones y de visión nocturna para ampliar sus posibilidades y permitir por ejemplo su participación en operaciones nocturnas.

En 1994, los Eland han sido modernizados y equipados con un motor turbo diesel enfriado por agua. Este motor es un 2,4l de 4 cilindros con una potencia de 103 hp a 4,000 rpm, lo que permite alcanzar una velocidad máxima en carretera de 85 km/h. En aceleración, se pasa de 0 a 60 km/h en 42 s.

La instalación de este motor diesel implica las siguientes ventajas :

- Se trata de un motor con producción comercial, por lo cual el mantenimiento y la logística se ven altamente facilitados.
- El diesel es un combustible que se inflama más difícilmente que la gasolina. Por lo tanto, el uso del diesel mejora la seguridad del vehículo
- Los costos de utilización quedan reducidos.

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Figura 1 : ELAND 90

El motor y su sistema de enfriamiento están montados sobre correderas como se ve en la *Figura* 2. Cuando se deben efectuar algunas reparaciones, se hace deslizarse este equipo sobre las correderas de manera a que los mecánicos puedan acceder fácilmente y rápidamente a cualquier piezas defectuosa. Por lo tanto, las reparaciones pueden realizarse en cualquier condiciones (incluso en combate) en muy poco tiempo y con un apoyo logístico mínimo.

Además, el ELAND dispone de una movilidad excepcional que se debe tanto a la calidad de su motor como a la tracción permanente sobre las 4 ruedas.

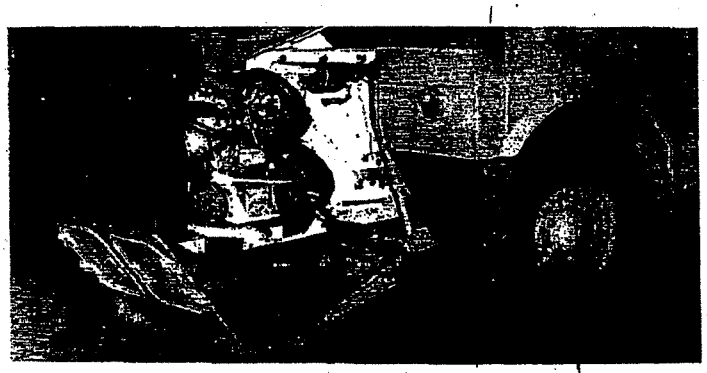
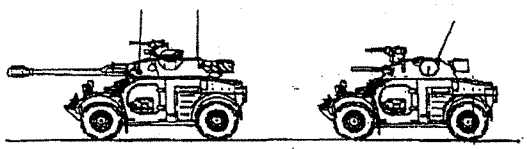


Figura 2 : Motor deslizante sobre correderas

A continuación presentamos las características técnicas del Eland, las cuales dan muestras evidentes de sus cualidades, de su polivalencia y de su perfecta adaptación a las condiciones operativas en el continente africano.

29-09-93 17:32 De:SABIEX INTL SA +32-2-3341710 T-053 P.11/22 Travail-451

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Características técnicas de los ELAND MK 7 TD 90

MOTOR	
4 cilindros enfriados por agua	
Turbo diesel	
Potencia : 77 kW a 4000 rpm	
Par : 220 Nm a 2500 rpm	
TRANSMISION	
Embrague : monodisco en seco	
Caja de velocidades : 6 velocidades	
Tracción : 4 ruedas	
SUSPENSIÓN	
4 ruedas independientes	
Barras de torsion activas con muelles	
Amortiguadores hidráulicos doble acción	
RUEDAS	
12.00 x 16	
Neumáticos que no se pinchan en opción	
ARMAMENTO (VARIANTES)	
Armas principales :	
• Cañón de 90 mm a baja presión y tiro rápido	
ARMAS SECUNDARIAS :	
(disponibles con cualquier arma principal)	
• Ametralladora coaxial de 7.62 mm	

COMUNICACIONES (OPCIONES)	
Radio HF; VHF y intercom	
PRESTACIONES	
Velocidad máxima en carretera	85 km/h
Velocidad en todo terreno	25 km/h
Radio de acción (a 80 km/h)	450 km
Cuesta máxima	60%
Obstáculo vertical	0,3 m
Franqueamiento de trincheras	0,5 m
Vadeo (sin preparación)	0,615 m
(con placa de vadeo)	0,82 m
TRIPULACIÓN	
3 (oficial, tirador y conductor)	
PESO EN ORDEN DE COMBATE	
	6000 kg
DIMENSIONES	
Largo (cañón incluido)	5,12m
Ancho	2,015 m
Altura a la torreta	2,25m
Ancho entre ruedas	1,62 m
Distancia entre ejes	2,5 m
Altura sobre suelo	0,4 m

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Características del motor Toyota 2,4 l Turbo diesel

2.1. *Parámetros técnicos del motor*

Velocidad	4200 rpm ± 200	Con carga máxima
	4500 rpm ± 100	Sin carga
Temperatura de escape 200 mm después del turbo	660°C ± 50	A 2500 rpm
Consumo de combustible	23,5 l / h	Con carga máxima
Presión de aire	50 kPa ± 5	Con carga máxima
Presión de aceite	4,5 bar	Con carga máxima
Temperatura de aceite (max)	135°C ± 5°C	Con carga máxima
Temperatura de aceite (min)	60°C ± 10°C	Con carga máxima
Temperatura del aire	90°C ± 10°C	Con carga máxima
Temperatura de admisión	30°C ± 3°C	Con carga máxima
Temperatura del combustible antes del motor	25°C ± 5°C	En todos los puntos
Presión de toma del aire	-3kPa	Con carga máxima

El motor alcanzará estas prestaciones bajo las siguientes condiciones ambientales :

- 48° C al nivel del mar
  Humedad : 30% - 90%
- 46° C a 800 m
  Humedad : 20% - 90%
- 39° C a 1500 m
  Humedad : 20% - 80%

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D- Información técnica sobre el reemplazo del motor original por un motor turbodiesel Toyota

A continuación, detallaremos los elementos principales de la modernización del Eland hasta su versión MK 7 TD así como las prestaciones ofrecidas por el motor Toyota 2,4l Turbo diesel empleado.

El motor Toyota ha sido escogido por la perfecta adaptación de sus prestaciones a las características del vehículo ELAND y a las condiciones geográficas presentes en el continente africano

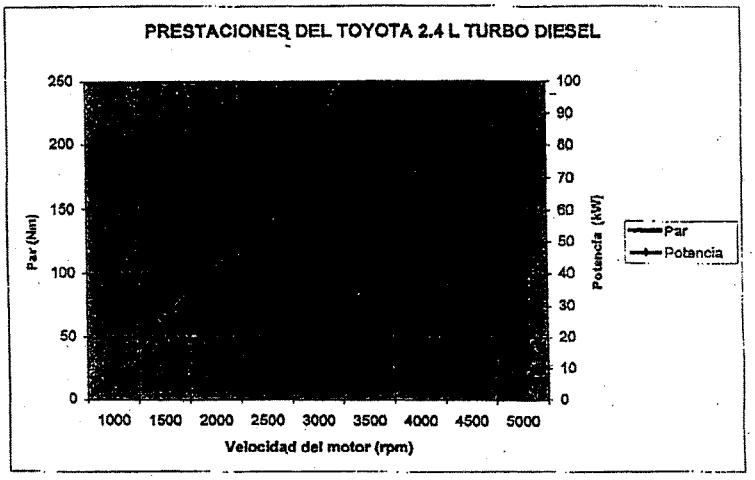
Previamente a su instalación en el vehículo, todos los motores son probados para asegurarse de su conformidad con estos datos. Estas pruebas se realizan antes y después de la instalación del kit turbo compresor.

Modificaciones a realizar para este cambio

- La principal modificación aportada al vehículo es la substitución del antiguo motor 2,5l petrolero por el Toyota Turbo diesel 2,4l.
- El sistema de enfriamiento ha de ser mejorado para disipar el calor adicional generado por el nuevo motor. Esto incluye la instalación de un nuevo sistema de base así como de un enfriador de aceite, un mando para el ventilador de enfriamiento, juntas y otros elementos de montaje.
- La tapadera trasera y sus rejillas de salida son cambiadas para permitir la instalación del nuevo motor y del sistema de enfriamiento. Además se ensanchan las rejillas para reducir las perdidas de flujo de aire.
- Se cambian los elementos de montaje y fijación del motor así como la caja que se encuentra entre el motor y la caja de velocidades.
- Algunos sub-sistemas han de ser modificados para que se adapten al nuevo grupo motopropulsor. Se trata por ejemplo del sistema eléctrico, de los frenos, del compresor de aire, de la toma de aire y del escape.

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2.2 Curvas características del motor



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B. Equipos suplementarios

Para mejorar los servicios que podrán ofrecer los vehículos Eland, Sabiex instalará los siguientes equipos suplementarios :

1. Sistema de Intercomunicaciones (ver descripción a continuación)
2. Equipo de radio AN/VRC 43 VHF FM
3. Armamento auxiliar : ametralladora 7,62 mm

23-09-93

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1. Sistema de Intercomunicaciones AN/VIC-1

El sistema de Intercomunicaciones AN/VIC-1 permite que los miembros del equipaje de un vehículo en el que este instalado puedan comunicarse con cualquiera de las radios conectadas a dicho sistema y por supuesto también comunicarse entre ellos.

El AN/VIC-1 se compone del amplificador de Intercomunicaciones AM-1780/VRC así como de diversas cajas de mando (C-2296,C-2297,C-2298,...) cuyo modelo y cantidad varían según el tipo de vehículo y su función operacional.

Amplificador de Intercomunicaciones AM-1780/VRC

El AM-1780/VRC (Ver Figura 1) amplifica las salidas del Intercomunicador y del puesto de radio. Es la principal caja de unión del sistema de radio instalado en el vehículo. El AM-1780/VRC dispone de 10 enchufes para cables, situados en la parte superior, en la inferior y en los lados de esta caja.

Los mandos y los pilotos así como dos pares de conectores se encuentran en la parte delantera.

Alimentación	255 Vdc, nominal
Potencia de salida	1W
Canales de entrada	4
Impedencia de entrada	150 Ω (3 canales)
	5000 Ω (1 canal)
Impedencia de salida	100 Ω
Frecuencia de respuesta	300-3000 Hz ± 4 dB
Distorsión	5% max @ 600 Ω

29-09-99 17:36 De:SABIEX INTL SA

sablex INTERNATIONAL S.A

Temperatura de trabajo .....-10°C a +55°C
Dimensiones.....146 x 248 x 95 mm
Peso.....3.63 kg

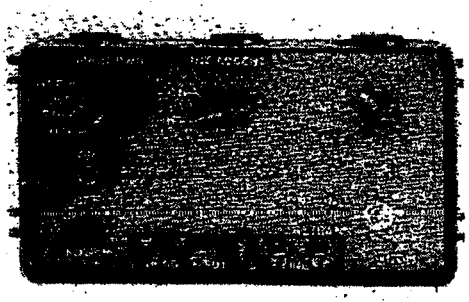


Figura 1 :-Amplificador de Intercomunicaciones AM-1780/VRC

- **Caja de mando C-2296/VRC**

Esta caja de mando (Ver Figura 2) se monta fuera del vehículo y permite emplear desde ahí el equipo de radio del vehículo así como comunicarse con el equipaje.
Esta provisto con un teléfono H-207/VRC conectado a la caja. Los mandos y los conectores para cables telefónicos se encuentran en la parte delantera.

Dimensiones.....95x114x95 mm
Peso con teléfono.....2.15 kg

sabiex INTERNATIONAL S.A

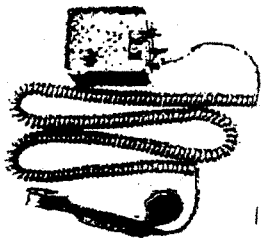


Figura 2 : Caja de mando C-2296/VRC

- Caja de mando C-2297/VRC

Esta caja (Ver Figura 3) se monta generalmente en la posición del piloto, lo que permite que este emplee la radio y se comunique con los demás miembros del equipaje. También sirve para conectar el C-2296/VRC al sistema de Intercomunicaciones.

Les mandos y un piloto se encuentran sobre el panel delantero. El botón de regulación del volumen y les conectores para cables se encuentran en la parte inferior de la caja.
Un switch permite activar o desactivar el C-2296/VRC.

Dimensiones.....95x114x95 mm
Peso.....2.15 kg

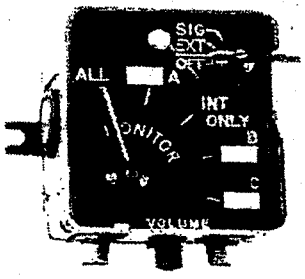


Figura 3 : Caja de mando C-2297/VRC

- **Caja de mando C-2298/VRC**

El C-2298/VRC (Ver Figura 4) permite utilizar el equipo de radio en el interior del vehículo.

Esta caja se monta generalmente en las posiciones de los miembros del equipaje así como en la del jefe de vehículo.

Dimensiones.....95 x 114 x 124 mm
Peso.....1.25 kg

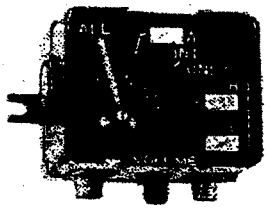


Figura 4 : Caja de mando C-2298/VRC

- **Selector de frecuencia C-2742/VRC**

El C-2742/VRC (Ver Figura 5) posee un switch de diez posiciones que permite escoger entre cualquiera de las 10 frecuencias preseleccionadas anteriormente sobre el emisor-receptor RT-246.

La caja dispone de un switch on/off que permite apagar o encender el RT-246. Otro switch permite cambiar el nivel de potencia del RT-246.

Dimensiones.....95x133x95 mm
Peso.....91 kg

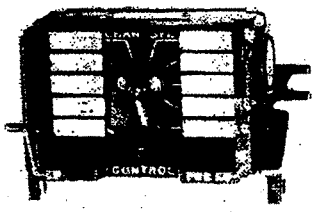


Figura 5 : Selector de frecuencia C-2742/VRC

- Caja de mando C-2299/VRC

El C-2299/VRC (Ver Figura 6) se instala dentro del vehículo cuando uno quiere poder retransmitir. Permite también controlar los niveles sonoros de los accesorios audios.

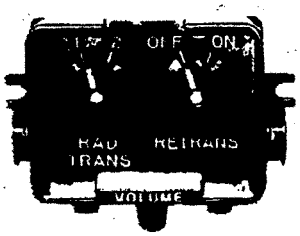


Figura 6 : Caja de mando C-2299/VCR

aabiex INTERNATIONAL S.A.

Propuesta para 10 vehículos ELAND MK 7 TD 90



RNB 003439

19-11-98 11:18 De:SABIEX INTL +32-2-3841[illegible] T-766 P.01/01 Travail-869

sabiex INTERNATIONAL S.A
Tel +32 2 3848015 Fax +32 2 3841710
322 384 8015

TO	: RIGGS NAT BANK WASHINGTON	**FAX**	: 00.1.202 835.8518
ATTN	: **Mister Simon KERERI**	**cc:**	:
FROM	: Marc CREMERS	**REF.**	: MC/sd/98/812
DATE	: November 19th, 1998	**PAGES**	: 01 +

SUBJECT : EQUATORIAL GUINEA - L/C N° 981105-001392

MESSAGE

Dear Sir,

We receive notification of your above mentioned L/C for which we thank you. We tried to reach you yesterday and expected your call back with no success to express a few remarks , some minors but some very important, about the terms of the L/C you will read here under.

1/ Delivery terms were C. & F. instead of C.I.F. ;

2/ Total amount of sale was USD. 2,503,890.00 instead of USD.2,503,000.00 ;

3/ With regards to the 35 % down-payment, the L/C requires a written notice from the Government of Equatorial Guinea stating the receipt of a «PERFORMANCE BANK GUARANTEE » for same amount with one year validity instead of an «ADVANCE PAYMENT GUARANTEE » for same validity but to be reduced prorated to our expeditions. This guarantee, in favor of the Government of Equatorial Guinea, would be notified to you directly to avoid the notice from the Government of Equatorial Guinea.

4/ With regards to the remaining 30 %, could we add in the L/C a maximum delay after our last expedition, like 30 days, for the certificate of completion to be signed by the Ministry of Defense.

The points 1 & 2 do not require any modification, point 3 must be modified and point 4 to be appreciate.

We remain at your entire disposal for any further information's and thank you in advance for your cooperation.

We appreciate your help in this dossier and are expecting your reply the soonest.

Yours faithfully.

M. CREMERS

RNB 011970

RIGGS

RIGGS BANK N.A.
Letters of Credit Department
800 17th Street, N.W.
Washington, D.C. 20006
(301) 887-6000

ADVICE OF CHARGE

November 5, 1998

Government of Equatorial Guinea
Calle La Libertad S/N
Malabo, Equatorial Guinea

Gentlemen:

Re: Letters of credit No. RNB-9811014
Issued for your account
F/O: Sabiex International S.A.
Amount: US$2,503,000.00

We have debited your account #17-164-642 on November 5, 1998.

Amount: US$6,302.50

In payment of the following charges:

$6,257.50 - issuance commission
45.00 - cable cost

Please mark your records accordingly.

Very truly yours,

Thu Hien Le
Assistant Vice President

NOV. 6.1998 11:02AM NO.452 P.1

RIGGS

COVER SHEET
RIGGS BANK N.A.
LETTERS OF CREDIT DEPARTMENT
800 17TH STREET, N.W., 9TH FLOOR
WASHINGTON, D.C. 20006

DATE: November 6, 1998

SEND TO: Amin Karmi

FAX NO.: 818

FROM: LETTERS OF CREDIT DEPARTMENT

OUR FAX NUMBER IS: (202) 835-4523

NUMBER OF PAGES: 4 INCLUDING COVER SHEET

COMMENTS: Please send us the original application as soon as you received it. Thanks.

ANY PROBLEM WITH THIS TRANSMISSION, PLEASE CALL: _____

THIS MESSAGE IS INTENDED ONLY FOR THE USE OF THE INDIVIDUAL OR ENTITY TO WHICH IT IS ADDRESSED AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, CONFIDENTIAL AND EXEMPT FROM DISCLOSURE UNDER APPLICABLE LAW. IF THE READER OF THIS MESSAGE IS NOT THE INTENDED RECIPIENT, THE EMPLOYEE, OR THE AGENT RESPONSIBLE FOR DELIVERING THE MESSAGE TO THE INTENDED RECIPIENT, YOU ARE HEREBY NOTIFIED THAT ANY DISSEMINATION, DISTRIBUTION OR COPYING OF THIS COMMUNICATION IS STRICTLY PROHIBITED. IF YOU HAVE RECEIVED THIS COMMUNICATION IN ERROR, PLEASE NOTIFY US IMMEDIATELY BY TELEPHONE, AND RETURN THE ORIGINAL TO RIGGS AT THE ABOVE ADDRESS VIA THE U.S. POSTAL SERVICE AT OUR EXPENSE. THANK YOU

NOV. 6.1998 11:03AM NO.452 P.2

Received 11/5/98

AGB Admin Message Entry (ADE) SWIFT format Input
TRN:981105-000779

Dst 1 of 1 *S/GEBABEBB03A ++ Wire Srv:SWF
Name:GENERALE DE BANQUE S.A. NetWk Addr:GEBABEBB
Wire Addr:BOULEVARD TIROU 100 ++
Dlv Ack:N Attn:LETTERS OF CREDIT DEPARTMENT

Msg Type:700 ISSUE OF DOCUMENTARY CREDIT
SEQ OF TOT:27 1/1
FORM :40A IRREVOCABLE
DOC # :20 RNB-9811014
ISSUE DATE:31C 981105
EXPIRATION:31D 991031 CONFIRMING BANK COUNTER
APPLICANT :50 GOVERNMENT OF EQUATORIAL GUINEA
: CALLE LA LIBERTAD S/N
: MALABO, EQUATORIAL GUINEA
BENEF :59 ACCOUNT NO. 271-0441700-91
SABIEX INTERNATIONAL S.A.
: CHAUSSEE DE TURIZE 65
: B-1420 BRAINE L'ALLEUD, BELGIUM
AMOUNT :32B USD2503000,
AVAILABLE :41D GENERALE DE BANQUE S.A.
; BY PAYMENT
DRAFTS :42C DRAFTS AT SIGHT
DRAWEE :42D GENERALE DE BANQUE S.A.
: CHARLEROI, BELGIUM
PARTIALS :43P ALLOWED
TRANSSHIP :43T NOT ALLOWED
SHIP INFO :44A ANY EUROPEAN OR SOUTH AFRICA PORT
SHIP TO :44B ANY PORT IN EQUATORIAL GUINEA
SHIP DATE :44C 990831
SHIPMNT OF:45A "10 VEHICLES AND MATERIALS FOR THE DEPARTMENT OF DEFENSE
: AS SPECIFIED IN INVOICE #044/98"
: CIF ANY PORT IN EQUATORIAL GUINEA
REQ DOCS :46A A. AMOUNT US$876,050.00 REPRESENTING 35 PER CENT VALUE,
PAYABLE AS ADVANCE PAYMENT UPON RECEIPT OF A WRITTEN
NOTICE FROM GOVERNMENT OF EQUATORIAL GUINEA TO RIGGS BANK
CONFIRMING THAT A PERFORMANCE BANK GUARANTEE FROM SABIEX
INTERNATIONAL S.A. HAVE BEEN RECEIVED AND ACCEPTED BY THE
GOVERNMENT.
FOR BENEFICIARY'S INFORMATION:
BANK PERFORMANCE GUARANTEE TO BE VALID FOR THE DURATION
OF THIS CREDIT FOR ONE YEAR AND NAMING THE GOVERNMENT OF
: EQUATORIAL GUINEA AS BENEFICIARY.
: B. UP TO US$876,050.00 REPRESENTING 35 PER CENT L/C VALUE
: PAYABLE UPON PRESENTATION OF SIGHT DRAFT FOR 35 PER CENT
OF TOTAL CIF VALUE ON INVOICE ACCOMPANIED BY THE
FOLLOWING DOCUMENTS:
; 1. SIGNED COMMERCIAL INVOICE IN ORIGINAL AND THREE COPIES,
INDICATING TOTAL CIF VALUE OF THE GOODS SHIPPED.
: 2. FULL SET OF CLEAN ON BOARD OCEAN BILLS OF LADING
; CONSIGNED TO MINISTERIO DE DEFENSA, CALLE LA LIBERTAD,

: MALABO, EQUATORIAL GUINEA, MARKED NOTIFY SR. MELCHOR E. EDJO, TEL: 240-9-2400 AND MARKED "FREIGHT PREPAID".
: 3. MARINE AND WAR INSURANCE POLICY AND OR CERTIFICATE
: COVERING "ALL RISKS" FOR 110 PER CENT TOTAL CIF VALUE, NAMING GOVERNMENT OF EQUATORIAL AS BENEFICIARY.
: C. US$750,900.00 REPRESENTING REMAINING 30 PER CENT CREDIT VALUE, AGAINST SIGHT DRAFT AND A CERTIFICATE SIGNED BY THE MINISTRY OF DEFENSE THAT THE DELIVERY AND INSTALLATION OF EQUIPMENT IS COMPLETE.

CONDITIONS:47A ADDITIONAL CONDITIONS:
: 1. NO MORE THAN THREE SHIPMENTS ALLOWED.
: 2. INSURANCE TO BE EFFECTED BY SHIPPER.
: 3. A DISCREPANCY FEE OF US$60.00 WILL BE ASSESSED ON EACH SET OF DOCUMENTS PRESENTED WITH DISCREPANCIES AND WILL BE DEDUCTED FROM THE PROCEEDS OF DRAWINGS. ONE SET OF COPIES OF ALL DOCUMENTS MUST BE INCLUDED FOR OUR FILES. OTHERWISE, A FEE OF $25.00 WILL BE CHARGED AND WILL BE DEDUCTED FROM THE PROCEEDS.
: 4. ANY DRAFT DRAWN UNDER THIS CREDIT MUST BE MARKED "DRAWN UNDER RIGGS BANK N.A., CREDIT NO. RNB-9811014".

CHARGES :71B ALL BANK CHARGES OUTSIDE OF RIGGS
: BANK N.A. ARE FOR THE ACCOUNT OF BENEFICIARY.

CONF INSTR:49 CONFIRM

REIMB BANK:53D RIGGS BANK N.A., WASHINGTON, D.C.

BANK INSTR:78 TO THE CONFIRMING BANK: WE HEREBY UNDERTAKE TO REMIT FUNDS IN ACCORDANCE WITH YOUR INSTRUCTIONS UPON RECEIPT OF YOUR TESTED TELEX OR AUTHENTICATED SWIFT STATING THAT ALL TERMS AND CONDITIONS OF THE CREDIT HAVE BEEN COMPLIED WITH.
DOCUMENTS TO BE FORWARDED TO US IN ONE LOT TO RIGGS BANK N.A., LETTERS OF CREDIT DEPARTMENT, 800 17TH STREET, N.W., 9TH FLOOR, WASHINGTON, D.C. 20006.
: CREDIT IS SUBJECT TO UNIFORM CUSTOMS AND PRACTICE FOR
: DOCUMENTARY CREDITS (1993 REVISION) INTERNATIONAL CHAMBER
: OF COMMERCE PUBLICATION 500.

BANK INFO :72 DEPT: LETTERS OF CREDIT
: NAME: THU HIEN LE, A.V.P.

Thu Hien Le

RIGGS

MEMORANDUM

TO: Thu Hien Le

FROM: Simon P. Kareri

DATE: November 4, 1998

RE: Sabiex L/C

Pursuant to our discussion, the attached L/C application for the Government of Equatorial Guinea bears the signature of Mr. Melchor E. Edjo, the primary signer of the Government. In addition, place a hold on account 17164642 in the amount of $2,503,000.00 upon issuance of the L/C.

Thank you for your assistance.

Fax émis par : 240 9 2400 ESONO EDJO MELCHOR 19/10/98 22:37 Pg: 1

APPLICATION FOR COMMERCIAL LETTER OF CREDIT

To: THE RIGGS NATIONAL BANK
Letters of Credit Department
808 17th Street, N.W.
Washington, D.C. 20006-3950

Date 10/2/98

L/C No. _____

Gentlemen, Please Issue
[XX] Irrevocable Letter of Credit
[ ] Revocable
[ ] Transferable

Advise it by
[ ] Air Mail [ ] First Class Mail
[ ] Cable through correspondent
[ ] Brief Cable through correspondent (will not include documents)

CONFIRMED ... (ADVISING BANK) ... FOR ACCOUNT OF (APPLICANT)

Bank through which letter of credit is to be advised or confirmed. If left blank our correspondent will be used, at our option.
GENERALE DE BANQUE, S.A.
BLVD. TIROU 100 A
6000 CHARLEROI BELGIUM
(Name of BENEFICIARY)
SARIEX INTERNATIONAL S.A.
CHAUSSEE DE TURNIX 65
B-1420 BRAINE L'ALLEUD, BELGIUM
ACCOUNT #271-0441700-91

GOVERNMENT OF EQUATORIAL GUINEA
CALLE LA LIBERTAD S/N
MALABO, EQUATORIAL GUINEA

AMOUNT ~~2,503,000.00~~

Type of Currency: USD
Amount in Numbers and Words: TWO MILLION FIVE HUNDRED THREE THOUSAND DOLLARS AND ZERO CENTS
—DRAFTS MUST BE NEGOTIATED OR PRESENTED TO DRAWEE AT 1130 VERMONT AVE. N.W., WASHINGTON, D.C. ON OR BEFORE (EXPIRATION DATE)
10/31/99

Available by drafts at sight or SEE PAYMENT SCHEDULE ATTACHED drawn, at your option, on you or your correspondent for % of the invoice value, when accompanied by the following documents as checked

[XX] Signed Commercial Invoice in original and 3 copies stating that it covers: 10 VEHICLES AND MATERIALS FOR THE DEPARTMENT OF DEFENSE AS SPECIFIED IN INVOICE # 044/98
(Specify commodity, omitting non essential details as grade, quality, price etc.)

[ ] Consular Invoice

[XX] Marine
[XX] War
[ ] Air
Insurance Policy and/or Certificate 110% Insurance naming Government of Equatorial Guinea as Beneficiary
(If other insurances required, please state risks)

[ ] Airwaybill consigned to ...

[XX] Full set of clean on board ocean Bills of Lading [ ] drawn to order of [XX] consigned to: MINISTERIO DE DEFENSA
CALLE LA LIBERTAD, MALABO, EQUATORIAL GUINEA. MARKED FREIGHT PREPAID.
marked notify SR. MELCHOR E. EDJO. TXL: 240-9-2400

[ ] Other documents

Airwaybills/Bill of Lading must be dated not less than: 8/31/99

Insurance to be effected by [ ] ourselves or [XX] Shipper, if any insurance effected other than by shipper, give name of issuing company

Shipping Terms are: [ ] FAS [ ] FOB [ ] C & F [XX] CIF [ ] C & I

SHIPMENT FROM: Any European or South Africa Port
TO: Any port in Equatorial Guinea

PARTIAL SHIPMENTS: [XX] YES [ ] NO
TRANS-SHIPMENT: [ ] YES [XX] NO

Special instructions BANK COSTS OUTSIDE RIGGS FOR THE ACCOUNT OF THE BENEFICIARY.

[ ] An extra sheet of instructions is attached which forms an integral part of this application.

Except as modified herein, the Letter of Credit may be in customary form and with customary provisions adopted by the Riggs National Bank of Washington, D.C.

THIS APPLICATION AND THE CREDIT TO BE ISSUED BY YOU PURSUANT HERETO ARE GOVERNED BY AND SHALL BE SUBJECT TO THE MASTER AGREEMENT FOR COMMERCIAL L... CREDIT PREVIOUSLY DELIVERED BY US TO YOU

We understand your fees for establishing this letter of credit will be $ _____ and that payment thereafter, if applicable, will be $ _____

For purpose of establishing this letter of credit, we shall hereby pledge the following collateral: _____

You are hereby authorized to debit our account, Account No. 12164642 _____ with the amount of any payment(s), commission(s), interest, charge(s), ... with the letter of credit hereof pursuant to this Application.

GOVERNMENT OF EQUATORIAL ...
(Typed name of Corporation or ...)

MR. MELCHOR E. EDJO
TREASURER OF THE STATE
(Title or capacity of signatory)

FM 07531 (Rev. 4/93)

RNB 011976

RIGGS BANK N.A.

PAYMENT INSTRUCTIONS

In connection with the Letter of credit for Sabiex International S.A. the following payment schedule is authorized:

1. 35% or USD 876,050.00 advance payment upon establishment of LC and by presentation of a bank performance guarantee valid for the duration of this credit or one year and naming the Government of Equatorial Guinea as beneficiary.
2. 35% or USD 876,050.00 upon presentation of shipping documents
3. 30% or USD 750,900.00 six months after delivery and after presentation of a certificate signed by the Ministry of Defense that the delivery and installation of equipment is complete.
4. No more than three partial shipments allowed.

Thank you for your cooperation.

APPLICA N FOR COMMERCIAL LETTER CREDIT

To: THE RIGGS NATIONAL BANK
Letters of Credit Department
808 17th Street, N.W.
Washington, D.C. 20006-3950

Date 10/2/98

L/C No. _____

Gentlemen: [XX] Irrevocable Letter of Credit
Please issue [ ] Revocable [ ] Transferable

Advise it by [ ] Air Mail [ ] First Class Mail [ ] Cable through correspondent [ ] Brief Cable through correspondent (will not mention required documents)

CONFIRMED (ADVISING BANK) _____ FOR ACCOUNT OF (APPLICANT) _____

Bank through which letter of credit is to be advised or confirmed. If left blank our correspondent will be used, at our option.
GENERALE DE BANQUE, S.A.
BLVD. TIROU 100 A
6000 CHARLEROI BELGIUM

GOVERNMENT OF EQUATORIAL GUINEA
CALLE LA LIBERTAD S/N
MALABO, EQUATORIAL GUINEA

IN FAVOR OF (BENEFICIARY)
SABIEX INTERNATIONAL S.A.
CHAUSSEE DE TUBIZE 65 B
B-1420 BRAINE L'ALLEUD, BELGIUM
ACCOUNT #271-0441700-91

AMOUNT 2,503,000.00
Type of Currency: USD
Amount in Numbers and Words: TWO MILLION FIVE HUNDRED THREE THOUS-AND DOLLARS AND ZERO CENTS.

—DRAFTS MUST BE NEGOTIATED OR PRESENTED TO DRAWEE AT 1120 VERMONT AVE., N.W., WASHINGTON, D.C. ON OR BEFORE — (EXPIRATION DATE)
10/31/99

Available by drafts at sight or SEE PAYMENT SCHEDULE ATTACHED. drawn, at your option, on you or your correspondent for % of the invoice value, when accompanied by the following documents as checked:

[XX] Signed Commercial Invoice in original and 3 copies stating that it covers: TO VEHICLES AND MATERIALS FOR THE DEPARTMENT OF DEFENSE AS SPECIFIED IN INVOICE # 044/98
(specify commodity, omitting non-essential details as grade, quality, price etc.)

[ ] Consular Invoice

[XX] Marine
[XX] War
[ ] Air
Insurance Policy and/or Certificate _____ (If other insurance required, please state risks)

[ ] Airwaybill consigned to _____

[XX] Full set of clean on board ocean Bills of Lading [ ] drawn to order of or [XX] consigned to: MINISTERIO DE DEFENSA
CALLE LA LIBERTAD, MALABO, EQUATORIAL GUINEA. MARKED FREIGHT PREPAID.

marked notify SR. MELCHOR E. EDJO. TEL: 240-9-2400

[ ] Other documents _____

Airwaybill/Bill of Lading must be dated not later than _____

Insurance to be effected by [ ] ourselves or [XX] shipper. If any insurance effected other than by shipper, give name of issuing company _____

Shipping Terms are: [ ] FAS [ ] FOB [ ] C & F [XX] CIF [ ] C & I

SHIPMENT FROM: _____ PARTIAL SHIPMENTS [XX] YES [ ] NO TRANS-SHIPMENT [ ] YES [XX] NO

TO: _____

Special Instructions: BANK COSTS OUTSIDE RIGGS FOR THE ACCOUNT OF THE BENEFICIARY.

[ ] An extra sheet of instructions is attached which forms an integral part of this application.

Except as modified hereis, the Letter of Credit may be in customary form and with customary provisions adopted by the Riggs National Bank of Washington, D.C.

THIS APPLICATION AND THE CREDIT TO BE ISSUED BY YOU PURSUANT HERETO, ARE GOVERNED BY AND SHALL BE SUBJECT TO THE MASTER AGREEMENT FOR COMMERCIAL LETTERS OF CREDIT PREVIOUSLY DELIVERED BY US TO YOU.

We understand your fees for establishing this letter of credit will be $ _____ and that payment commission, if applicable, will be $ _____

For purpose of establishing this letter of credit, we shall initially pledge the following collateral: _____

You are hereby authorized to debit our account, Account No. 17164642 with the amount of any payment(s), commission(s), interest, charge(s), or expense(s) in connection with the letter of credit issued pursuant to this Application.

GOVERNMENT OF EQUATORIAL GUINEA
(Typed name of corporation or partnership)

X _____
(Signature)

_____
(Typed name of individual signer)

_____
(Title or capacity, if applicable)

FM-03521 (Rev. 4/93)

RNB 01197

APPLIC. ON FOR COMMERCIAL LETTEF = CREDIT

To: THE RIGGS NATIONAL BANK
Letters of Credit Department
808 17th Street, N.W.
Washington, D.C. 20006-3950

Date 10/2/98

L/C No. _____

Gentlemen: Please issue
- [X] Irrevocable Letter of Credit
- [ ] Revocable
- [ ] Transferable

Advise it by
- [ ] Air Mail [ ] First Class Mail
- [ ] Cable through correspondent
- [ ] Brief Cable through correspondent (will not mention required documents)

CONFIRMED (ADVISING BANK)

FOR ACCOUNT OF (APPLICANT)

Bank through which letter of credit is to be advised or confirmed. If left blank our correspondent will be used, at our option.
GENERALE DE BANQUE, S.A.
BLVD. TIROU 100 A
6000 CHARLEROI BELGIUM

GOVERNMENT OF EQUATORIAL GUINEA
CALLE LA LIBERTAD S/N
MALABO, EQUATORIAL GUINEA

IN FAVOR OF (BENEFICIARY)

SABIEX INTERNATIONAL S.A.
CHAUSSEE DE TUBIZE 65
B-1420 BRAINE L'ALLEUD, BELGIUM
ACCOUNT #271-0441700-91

AMOUNT 2,503,000.00

Type of Currency: USD

Amount in Numbers and Words: TWO MILLION FIVE HUNDRED THREE THOU: -AND DOLLARS AND ZERO CENTS.

—DRAFTS MUST BE NEGOTIATED OR PRESENTED TO DRAWEE AT 1120 VERMONT AVE., N.W., WASHINGTON, D.C. ON OR BEFORE — (EXPIRATION DATE)
10/31/99

Available by drafts at sight or SEE PAYMENT SCHEDULE ATTACHED. drawn, at your option, on you or your correspondent for % of the invoice value, when accompanied by the following documents as checked:

[X] Signed Commercial Invoice in original and 3 copies stating that it covers: 70 VEHICLES AND MATERIALS FOR THE DEPARTMENT OF DEFENSE AS SPECIFIED IN INVOICE # 044/98
(specify commodity, omitting non-essential details as grade, quality, price etc.)

[ ] Consular Invoice

[X] Marine
[X] War
[ ] Air
Insurance Policy and/or Certificate 110% Insurance naming Government of Equatorial Guinea as Beneficiary
(if other insurance required, please state risks)

[ ] Airwaybill consigned to _____

[X] Full set of clean on board ocean Bills of Lading [ ] drawn to order of or [X] consigned to: MINISTERIO DE DEFENSA
CALLE LA LIBERTAD, MALABO, EQUATORIAL GUINEA. MARKED FREIGHT PREPAID.

marked notify SR. MELCHOR E. EDJO. TEL: 240-9-2400

[ ] Other documents _____

Airwaybills/Bill of Lading must be dated not later than: 8/31/99

Insurance to be effected by [ ] ourselves or [X] Shipper. If any insurance effected other than by shipper, give name of issuing company _____

Shipping Terms are: [ ] FAS [ ] FOB [ ] C & F [X] CIF [ ] C & I

SHIPMENT FROM: ANY EUROPEAN PORT OR SOUTH AFRICA PORT

TO: ANY PORT IN EQUATORIAL GUINEA

PARTIAL SHIPMENTS [X] YES [ ] NO

TRANS-SHIPMENT [ ] YES [X] NO

Special Instructions: BANK COSTS OUTSIDE RIGGS FOR THE ACCOUNT OF THE BENEFICIARY.

[ ] An extra sheet of instructions is attached which forms an integral part of this application.

Except as modified herein, the Letter of Credit may be in customary form and with customary provisions adopted by the Riggs National Bank of Washington, D.C.

THIS APPLICATION AND THE CREDIT TO BE ISSUED BY YOU PURSUANT HERETO, ARE GOVERNED BY AND SHALL BE SUBJECT TO THE MASTER AGREEMENT FOR COMMERCIAL LETTERS OF CREDIT PREVIOUSLY DELIVERED BY US TO YOU.

We understand your fees for establishing this letter of credit will be $ _____ and that payment commission, if applicable, will be $ _____

For purpose of establishing this letter of credit, we shall initially pledge the following collateral: _____

You are hereby authorized to debit our account, Account No. 17164642 with the amount of any payment(s), commission(s), interest, charge(s), or expense(s) in connection with the letter of credit issued pursuant to this Application.

GOVERNMENT OF EQUATORIAL GUINEA
(Typed name of corporation or partnership)

(Signature)

(Typed name of individual signer)

(Title or capacity, if applicable)

FM-05521 (Rev. 4/93)

RNB 011975

F (B)

OFFICERS' LOAN COMMITTEE ACTION

MINUTE: Republic of Equatorial Guinea

COMMITTEE MEMBERS ATTENDING:

Voting:
- Shaun Kelley
- Marya Kayeum
- Larry Hebert
- Bob Roane
- Glenn Kinard
- Ray Lund
- Henry Morneault

Non-Voting: Ashley Lee

COMMITTEE DATE: September 29, 2003

COMMITTEE ACTION: Unanimously Approved

CHAIRMAN'S SIGNATURE:

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 202

RIGGS

CREDIT APPROVAL MEMORANDUM

Nature of Request:	New Facility	**Analysis Date:**	09/29/03
		Next Review Date:	09/29/04
New/Existing Customer:	Existing Customer		
Borrower:	Republic of Equatorial Guinea	**SS/Tax ID:**	EXEMPT
Borrower Address:	Malabo Equatorial Guinea	**SNC:**	NO
		Reg. O List:	No
		Date of Reg. O List Consulted:	08/2003
Business:	Sovereign Government	**Board Approved Credit Limit (Reg. O):**	$0
Principals:	Melchor Esono Edjo, Secretary of State, Treasury and Budgets	**OFAC List:**	No
		NAICS Code:	92812
Related Party:	Government of Equatorial Guinea	**CRA Consideration:**	No

Bank / Division / RC#: Riggs Bank/ International Division/ RC 511
Relationship Manager / Officer # / Extension: Simon Kareri/ #2003/ Ext 5380
Analyst / Officer # / Extension: Tiyanjana Mbaya/ 8662

Transaction Summary:

	Actual:	Guideline:
DSR:	n/a	*DSR:* *n/a*
LTV:	n/a	*LTV:* *n/a*

Facility Type:	Term Loan
Account # / Cmt #/ Note #:	7322437
Related DDA(s):	17 164 642
Advisement Code:	L (Legal)
Amount:	$29,850,000
Purpose:	To finance the purchase of a 737-700 Boeing Business Jet
Purpose Code:	1003
Interest Rate:	4¾ (7-year FHLB amortizing advance rate + 60 basis points) **Rate Type:** [Fixed]
Facility Fee	½ of 1% of the loan amount
Call Code:	7
Repayment Term:	14, approximately equal, semi-annual installments of principal and interest to begin six months after loan closing
Maturity:	7 years after loan closing
Collateral:	None
Collateral Code:	00
Guarantors:	None **Adj. N.W.:** n/a **Liquidity:** n/a

Total Current Exposure:	$38,141,107**	**Risk Rating:**	~~Pass~~ Watch
Total Proposed Exposure:	$67,991,107**	**Public Rating (S&P):**	n/a
Average Collected Balances:	$645,776,431.33***	**Public Rating (Moodys):**	n/a
Industry Limit (see Appendix N in Policy):	n/a		
Industry Exposure:	n/a	**Other Agency Rating:**	n/a

APPROVALS:

	Names:	Initials:	Date:		
Relationship Manager:	Simon Kareri		9/29/03	**Approval Exception:**	[No]
Team Leader:	Janell Blue			**Other Policy Exception:**	Yes
Group Head:	Ray Lund			**Covenants:**	Yes
Credit Admin: *				**Taxes & Ins.:**	N/A
Executive Officer:					

** Approval by Credit Admin is required as determined by the Credit Approval Matrix.*

COMMENTS:** The current and proposed exposures include a $25,000,000 Cash Secured guidance line for the issuance of Letters of Credit.
***Balance as of 8/31/03 includes $315 million investment with Riggs Investment Advisors.

Summary and Recommendation

Borrower: Simon Kareri
elationship Manager: Republic of Equatorial Guinea

Credit Risks and Weaknesses:

- This credit will constitute sovereign risk, as the source of repayment for the loan will be from government revenues.

- The subject loan is unsecured. The lender will not take any security interest in the subject aircraft due to the fact that it would be difficult to manage the value of the aircraft. Additionally, the deposits and investments on which the credit is based could be attached or frozen in the event of a break of diplomatic relations with the US or for other policy reasons.

- The facility fee charge will be ½ of 1% of the loan amount, a portion of which may be used to facilitate legal fees of approximately $10,000 to $15,000 plus the lawyers' out-of-pocket expenses and other related costs on this loan. This would reduce the income for the bank on this particular loan.

- ~~Waiver of legal opinion from Equatorial Guinea is being requested.~~ nk

Strengths Which Mitigate Risks:

- The primary source of repayment will be based on the Government's ability to generate dollar receipts from oil revenues and the strength of the significant deposits held at Riggs Bank. The Government of Equatorial Guinea (hereon, "the borrower") will authorize Riggs Bank to debit their DDA account to cover the semi-annual payments.

- The borrower has current deposits and investments in excess of $645 million with Riggs, with more expected from increasing oil receipts. The proposed Credit Agreement will require the borrower to maintain balances at Riggs no less than the aggregate amount of any and all outstanding Riggs Bank loans plus the outstanding balance of this loan. Furthermore, the borrower shall be required to provide the Bank 15 days written notice should it seek to reduce the aggregate account balances level below the required amount. An immediate event of default would occur if the borrower moves, or attempts to move, account balances below the required amount; and repayment will be demanded. The lender will exercise the right of offset in the event the guarantor's deposits at Riggs Bank drop below an aggregate amount sufficient to cover this loan plus all other borrowings from Riggs. No cure period shall be permitted for this event of default.

- Riggs has had lending relationships with the borrower, with previous commitments performing as agreed. Substantial deposits are in place and we have excellent relationships with the principals, including the President of the country. Recently, the Government of Equatorial Guinea paid off and closed a $40,000,000 line of credit which had an outstanding balance of $20,165,638.

- Riggs manages Equatorial Guinea's oil revenues derived from its substantial contracts with international oil companies including Exxon Mobil. As of the beginning of 2001, receipts of payments of approximately $4 million were received into the government's account weekly from Mobil. While this averaged $16 million monthly, today the averages have increased to approximately $30 million and $60 million beginning September 2003. We forecast these revenues to reach $589 million and $951 million for fiscal year 2003 and 2004 respectively.

- Riggs Investment Advisors opened a $20,000,000 investment for the borrower in 2001. The current balance on the investment as of July 31, 2003 is approximately $315 million. Equatorial Guinea is the bank's largest client.

~~The Treasurer of the State has been granted authority to sign for the credit by the President of the State obviating the need of the legal opinion of counsel.~~ NK

Country Risks and Weaknesses:

- The most serious risk to political stability is likely to come from Gabon and Cameroon, with which Equatorial Guinea has long-standing disputes over maritime boundaries in areas thought to have large oil reserves. An escalation of the dispute with Gabon in February provoked angry rhetoric and the mutual threat of military action. Cameroon has potentially even larger claims against Equatorial Guinea. However, it appears unlikely that either of Equatorial Guinea's neighbors is contemplating military action.

- Because of the weaknesses of the country's institutions, the personality of the president is key to political stability. Previous speculation of his health and indications of maneuvering on the part of possible successors, presented the potential for a power vacuum should he have died suddenly, or without a consensus as to his successor. The presidential term is indefinitely renewable under the existing constitution. The president has two sons and a brother in the current administration who are all potential candidates; but all are untried, which could prove destabilizing by encouraging the aspirations of rival clan and political parties.

- The U.S. has announced the re-opening of the Embassy in Malabo and plans are underway. Exxon-Mobil, Amereda Hess and Chevron along with smaller independents have established a significant presence in the country and U.S. officials appear anxious to maintain good relations. The country could be valuable to the U.S. from a geostrategic view, given its location in Central Africa and the abundance of oil.

- The World Bank and IMF are under pressure to engage with Equatorial Guinea, as it argued that they can exert a healthy influence on the economic management of the country. Despite the World Bank resuming its co-operation with Equatorial Guinea in February 2002, after a break of more than ten years, the IMF is in a more difficult position having published a scathing report on the apparent mismanagement of Equatorial Guinea's economy in October 2001.

- The IMF has urged the government to promote greater transparency in the management of oil money and take better control over spending, but has little leverage as the country has a strong fiscal position and a modest debt. Although the government recently announced a program to improve transparency and accountability, any changes are unlikely to meet IMF criteria. With the establishment of a state oil company, GEPetrole, later in 2001, management of the oil sector may even become more opaque, and standards of governance are likely to remain poor.

- Material adverse events like an unexpected change in government or death of the president might cause the bank to accelerate the loan repayment.

Strengths Which Mitigate Country Risks:

- Oil production increased in 2002 to around 300,000 barrels a day and to over 350,000 b/d in 2003 from 100,000 b/d in 1999. Exxon Mobil announced in May 2002 a US$900m project to increase production from its Zafiro and associated fields which will boost oil output from Zafiro from the current level of 160,000 b/d to 300,000 b/d by end of 2003. A US independent Amerada Hess, which took over the Ceiba field and other prospects in Blocks F and G offshore the mainland, announced a series of new discoveries around the Ceiba. Ceiba produced an average 90,000 b/d in 2002 that is forecast to rise to 120,000 b/d in 2003. According to the government, these developments will bring oil production to over 350,000 b/d in 2003 from almost 300,000 b/d in 2002. This places the country as the third biggest oil producer in Sub-Sahara Africa, after Nigeria and Angola and before Gabon and Congo (Brazzaville).

- One of the government's priorities will be to increase the state's limited participation in the booming oil sector. The state's average share of the main producing oilfields is estimated at around 5%, a tiny proportion compared with that in neighboring countries. Progressive figures in the oil ministry have argued that such a regime has been necessary to promote investment. However, as production is set to rise above 300,000 barrels/day and over US$5bn has been invested since 1998, the government will be pressing for a greater national share.

- Part of the additional revenue accruing from the expansion will be used to develop the country as an oil services center for the region. Investment is being made in roads, infrastructure, health and education to prevent excessive dependence on oil.

- Monetary developments in 1999 and 2000 were characterized by a significant improvement in the net foreign assets position of the banking system, a rapid growth in broad money, and modest increase credit to the private sector, mostly in the form of short term loans to timber and cocoa exporters. Equatorial Guinea's two banks both meet the prudential and solvency ratios established by the regional banking commission (COBAC). A third bank was approved by the COBAC in April 2001 and began operations in July.

- Assuming that President Teodoro Obiang Nguema Mbasogo remains in office, the prospects for political stability are good. His move away from the traditional mechanisms of loyalty and repression, towards a new political system in which patronage and reward have a higher profile also means that he is likely to remain unchallenged for some time. The opposition is expected to remain unable to pose a serious threat while loyalty of state institutions such as the army, has been secured by hefty wage rises.

- Despite rising imports, the trade surplus is expected to strengthen to US$1.85bn in 2003 and US$2.18bn in 2004 as new oil production comes on stream. The services and income accounts will remain in deficit as new oil exploration continues and companies repatriate profits. As a result, the current-account surplus is expected to widen from an estimated 2% of GDP in 2002 to 5.5% of GDP in 2003 and 7% of GDP in 2004.

- On May 30th Marathon signed a US$1.2m agreement with GEPetrole, the state oil company, to develop liquified natural gas (LNG) production from the Alba field and processing capacity at Alba Island north-west of Bioko. Officials say that the expansion should provide several hundred jobs and is due to be completed by 2007. As part of the agreement, the government has offered fiscal terms even more generous than those offered in the oil sector, which themselves are more generous than those found in most neighboring countries-although no longer as attractive as in the early days of oil development ten years ago. Earlier in the month, BG, a British-based gas group, signed a contract with Marathon to buy 3.4m tonnes of LNG per year starting from 2007-the date when the Alba field plant will probably start producing.

Marathon and its partners in the Alba field, Noble Energy and GEPetrole, are currently expanding their existing production facilities to increase production from 20,000 barrels of liquids per day and 120m cu ft/day of gas to 70,000 barrels of liquids per day and 120m cu ft/d of gas by the end of 2004.

- The President has at least partly overcome US State Department concerns about human rights abuse and corruption. A less intimidating election atmosphere in the last elections is likely to succeed in helping to promote Mr. Obiang's legitimacy abroad. Allegations of human rights abuses following the announcement of the coup in March have been well documented, and have elicited international condemnation. However, any hesitancy on the part of the US or European countries towards Equatorial guinea will be temporary, due to the rising importance of the oil sector in the world's fastest growing economy.

- Human rights was an endemic problem in Equatorial Guinea. The UN Human Rights Commission voted to keep Equatorial Guinea under scrutiny; however, it is believed that the government's increasing capacity to buy diplomatic influence has caused several African and European countries to insist on softening the criticism. The government blames a handful of individuals acting independently. Recently, the United Nations declared in Geneva that the conditions in Equatorial Guinea have improved tremendously.

Recommendation:

- It is recommended that this credit be approved as presented based the strength of the bank's close relationship with the borrower, its substantial deposits kept at the bank, and restrictive covenants controlling deposit balances.

Risk Rating Justification (also includes specific triggers for upgrade and downgrade):

The borrower is a major depositor of Riggs Bank and contains covenants to control deposit coverage of the exposure and remedies for default. The requirement of daily monitoring of the deposit level along with the country's current political structure would indicate a Pass (P) risk rating.

Match nk

Recommended Documentation Method (check one): N/A

☐	☐	☒
LASERPRO	**LASERPRO w/legal review**	**Outside Counsel**
• *Secured (RE) up to $1MM*	• *Secured (RE) up to $5MM*	• *Secured greater than $5MM*
• *Secured (non-RE) up to $2.5MM*	• *Secured up to $5MM*	• *Unsecured greater than $25MM*
• *Unsecured up to $10MM*	• *Unsecured up to $25MM*	

RELATIONSHIP SUMMARY REPORT
(As Of 9/29/2003)

BORROWER	FACILITY	GUARANTORS	PRESENT EXPOSURE	PROPOSED EXPOSURE	CURRENT OUTSTANDING	RISK RATING	AVERAGE BORROW-INGS	RATE/FEE	AMORTIZATION/ MATURITY DATE	COLLATERAL DESCRIPTION	LTV RATIO
Direct*	Term Loan	None	$0	$29,850,000	$0	PASS	n/a	4% (7 year FHBL advance rate +60 bps)	14 semi-annual payments maturity, 7yrs from closing	None	None
Direct	G/L	None	$30,000	$30,000	$0	PASS	n/a	n/a	12/31/2003	None	None
Direct	G/L	None	$25,000,000	$25,000,000	$0	PASS	n/a	n/a	12/31/2003	Cash***	100%
EGA**	Term Loan	Government of EG	$13,111,107	$13,111,107	$13,111,107	Watch	n/a	7.92%	11/01/2006	None	None
TOTAL:			$38,141,107	67,991,107	$13,111,107						

Note: Asterisk (*) indicates Credit Facility or Facilities Presented for Approval.

Comments: The approved country limit for Equatorial Guinea is $13,350,000. We are requesting an increase in the country limit from $13,350,000 to $80,000,000 to accommodate this loan.

Deposit summary and usage for LOC's (if applicable):

*** This loan was approved for Ecuato Guineana de Aviacion, and guaranteed by the Government of Equatorial Guinea. Therefore we are including the outstanding loan balance of this loan as part of the Country Exposure for Equatorial Guinea.*

****This guidance line for Letters of Credit supports 100% cash secured LCs only.*

What happened to $40mm facility? paid - but CD is CP
$15m Credit Card no longer use

T0000380

P:\PUBLIC\POOL\CREDITFORMS\CREDMT

CREDIT APPROVAL MEMORANDUM
DATE: 9/29/2003

BACKGROUND/RELATIONSHIP SUMMARY:

1. Borrower:

Government of Equatorial Guinea
Malabo, Equatorial Guinea

The discovery of large deposits of oil and gas in the 1990s has transformed a moribund, aid-dependent economy into the world's fastest- growing economy and one of the main destinations of US investment in the African continent. The burgeoning oil sector has encouraged a construction boom in the capital, Malabo, and in the nearby port of Luba, as well as in the city of Bata on the mainland. It has also led to the expansion of the hitherto tiny services sector.

2. Banking Relationship:

- The Government of Equatorial Guinea has been a client of Riggs since 1995 and maintains four DDA accounts, three money market accounts, two CD Investments, and two investments with Riggs Investment Advisors. The total year-to-date average collected balances of approximately $645 million.

- The reason for such substantial holdings is that Riggs manages the oil revenue flows from Exxon Mobil, Marathon and Amereda Hess to the Government of Equatorial Guinea. The average monthly deposits are projected to average $60 million monthly up from an average of $1.5 million per month in 1998-99. We forecast these revenues to reach $589 million and $951 million for fiscal year 2003 and 2004 respectively.

- The country has always handled their obligations as agreed. It should be noted that Riggs Bank provided a $40 million cash secured revolving line of credit (secured by a $40 million certificate of deposit) to Equatorial Guinea in which was paid off before maturity.

- While the borrower has the ability to purchase the intended plane in cash, they desire to borrower in order to fulfill pledges made that oil revenues should be used for infrastructure development only and not consumption.

- Foreign exchange earnings alone continue to grow from $68,400 for 1997, $129,806 for 1998, $294,112 for 1999, $570,594 for 2000, $861,478 for 2001, $300,899 for 2002 and $613,625 as of August 18, 2003. Letters of Credit income has grown from $7,083.18 in 2001, $13,247.80 in 2002 and $4,500 for 2003 as of June 3, 2003.

- During the month of June, 2003 Riggs Bank hosted the President of Equatorial Guinea and his ministers over a private meeting. Senior Management, represented by the Senior Chairman of the Riggs Bank, Joe Allbritton, accompanied by Robert Allbritton, Larry Hebert and Timothy Coughlin, along with the Relationship Manager attended the meeting and discussed various aspects of the existing relationship and the future of Equatorial Guinea's oil revenue with The President of Equatorial Guinea. The President of Equatorial Guinea affirmed his government's commitment to the relationship with Riggs and pledged its continuation.

- Simon Kareri, the country officer, travels often to Equatorial Guinea to meet with the Treasurer of the State and the President to discuss matters pertaining to the banking relationship and monitor various developments.

- Mr. Melchor E. Edjo, Secretary of State, in charge of Treasury and Budgets is the primary contact for this facility in Equatorial Guinea.

B. REQUEST AND SECURITY:

Terms

- The purpose for the loan in the amount of $29,850,000 is for the purchase of a presidential aircraft from Boeing Inc. The loan is priced with a spread of 60 basis points based on a 7-year FHLB advance rate.

- A facility fee for ½ of 1% of the loan amount will be charged and part of that amount will cover the legal fees.

- There is no collateral for this loan however, existing deposits will be monitored daily to ensure availability of funds to repay this loan.

D. REPAYMENT SOURCES:

- The Government of the Republic of Equatorial Guinea has a budget approved in parliament to service this loan on a semi-annual basis from the government revenues deposits with Riggs bank.

COVENANTS (Enter "None" if not applicable):

Covenant Requirement:

- Deposits: The borrower ~~should~~ will mk always maintain balances at Riggs Bank no less that the aggregate amount of any and all outstanding Riggs Bank loans plus the outstanding balance of this loan.

Frequency of Testing:

- There will be a monthly reporting on the aggregate balances however, the balances will be monitored on a daily basis.

need letter

RIGGS

Riggs Bank N.A.

POLICY EXCEPTION CHECKLIST

This checklist serves to document a loan officer's review of reportable policy exceptions and is a mandatory addendum to all Credit Approval Memorandums requesting a credit decision (e.g. - new loan, renewal/reaffirmation or modification). If one or more policy exceptions are identified on this form, the Policy Exception box on the front page of the Credit Approval Memorandum should be marked "YES" and a justification for each exception must be discussed within the Credit Approval Memorandum. Exceptions should be infrequent, properly approved, and firmly mitigated.

ACCOUNT NAME: Republic of Equatorial Guinea ACCOUNT NUMBER: #7322437

[ ] **APPROVAL EXCEPTION:** Loan is being approved, modified, and/or renewed without the concurrence of Credit Administration or any voting OLC member, as required by the Credit Approval Matrix;

[ ] **OUT-OF-MARKET EXCEPTION:** Credit is outside Riggs' natural market; ie., the greater Washington D.C. Metropolitan Statistical Area (MSA), Miami or Europe *[Bulk purchased RRE are exempt];*

[ ] **DEBT SERVICE EXCEPTION:** Loan's actual debt service ratio (DSC or D/I) does not meet the established Product Profile requirement for the product;

[ ] **MARGIN EXCEPTION:** Loan-to-Value for any product exceeds the Product Profile requirement, or the Advance Rate for marketable collateral exceeds one or more of the thresholds defined in Chapter XI, Section B;

[ ] **RECEIVABLE CONFIRMATION EXCEPTION:** Loan is secured by accounts receivable, but the loans documents do not provide for the Bank's right to confirm the receivable;

[ ] **FINANCIAL STATEMENT EXCEPTION:** Loan lacks financial statements as required by policy, see Ch. VII, Section F;

[YES] **HOUSE LIMIT EXCEPTION:** Loan exceeds house limit - *[Cash-rated loans are exempt];*

[ ] **INTEREST ONLY EXCEPTION:** Interest only period exceeds industry norms;

[YES] **INTEREST PAYMENT EXCEPTION:** Loan does not require interest payments at least quarterly - *[EXIM loans (fully guaranteed) are exempt]*;

[ ] **TERM EXCEPTION:** Term of the loan exceeds the guideline set out in the Product Profile;

[ ] **PREPAYMENT EXCEPTION:** Fixed rate loans that do not include a prepayment penalty requirement *[Loans under $500,000 are exempt from reporting as an exception.];*

[ ] **COVENANT EXCEPTION:** DSR or margin covenants have been set below Product Profile requirement or no covenants have been set as required.

[ ] Loan is secured by real estate and, in addition to any exception noted above, the following parameters also exceed the underwriting thresholds outlined in the Product Profiles or the Lenders' Toolbox;

YES			
[ ]	**R.E. GUARANTY EXCEPTION:**	Guaranty Requirement Not Met	See Product Profile
[ ]	**R.E. LIEN EXCEPTION:**	Junior Lien/Wraparound	See Product Profile
[ ]	**R.E. MATURITY EXCEPTION:**	Maturity Exceeds Requirement	See Product Profile
[ ]	**R.E. INTEREST RESERVE EXCEPTION:**	Interest Reserve Requirement Not Met	See Lenders' Toolbox
[ ]	**R.E. PRELEASING EXCEPTION:**	Insufficient Preleasing/Presale	See Lenders' Toolbox
[ ]	**R.E. APPRAISAL EXCEPTION:**	Appraisal Requirement Not Met	See Appraisal Policy
[ ]	**R.E. FDICIA EXCEPTION:** *	LTV Exceeds FDICIA Supervisory Limits	See 12 CFR 34 (Subpart D)

* (If FDICIA exception, don't check margin exception)

Please provide a short comment regarding the justification for the proposed exception(s). For example, if a Loan-to-Value exception is being requested, an acceptable justification might read "LTV is mitigated by DSC ratio in excess of 2x and strong guarantor support".:

.n Officer: Simon P. Kareri Date: September 29, 2003

Revised 4/03

Model . determining ROA and ROE for Loans (Version 0803)

ROA and ROE on Loan

Loan Amount	$29,650,000
Term (in Years)	7.00
Loan Rate	4.00%
Cost of Funds	3.40%
Spread	0.60%
Spread in $	$179,100
Fee on Loan (%)	0.50%
Annual Impact of Fee	$21,321
Total Income from Loan	$200,421
Expense***Loan Loss Res 1.00%	$298,500
Net Income on Loan	-$98,079
Federal Tax Rate	35.00%
Federal Taxes	-$34,328
Net Income After Taxes	-$63,751
Equity Assigned	$1,791,000
6.00% Real Equity Capital	
ROA on Loan 1st year	-0.21%
ROE of Loan 1st year	-3.56%
ROA of Loan (Life)	-0.14%
ROE of Loan (Life)	-2.38%

Loan Loss Reserve	
Risk Rating	Reserve
Cash Secured	0.10%
Investment Grade	0.50%
High Pass	0.75%
Pass	1.00%

ROA and ROE of Account Relationship

Fees from other Source	Total Fees	Profit Margin	Profit
Letters of Credit	$5,000	20%	$1,000
Custody	$57,938	20%	$11,588
AIM Fee	$126,550	100%	$126,550
Money Management	$0	20%	$0
Cash management	$0	20%	$0
Misc	$698,868	20%	$139,774
Total Hard Dollar Fees	$888,358	Total Profit	$278,911

Deposits/Repo		Rate	Earnings Rate*	Net Benefit
Total DDA Balances	$14,405,125			
**Compensating for Service	$0			
Free DDA Balances	$14,406,125	0.00%	1.25%	$180,064
MMDA Balances	$337,037,622	1.10%	1.25%	$505,556
Sweep Balances	$0	0.50%	1.25%	$0
Savings	$42,260,711	0.25%	1.25%	$422,607
Balances	$393,703,458		Total Benefit	$1,108,228

Total Benefit, Fees and Deposits	$1,387,139
Federal Tax Rate	35%
Taxes	$485,499
Benefit	$901,640

Total Income of Relationship	$837,889
ROA of Relationship 1st year	2.81%
ROE of Relationship 1st year	46.78%
ROA of Relationship (Life)	3.36%
ROE of Relationship (Life)	56.07%

*Note: Since the rates paid on MMDA, savings and sweeps are floating rates, the earnings for these deposits is calculated at the current fed fund target.

** Note: Reduce by 20% to cover profit margin assumed in products

***Note: Does not take into account the overhead of creating the loan (salaries, commissions, credit analysis) or servicing the loan.

Note: For Fixed Rate Loans, Approval of Cost of Funds by Treasury is required for loan amount of $500,000 or more.

Signature of Treasury Representative / Date

T00003915

RIGGS Memorandum

To: Mr. Joe L. Allbritton
Chairman and
Chief Executive Officer

From: Simon P. Kareri

Date: Permanent Subcommittee on Investigations
NOTE: Undated by likely 10/12/00

Re: Equatorial Guinea

I am pleased to provide you with the following relationship information pertaining to Equatorial Guinea.

The Embassy of Equatorial Guinea has been a client of Riggs since 1995 and currently maintains two DDA's and one MMA account with total average balances of approximately $21,000.00 year-to-date. In addition the Government of Equatorial Guinea maintains two DDA's and other investments with balances of $100 million. The following are the current balances in the various accounts of the Government (excluding Embassy):

DDA Balances	**$ 3,547,634**
Euro Balances	**$82,009,887**
RIMCO Investment	**$20,000,000**
Loan Balance	**$20,000,000**

This relationship is the largest for my group and grows every week since we are the recipients of the country's revenues from oil exports. These revenues are expected to increase significantly in the future. Late last year, we concluded a new contract valued at approximately $2.5 million for our Trust Department to manage the country's external debt. In addition, we have recently placed a $20 million investment with RIMCO for them. We have also made a funding proposal for their infrastructure purchases valued at $250 million in conjunction with our Investment bankers and SPP Capital in New York. In this regard, we have met the President with our team and he is in the process of establishing a Government team to enter into negotiations with us. This relationship has become quite profitable for the bank and offers significant income generation opportunities for the bank.

The current ambassador, **His Excellency Teodoro Biyogo Nsue** is new to Washington. He served in New York for five years and presented his credentials to President Clinton a few weeks ago. Mr. Biyogo is a brother to the First Lady of their country and thus is quite close to the power center.

Thank you.

ZZ-000138

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 203

LIBER FOLIO

0017798 039

State of Maryland Land Instrument Intake Sheet

☐ Baltimore City ☐ County: Montgomery

Information provided is for the use of the Clerk's Office, State Department of Assessments and Taxation, and County Finance Offices only.

(Type or Print in Black Ink Only—All Copies Must Be Legible)

Space Reserved for Circuit Court Clerk's Recording Validation

1 Type(s) of Instruments (☐ Check Box if Additional Mortgage Form is Attached.)

✓ Deed	☐ Mortgage	✓ Other:	☐ Other:
☐ Deed of Trust	☐ Lease		

2 Conveyance Type Check Box

✓ Improved Sale Arms-Length [1]	☐ Unimproved Sale Arms-Length [2]	☐ Multiple Accounts Arms-Length [3]	☐ Not an Arms-Length Sale [9]

3 Tax Exemptions (If Applicable) Cite or Explain Authority

Recordation	
State Transfer	
County Transfer	

4 Consideration and Tax Calculations

Consideration Amount		Finance Office Use Only
Purchase Price/Consideration	$ 2,600,000.00	
Any New Mortgage	$	
Balance of Existing Mortgage	$	
Other:	$	
Other:	$	
Full Cash Value	$	

5 Fees

Amount of Fees	Doc. 1	Doc. 2
Recording Charge	$ 20.00	$ 20.00
Surcharge	$ 2.00	$ 5.00
State Recordation Tax	$	$ 11,440.00
State Transfer Tax	$	$ 6500.00
County Transfer Tax	$	$ 26,000.00
Other	$	$
Other	$	$

6 Description of Property SDAT requires submission of all applicable information. A maximum of 40 characters will be indexed in accordance with the priority cited in Real Property Article Section 3-104(g)(3)(i).

District	Property Tax ID No.	Plat Ref.	Map	Parcel	Ex.
10	2640105	19597/1160			

Subdivision Name: Falconhurst | Lot(s): 21 | Block (B): | Section (S): | Plat Ref.: 154/15499

Property Address (If Available): 9909 Bent Cross Drive Potomac Md 20854

Other Property Identifiers (If Applicable):

Residential ☐ Yes ✓ No | Non-Residential ☐ | New Construction ☐ | Fee Simple ✓ | Ground Rent ☐ | Leasehold ☐

Partial Conveyance? ☐ Yes ✓ No | Description/Amt. of SqFt/Acreage Transferred:

If Partial Conveyance, List Improvements Conveyed:

7 Transferred From

Doc. 1 - Grantor(s) Name(s)	Doc. 2 - Grantor(s) Name(s)
Myrna Celia J. De Mauro	David N. De Mauro Myrna Celia J. De Mauro
Doc. 1 - Owner(s) of Record, If Different from Grantor(s)	Doc. 2 - Owner(s) of Record, If Different from Grantor(s)

8 Transferred To

Doc. 1 - Grantee(s) Name(s)	Doc. 2 - Grantee(s) Name(s)
David N. De Mauro	Obiang Nguema Mbasogo
Mailing Address: 9 Simon Kareol Pkwy Bent NA M13	Mailing Address: Massachusetts Ave NW Washington DC 20008

9 Other Names to Be Indexed

Doc. 1 - Additional Name(s) to be Indexed (Optional):	Doc. 2 - Additional Name(s) to be Indexed (Optional):

10 Contact/Mail Information

Person(s) Submitting Document / Contact Person

Name: T. McDonald

Firm: Settlementcorp

Address: 5301 Wisconsin Ave NW #710

Washington DC 20015 Phone: (202 537-0005

☐ Return to Contact Person

☐ Hold for Pickup

✓ Return Address Provided

11 IMPORTANT: NOTARIZED ORIGINAL DEED AND A PHOTOCOPY MUST ACCOMPANY EACH TRANSFER

Assessment Information

☐ Yes ✓ No Will the property being conveyed be the grantee's principal residence?

☐ Yes ✓ No Does transfer include personal property? If yes, identify:

☐ Yes ☐ No Was property surveyed? If yes, attach copy of survey (if recorded, no copy required).

Assessment Use Only — Do Not Write Below This Line

☐ Terminal Verification ☐ Tax Exempt ☐ Water ☐ Front ☐ Transfer Verification

Transfer Number: | Date Processed: | Deed Reference: | Property Transfer No.:

	Year	Land	Buildings	Total
Current				
Phase In				

Space Reserved for County Validation

REMARKS:

Distribution: White - Clerk's Office; Canary - SDAT; Pink - Office of Finance; Goldenrod - Preparer

Permanent Subcommittee on Investigations

EXHIBIT #58 – FN 204

LIBER FOLIO
0017798 038

AFFIDAVIT OF GRANTEE(S) AS
FIRST-TIME MARYLAND HOME BUYER(S)

The undersigned each state under oath as follows:

1. Each of the undersigned is a Grantee of residentially improved real property located at 9909 Bent Cross Drive, Potomac, Maryland 20854, being more particularly described as Lot 21, Block 4, Lots 6-17, Blk 3 & Lots 16-26, Blk. 4, FALCONHURST, * County, Maryland.

*Montgomery

2. Each of the undersigned is:

(a.) a first-time Maryland home buyer, defined as an individual who has never owned in the State residential real property that has been the individual's principal place of residence, who will occupy the property as Grantee's principal residence; or

(b.) a co-maker or guarantor of the purchase money mortgage or purchase money deed of trust on the property who will not occupy the property as Grantee's principal residence.

Grantee	OBIANG NGUEMA MBASOGO Grantee
Grantee	Grantee

SUBSCRIBED AND SWORN to before me, a Notary Public in and for the State of Washington, County of D.C., this 17th day of December, 19 99.

My commission expires: MARGARET HEARD, NOTARY PUBLIC DISTRICT OF COLUMBIA My Commission Expires: July 14, 2001

Margaret Heard

T-9551 LIBER FOLIO

0017778 695

After Recording Mail To:
Riggs Bank, NA
Residential Real Estate Department
5700 RiverTech Court
Riverdale, Maryland 20737

99 DEC 30 A 11:08
FILED
RICHARD D. RUHL
CLERK'S OFFICE
MONTGOMERY COUNTY, MD.

[Space Above This Line For Recording Data]

PURCHASE MONEY
DEED OF TRUST

Loan ID: 1300063136

THIS DEED OF TRUST ("Security Instrument") is made on December 7th, 1999 . The grantor is CONSTANCIA MANGUE NSUE, A Married Woman

("Borrower"). The trustee is Linda N. Lester and James W. Canty

("Trustee"). The beneficiary is Riggs Bank N.A.

which is organized and existing under the laws of THE UNITED STATES OF AMERICA , and whose address is 5700 RiverTech Court RN-310, Riverdale, Maryland 20737 ("Lender"). Borrower owes Lender the principal sum of Seven Hundred Forty Seven Thousand Five Hundred-------- Dollars (U.S. $ 747,500.00). This debt is evidenced by Borrower's note dated the same date as this Security Instrument ("Note"), which provides for monthly payments, with the full debt, if not paid earlier, due and payable on January 1st, 2030 . This Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the Note, with interest, and all renewals, extensions and modifications of the Note; (b) the payment of all other sums, with interest, advanced under paragraph 7 to protect the security of this Security Instrument; and (c) the performance of Borrower's covenants and agreements. For this purpose, Borrower irrevocably grants and conveys to Trustee, in trust, with power of sale, the following described property located in MONTOGMERY County, Maryland:

Lot numbered twenty-one (21) in Block lettered "D" in the subdivision known as 'POTOMAC MANOR" in Montgomery County, Maryland, as per plat thereof recorded in Plat Book 109 at Plat 12667, one of the Land Records for said Montgomery County, Maryland.

Title Insurer: Commonwealth Land Title Insurance Company

IMP FD SURE $	5.00
RECORDING FEE	20.00
TOTAL	25.00
Rest MOB7	Rcpt # 11870
MAR MAD	Blk # 5380
Dec 30, 1999	11:07 am

Item #: 10-013-1806493

which has the address of 10501 Bit & Spur Lane,, Potomac [Street, City],
Maryland 20854 [Zip Code] ("Property Address");

205

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 205

LIBER FOLIO
0017778 701

SECOND HOME RIDER

Loan # 1300063136

THIS SECOND HOME RIDER is made on this 7th day of December, 1999, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust, or Security Deed (the "Security Instrument") of the same date given by the undersigned (the "Borrower," whether there are one or more persons undersigned) to secure Borrower's Note to Riggs Bank N.A.

(the "Lender") of the same date and covering the Property described in the Security Instrument (the "Property"), which is located at:

10501 Bit & Spur Lane,
Potomac, Maryland 20854
[Property Address]

In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree that Uniform Covenant 6 of the Security Instrument is deleted and is replaced by the following:

6. Occupancy and Use; Preservation, Maintenance and Protection of the Property; Borrower's Loan Application; Leaseholds. Borrower shall occupy and shall only use, the Property as Borrower's second home. Borrower shall not destroy, damage or impair the Property, allow the Property to deteriorate, or commit waste on the Property. Borrower shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that in Lender's good faith judgment could result in forfeiture of the Property or otherwise materially impair the lien created by this Security Instrument or Lender's security interest. Borrower may cure such a default and reinstate, as provided in paragraph 18, by causing the action or proceeding to be dismissed with a ruling that, in Lender's good faith determination, precludes forfeiture of the Borrower's interest in the Property or other material impairment of the lien created by this Security Instrument or Lender's security interest. Borrower shall also be in default if Borrower, during the loan application process, gave materially false or inaccurate information or statements to Lender (or failed to provide Lender with

Initials: CHU TB

18440 151

DOV #: 1300063136
NAME: NSUB. CONSTANCIA MANGUE
P/O DATE: 06/12/2000

PREPARED BY:
Jessica Mumper
LOGS NATIONAL DOCUMENT SERVICES
4201 Lake Cook Road
Northbrook, IL 60062

LOGS National Document Services
ATTN: Hina Qurashi
4201 Lake Cook Road
Northbrook, IL 60062

00 OCT -3 P 4:37

FILED
KELLY O. IROM
CLERK'S OFFICE

CERTIFICATE OF SATISFACTION

The RIGGS BANK, N.A., FORMERLY KNOWN AS RIGGS NATIONAL BANK, N.A., does he acknowledge that the indebtedness secured by a certain deed of trust/mortgage made by CONSTANCIA MANG NSUE, A MARRIED WOMAN, to LINDA N. LESTER AND JAMES W. CANTY Trustee, RIGGS BANK N as Beneficiary, dated 12/07/1999 recorded in MONTGOMERY County, in Book 0017778, Page 595 re recor on and document number DEED OF TRUST and was fully paid and discharged, that RIGGS BANK, N. FORMERLY KNOWN AS RIGGS NATIONAL BANK, N.A. was, at the time of satisfaction, the holder of deed of trust note/mortgage, and the lien of the deed of trust/mortgage is hereby released.

Witness the hand and seals of the holders of the said deed of trust/mortgage on 08/17/2000.

In witness whereof, the holder of the said deed of trust/mortgage has caused this instrument to be executed in behalf by its agent on August 29, 2000.

PARCEL I.D.: 10-013-1806493

Attest:

RIGGS BANK, N.A., FORMERLY KNOWN AS
RIGGS NATIONAL BANK, N.A.

WITNESS: Bobbie Wright
BOBBIE WRIGHT

BY: Josephine C. Pucci
JOSEPHINE C. PUCCI, Real Estate Closing Officer

WITNESS: Barbara Cervantes
Barbara Cervantes

STATE OF ILLINOIS
COUNTY OF COOK

The forgoing instrument was acknowledged before me on August 29, 2000, by JOSEPHINE C. PUCCI, Real Estat Closing Officer of RIGGS BANK, N.A., FORMERLY KNOWN AS RIGGS NATIONAL BANK, N.A., a banking of said corporation.

Linda Lee Marsala

My Commission Expires: JUNE 1, 2003

LINDA LEE MARSALA, NOTARY PUBLIC

OFFICIAL SEAL
LINDA LEE MARSALA
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 6-1-2003

MDDOV.SOV(1300063136)
RMS 12/96
Batch: 06/13/2000

RIGGS

To: EVP – Security & Investigations

From: GVP – Security & Investigations

Date: 12/08/03

Re: Equatorial Guinea

Below is the information you requested in order to assist you with your upcoming briefing. This information should prove quite useful in gaining an insight into the Riggs Bank relationship as it relates to Equatorial Guinea (herein, EG), as well as recent efforts relative to monitoring and the reporting of suspicious activity. This data was compiled after a comprehensive review of the relationship by the Riggs Investigations Group (RIG).

The Riggs Bank accounts related to EG government are as outlined below.

Account No. 17-164-642: Opened in January of 1996, this is what is referred to commonly as the EG "oil" account. The official account name is simply, Republica de Guinea Ecuatorial - Tesoreria General. It is a standard business checking account. The monies being deposited into this account come almost exclusively from the oil companies (Exxon/Mobil & Marathon) exploring in EG. This account is viewed as the general treasury account. Most of the monies coming into this account are then transferred to the Central Bank of Africa (BEAC). Once at the BEAC, the monies are used to pay EG's external bills. Additionally, transfers from the treasury account are used to offset costs of a multitude of EG projects (Bata Cold Storage Project, Proyecto Annobon).

Account No. 17-200-914: This was an original Equatoguinean checking account that was closed in January of 2001. Because it was purged from our databases before the conversion E.P.S., the only information available is hardcopies of statements. The account was titled Embassy of the Republic of Equatorial Guinea and appears to have transactional history pertaining to the Embassy (e.g., $600,000.00 purchase of a chancery site).

Account No. 17-201-044: Republica de Guinea Ecuatorial - Tesoreria General - Cuenta Especial - Registro de Barcos (Shipping registry). This non-profit Riggs Money Managing Account (RMMA) was opened in October of 1996, and is currently inactive. The last deposit made into the account by the customer was made in November of 2001.

Permanent Subcommittee on Investigations
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It was opened as a non-profit RMMA. Most Money Managing accounts have been dissolved, those that remain are Money Market accounts.

Account No. 17-231-999: The only information available for this checking account are hardcopies of the account statements. This account closed in November of 1999. The account was named Republica de Guinea Ecuatorial (Ministry of Finance) and is to the attention of Mr. Baltasar Edjo who is the EG Minister of Economic Affairs and Finance. It would appear that the account was used for the purposes of paying EG's debts.

Account No. 17-241-206: This money market account was closed in September of 2000, and was titled as the Embassy of Equatorial Guinea (Telephone Expenses) account. The only information available are the account statement hardcopies. This was an old embassy account that was used for housing expenses.

Account No. 17-306-647: This is the Embassy of Ecuatorial Guinea (Consular Account) corporate wholesale checking account. This account was opened in August of 2000, is currently active and reflects transactions normal to any consular account. Payments for various services are debited frequently (e.g., gas, light, water and insurance).

Credits normal to a consular account are also evident (e.g., passport and visa renewal fees). The account checks are all signed by H.E. Teodoro Biyogo Nsue, the EG Ambassador.

Account No. 76-772-007: This account is similar to the Consular account. It differs slightly in that this standard business checking account is used primarily to pay the salaries of Embassy employees. The Ambassador has discretion to use either account for other payments, such as utilities, or transportation expenses.

Account No. 76-889-598: This account reflects two transactions, a credit, and a debit. Accordingly, the account was set up to accommodate EG's desire to invest monies in the Euro. In order to do this, money had to be set aside in a separate account awaiting clearing. This is no longer necessary due to Riggs' ability to withdraw money for investments from active accounts. The account was closed in July of 2000.

Account No. 17-328-504: Republica de Guinea Ecuatorial (Cuenta Estudiantes). This is one of the student accounts opened in March 2001. It is a Corporate Wholesale Checking account and its balance fluctuates frequently. Money from this account is used towards the needs of EG students studying abroad, from tuition to monthly rent. There are various EG students studying abroad, including a few attending Virginia colleges. A list of beneficiary students is available for review.

Account No. 25-380-310: Rpublica de Guinea Ecuatorial - Fondo Especial para Becas (Special Scholarship Fund). This is the second student account, however, it differs from 17-328-504 because its monies are slated for use at specific university. It is also a Business Money Market account. An official agreement between the EG government and the Institute Pacem In Terris of La Roche University in Pittsburgh, Pa., is available

for review. At first glance, this account appears to be inactive, but this is due to the fact that only one deposit and one withdrawal a year is conducted. An RIA investment account exists by the same name. The RIA account # 68-0026-03-6 has current value of $7000.00.

Account No. 17-340-829: This corporate wholesale account was opened in June 2002, is currently inactive, and contains a one cent balance. GE Petrol is an EG owned government company, the first petroleum/oil company to be owned by EG. GE Petrol is a budding new venture.

Account No. 76-812-478: This is a business money market account opened under the same company name as 17-340-829 above. It is currently inactive, with the last customer transaction dated July 12, 2002. The available balance is one cent.

Account No. 76-952-200: This is the EG investment account, Republica de Guinea Ecuatorial - Tesoreria General Inversiones (Investments). Opened in December 2001, the monies in this account go to various investments made on behalf of the EG government. This account has a balance of $200 million. This account is linked to RIA accounts #'s 68-0026-01-0 and 68-0026-02-8 who have aggregate portfolio market values of $310,933,098.96.

Account No. 76-939-372: Republica de Guinea Ecuatorial - Equato Guineana de Aviacion (Aviation), the EG national airline. Geographically, EG is comprised of small to medium sized islands, and a small swath of land on the African continent. The best form of travel between these isles and the mainland is aviation. The EG national airline, EGA, offers service between EG's islands, and other points in West Africa. This account was opened on October 2, 2001, and has a month to date average balance of $44,233.55.

Account No. 25-711-327: This account is named simply, Republica de Guinea Ecuatorial - Avion (Airplane), and was opened September 30, 2003. The funds in this account go towards payments to the Boeing Corporation for an airplane the government is purchasing. The aircraft is destined to become the Presidential aircraft. The aircraft has not yet been delivered. The balance in the account is $9,148,927.54.

Account No. 81-710-433: This is a thirty-six (36) month certificate of deposit account. The account holder is the Republic of Equatorial Guinea. The account was opened in May of 2002, and the only transaction occurring is interest payment. The CD was opened with $40 million.

Account No. 81-763-375: This is a 48- 60 month CD, held in the name of the Republic of Equatorial Guinea - Fondo Especial (Special Funds). It was opened in November of 2002 with $1 million and has a current memo balance of $779,755.12.

The Riggs Bank accounts belonging to Politically Exposed Persons (PEP's) associated with EG are listed below.

Teodoro Nguema Obiang Mbasago: President of the Republic of Ecuatorial Guinea. The President does not have any personal accounts with Riggs Bank; he does, however, run Otong SA. Otong SA is President Mbasago's Private Investment Corporation (PIC). The company's Articles of Association were formed in the Bahamas. Currently, the PIC has three accounts at Riggs; a money market account, No. 76-863-013, opened on September 20, 1999, containing a month to date average balance of $14.047, and two CD's, 81-450-109 opened June 16, 2000, worth $11,183,933, and 81-723-162, opened June 26, 2002, worth, $2,576,578.

Constancia Mangue Nsue: Equatorial Guinea's first lady, wife of President Mbasago. Madame Nsue has several accounts with Riggs. The accounts are outlined below:

24-383-122	Personal Checking	Opened 8-16-1996 ~ $181,283
25-475-010	Rental Account	Opened 9-19-2002 ~ $70,856
81-253-754	Certificate of Deposit (36 month)	Opened 8-1-1997 ~ $2,93,957
76-890-433 i/t/f Pastor	Money Market	Opened 3-30-2000 ~ $850.00
81-585-927 i/t/f Pastor	Certificate of Deposit (6 month)	Opened 7-13-2000 ~ $633,517.00
76-890-441 i/t/f Justo	Money Market	Opened 3-30-2000 ~ $850.00
81-585-919 i/t/f/ Justo	Certificate of Deposit (6 month)	Opened 7-13-2000 ~ $633,517.00
24-295-363 jnt w/ T.Biyogo	Housing Expense	Opened 1-24-2000 ~ $120,942.00

The first couple has identical twin boys, Justo and Pastor. The boys are seventeen years old and are attending boarding school in Europe. Madame Nsue has four fiduciary accounts in their name, two CD's, and two money markets. Each account has identical transactional activity.

Madame Nsue owns property both in the United States and EG. The mortgage attached to [redacted] Connecticut Ave, NW, Washington D.C., in her name. The loan, #10063136, was for $747,500, and has been paid off in its entirety.

Teodoro Nguema Obiang: Mr. Obiang, or Teodorin is the President's adult son. Until recently, Teodorin was the EG Minister of Forestry Fishing & Environment. Teodorin owns Somagui Forestal, which is a timber export company in EG. He also owns TNO Entertainment, a music production company. Teodorin lives in Los Angeles, Ca.

[redacted] = Redacted by the Permanent Subcommittee on Investigations

Teodorin opened checking account #76-889-555 in February of 2000. The original account was closed in February 2001, and a new checking account #76-923-450 was immediately opened. The original account was opened with one cent. The current account balance is approximately $3.5 million.

Teodoro Biyogo Nsue: Biyogo is the EG Ambassador to the United States. Biyogo is a joint account holder with Madame Nsue on account #24-895-363 listed above. In addition, Biyogo has a fiduciary statement savings account in trust for his minor daughter, Candida Nsue, #25-595-370, which he opened in March of 2003. Teodoro Biyogo and the First Lady are siblings. Current account balance is $5,582.36.

Biyogo is the authorized signer of the EG embassy accounts.

Elena Mensa: Elena is the wife of Ambassador Biyogo, mother of Candida Nsue. At one point in her relationship with Riggs Bank, Elena had five accounts. She currently has one open and active personal checking account. Below is a table representing the accounts belonging to Elena, and their current status:

25-356-070	Personal Checking	Opened 5-8-2002
25-460-310	Demand Deposit Acct	Opened 9-2-02 Closed 3-24-2003
65-197-510	Savings	Opened Unknown Closed Unknown
81-763-965	Certificate of Deposit (6 month)	Opened 12-11-2002 Closed 8-8-2003
81-676-503	Certificate of Deposit (6 month)	Opened 10-9-2001 Closed 4-10-2002

Armengol Ondo Nguema: Armengol is President Mbasago's brother. He is also the Director of Security. His relationship with Riggs is an assemblage of two accounts, a Money Market Account # 76-889-504 ($27,204.51), which was opened July 3, 2000, and a twelve (12) month CD ($670,117.51), opened on June 25, 2001.

Sylvia Nchama Ondo: Sylvia is Armengol's daughter, and niece of the President. Her account is fairly new, having opened on October 17, 2003. Miss Ondo is currently studying in the United States. Miss Ondo has a personal checking account, #25-731-088, with a month to date average balance of $1,504.15.

Baltasar Engongo Edjo: Money Market Account #76-841-236 belongs to Baltasar Edjo. Baltasar is the EG Minister of Economic Affairs and Finance. His only Riggs account was opened on October 8, 1998 and maintains an average balance of $1504.15.

Melchor Esono Edjo: Secretary of State for Treasury and Budget, Melchor and Baltasar (see above) are siblings. Melchor has three accounts at Riggs Bank, one money market and two certificate's of deposit. The money market #76-827-522 has a balance of

$2,099.26. Account # 81-502-490 is a 12 month CD, opened in July of 1999, and has a principal balance of $43,957.41. The other CD #81-764-159 is a 48-60 month CD, opened in July of 2003, and has a principal balance of $139,294.88.

Pastor Micha Ondo Bile: He is currently the Minister of Foreign Affairs of EG. Minister Bile had been the EG Ambassador to the United States. Minister Bile's personal Riggs accounts are:

24-203-160	Checking	Opened 9-14-1995
76-787-356	Money Market Account	Opened 9-13-1995
81-770-495	Certificate of Deposit	Opened 3-7-2003 Closed 6-5-2003
81-815-876	Certificate of Deposit	Opened 6-4-2003 $4000.00
81-519-794	Certificate of Deposit	Unknown
81-405-228	Certificate of Deposit	Unknown

Minister Bile also has his [redacted] Falls Church, Virginia mortgage through Riggs Bank (#13220). The mortgage is for $166,256.19.

Miguel Abia Biteo Boriko: He is the former Minister of Economy, and now maintains a relationship to Parliament. Mr. Boriko has one dormant money market account with Riggs Bank, #76-841-201. There has been no account activity since January of 2003. The month to date average balance is $1577.00.

Juan Olo Mba Nseng: Former Minister of Mining, Juan Nseng is now the Director of Electricity. Mr. Nseng possesses one money market account at Riggs (#76-913-623), opened in September 2000, and averages a balance of $14,646.00.

Maria Ondo Mangue aka Maria Luisa Mangue Ondo: Ms. Ondo is President Mbasago's niece. She has two accounts at Riggs. One, a savings account, #25-460-986, opened in September of 2002, and closed in July 2003. The other, a checking account, #25-125-029 was opened in April of 2001, and currently has a balance of, $535.00.

The Riggs Bank account associated with a former PEP of EG is described below.

Sisinio Eyebe Mbana Mkina: Sisinio is the former First Secretary of EG. Sisinio has two open and one closed account with Riggs. There are two convenience plus money market accounts. Account # 25-101-203 was opened in February of 2001, and has a current balance of $11.30. The second Convenience Plus Money Market account, #76-925-309 was opened in March of 2001, and its balance is $1.22. The third account, a savings account was opened on October 28, 2002, and then closed in May of 2003.

The loans outstanding to the government of EG are listed below.

Government of EG	Guidance Line	$25,000,000.00	Loan # 7322437	Open
Republic Of Equatorial Guinea	Term Loan	$29,850,000.00	Loan # 7322437	Recently Booked
Ecuato-Guineana de Aviacion	Term Loan	$12,942,497.00	Loan # 2606623	Open
Equatorial Guinea	Line of Credit	$40,000,000.00	Loan # 7322437	Paid Off/ Closed
Republic of Equatorial Guinea	Secured Line of Credit	$4,500,000.00	Loan # 7322437	Open
Embassy of Equatorial Guinea	Overdraft	$30,000.00	Loan # 7322437	Open

The following actions have been taken by Riggs' Monitoring and Reporting Group (MRG) relative to the accounts of Equatorial Guinea:

- All deposit accounts have been linked within Onyx.
- Monitoring groups have been established in Assist//ck profiler for the purpose of transaction monitoring. The groups are as follows:
    - Equatorial Guinea - Institutional – 13 accounts
    - Equatorial Guinea - PEP Accounts – 28 accounts
- The MRG is currently analyzing each account to determine the proper profiling methodology to apply to each account.
- The MRG has recently referred two transactions conducted by **Teodoro Nguema Obiang** to the RIG for review.
- The MRG is currently reviewing specific transactions related to an account in the name of **Constancia Mangue Nsue.**

The RIG has filed two Suspicious Activity Reports (SAR's) related to the EG relationship.

B.J. Moravek

3075 505-2

THIS DEED

T-10049

MADE this 28th day of July, 2000, by and between Malinee Vangsameteekul, unmarried, GRANTOR; and Armengol Ondo Nguema GRANTEE;

WITNESSETH

THAT, for and in consideration of the sum of TEN DOLLARS ($10.00) and other good and valuable consideration, receipt of which is hereby acknowledged, the GRANTOR does hereby grant, bargain, sell and convey, in fee simple and with General Warranty of Title, unto the GRANTEE, the following described property, situate, lying and being in Arlington County, Virginia, to wit:

See Schedule A Attached Hereto

THIS conveyance is made subject to the covenants, conditions, restrictions, easements and rights of way of record.

THE GRANTOR covenants that said GRANTOR has the right to convey the aforesaid property; that the GRANTOR has done no act to encumber said property; that the GRANTEE shall have quiet possession of said property; and that the GRANTOR will execute such further assurances as may be requisite.

WITNESS the following signatures and seals:

Malinee Vangsameteekul (SEAL)

~~State of~~ District of Columbia
~~the~~ District of Columbia

I, Todd S. Deckelbaum, a Notary Public for the jurisdiction aforesaid, do certify that Malinee Vangsameteekul whose name is signed to the foregoing document acknowledged the same before me in my jurisdiction aforesaid, this 28th day of July, 2000.

My commission expires on the 14th day of February, 2003.

Notary Public

Todd S. Deckelbaum

After Recording Mail To:
Simon Mateel
Riggs Bank, NA
1522 Connecticut Avenue, NW
Washington, DC 20036

Grantee's Address: [redacted]
Arlington, Virginia 22203
Consideration: $349,000.00

Tax Id. # [redacted]
Prepared By: Settlementcorp

[redacted] = Redacted by the Permanent Subcommittee on Investigations

PRI box

(2)

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 207

3075 505-3

SCHEDULE A

T-10049

lot 17, Section 1, Townes of Ballston, as the same appears duly dedicated, platted and recorded in Deed of Vacation, Rededication, Resubdivsiion and Easement recorded in Deed Book 2314, at Page 72, and as corrected by Instrument recorded June 6, 1988 in Deed Book 2331 at Page 1519 among the Land Records of Arlington County, Virginia.

RIGGS

Riggs Bank N.A.
Embassy Banking Division
1528 Connecticut Avenue, NW
Washington, DC 20036
(202) 835-4518

March 16, 2000

Board of Directors
Olympic Tower Condominium
641 5th Avenue
New York, NY

Dear Sir/Madam:

This is to advise and certify that ***Mr. Teodoro Nguema Obiang*** has maintained an account with us since February 2000. During the course of the relationship, his account has been maintained in a satisfactory manner.

We are confident that Mr. Obiang will be able to meet his obligations.

Please do not hesitate to contact us should further information be required.

Sincerely,

Michael A. Parris
Assistant Vice President

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 208

March 16, 2000

Board of Directors
Olympic Tower Condominium
641 5th Avenue
New York, NY

Dear Sir/Madam:

This is to advise and certify that ***Mr. Teodoro Nguema Obiang*** has maintained an account with us since February 2000. During the course of the relationship, his account has been maintained in a satisfactory manner.

We are confident that Mr. Obiang will be able to meet his obligations.

Please do not hesitate to contact us should further information be required.

Sincerely,

Michael A. Parris
Assistant Vice President

Telephone Number	Mode	Start	Time	Page	Result	Note
919146676838	NORMAL	17,11:29	0'43"	1	0 K	

P.1 Mar 17 2000 11:30

** Transmit Conf. Report **

RIGGS EMBASSY BANKING Fax:2028358518

BATA, le 16.03.2000

A l'attention de Mr BARRY
RIGGS BANK N.A. WASHINGTON

OBJET: ETABLISSEMENT D'UNE ATTESTATION

Monsieur,

Nous vous autorisons par la présente d'établir une attestation à l'attention du ' BOARD OF DIRECTORS OF OLYMPIC TOWER CONDOMINIUM ' certifiant que mon compte en vos livres dispose de suffisamment de fonds pour couvrir la totalité de l'opération d'achat de l'appartement en question.

En espérant une suite favorable à notre demande , Monsieur nous vous prions d'agréer nos salutations distingués.

Mr TEODORE NGUEMA

[redacted] 5th Avenue
NY, NY

[redacted] = Redacted by the Permanent Subcommittee on Investigations

RIGGS

Memorandum

To: Ray M. Lund

From: Simon P. Kareri

Date: March 9, 2001

Re: Debit Card increase for the First Lady of Equatorial Guinea

I am seeking your approval to increase the daily limit of the debit card ([redacted]) of Madame Constancia Nsue to $10,000 per day. I encouraged her to use her debit card while shopping but realized later that the $2,500 limit is insufficient for her needs. Madame Nsue has sufficient funds to cover her purchases. I am requesting this increase to be in place for this month.

Thank you.

Approved:

Ray M. Lund

[redacted] = Redacted by the Permanent Subcommittee on Investigations

RNB 028505

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 209

RIGGS

Riggs Bank N.A.
Embassy Banking Division
1528 Connecticut Avenue, NW
Washington, DC 20036
(202) 835-4518

April 27, 2001

Manager
Preferred International Client Program
American Express TRS Co., INC
777 American Expressway
Ft. Lauderdale, FL 33337-0001
Attn: Bank Relations Unit 4A

VIA FACSIMILE: (954) 503-6401

Dear Sir or Madam:

This letter is to introduce and recommend Mr. Teodoro N. Obiang for the Preferred International Client Program for Non-US residents. We certify that Mr. Obiang maintains balances in the low seven-digit figures. As the officer recommending this client, please be advised that we agree to receive, handle and process statement/invoices on behalf of Mr. Obiang and that his statement balances will be paid in full upon receipt.

If you have any questions, please do not hesitate to contact the undersigned at (202) 835-5380.

Sincerely,

Simon P. Kareri
Senior Vice President
International Banking Group

RNB 009735

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 210

= Redacted by the Permanent Subcommittee on Investigations

RNB 009736

Preferred International Client Program
Application for The Gold Card®—Non-U.S. Residents

Your Personal Data (Please Print)

Title (optional) ☒ Mr. ☐ Mrs. ☐ Ms.
First, Middle, Last Name

Print in the boxes below, how you would like your name to appear on the Gold Card. Spell last name completely. Full name must not exceed 20 spaces.

TEODORO N. OBIANG

Date of Birth [redacted] Nationality EQ. GUINEA

National Identity Number PASSPORT [redacted]

Address AVENIDA MBOGO NSOGO
City
Country BATA, EQUATORIAL GUINEA
Home phone — Yrs/mos there 30
Number of dependents NONE — ☐ Rent ☒ Own home

Personal References
Nearest friend or relative not living with you

Address
City
Country
Home phone — Relation

Your Job
Employer or firm name SOMAGUI COMPANY
Type of business TIMBER EXPORTERS
Position PRESIDENT — Yrs/mos there 10

Address
City
Country BATA, EQUATORIAL GUINEA
Business phone — ☐ Self-employed

Your Income in U.S. Dollars
☐ $50M-$75M ☐ $75M-$100M ☒ $100M +

American Express® Card Member Experience
☐ Present ☐ None ☐ Former

Account Number

☐ I wish to have the convenience of both the Gold Card and the Personal Card. Do not cancel my existing account (including any Additional Cards on the account).
☐ After I receive the Gold Card, please cancel my existing Personal Card account (including any Additional Cards on the account)
☐ Please enroll me in the *Membership Rewards®* Program.*

Billing Information
Bill will be mailed to the following *financial institution:*

RIGGS BANK N.A.
Address, Street or P.O. Box
1913 MASSACHUSETTS AVENUE
City, State
WASHINGTON, DC
Zip Code
20036
Officer Name
SIMON KARERI

Other Bank Accounts/Credit References
☒ Checking ☐ Savings — Account Number 76923450
Name of Bank RIGGS BANK N.A.
Address 1913 MASSACHUSETTS AVENUE, NW
Credit Card — Account Number

Additional Gold Cards
For only $55 per Gold Card annually (in addition to your basic membership fee), you can obtain Gold Cards for members of your household or your dependents. They must be at least 18 years of age. Gold Card member agrees, by signing this application, to the exchange of credit information about him/her and on the same agreement printed above the applicant's signature.
Print in the boxes below how you would like Additional Card member's name to appear on the Gold Card. Spell last name completely. Full name must not exceed 20 spaces.

Name

Date of Birth — Social Security or National ID Number

Name

Date of Birth — Social Security or National ID Number

Your Signature
I am adding American Express Travel Related Services Company Inc., to open a Gold Card account in my name and to extend me a gold Card. If I currently have another American Express Card account, I understand that it will not not be cancelled unless I so request. I am also adding them an additional Gold Card(s) to be issued on my account or the person(s) listed on these applications. I agree to be liable for all charges to my Gold Card account and for those charges hereinafter made by any additional Gold Cards issued for my account. I agree to be bound by the agreement governing the use of the Gold Cards, unless I use the Gold Card for full and return the ticket to American Express. If either American Express or I cancel my account or Gold Card, all Gold Cards issued on my account will be cancelled automatically. In connection with this application I authorize American Express and the financial institution referred by me to verify the information supplied on this application and to receive and exchange credit information about me with credit users and in the future. I will be bound by the agreement sent to me by the financial institution.

X
Signature of Additional Applicant — Date

Do not enclose the $75 Basic or $95 Additional Gold Card fee. We will bill you later. Fees are subject to change.

Bank Recommendation
(FOR BANK USE ONLY)

Reference number of bank

Name of authorized officer (Please Print)
SIMON P. KARERI
Signature
X
Demand deposit account number
7 6 9 2 3 4 5 0
Phone (2 0 2) 8 3 5- 5380 — Date 4/27/2001

Indicate the client's deposit description:

Six Digits ☐ Low ☐ Med ☐ High
Seven Digits ☒ Low ☐ Med ☐ High

By signing the above the bank agrees with the following conditions.

- That this applicant is High Net Worth Individual* of the bank and that the applicant has agreed to the programs/conditions by signing the Gold Card Application.
- The Bank agrees to receive, handle and process statements/invoices on behalf of the applicant and return it with payment to American Express.
- The Bank agrees to give American Express written notification if
  a) The Client closes his/her account at the Bank.
  b) Client withdraws an amount reducing his/her minimum deposit level ($75,000).
  c) The Bank realizes that the financial position of the Client has significantly changed/deteriorated.
- If the conditions described above should exist, the Bank agrees upon the request of American Express, to provide personal information on the applicant such as home and work telephone and address, so that American Express may personally contact the applicant.
- The attached Gold Card Application must be carefully filled out and signed by the applicant.

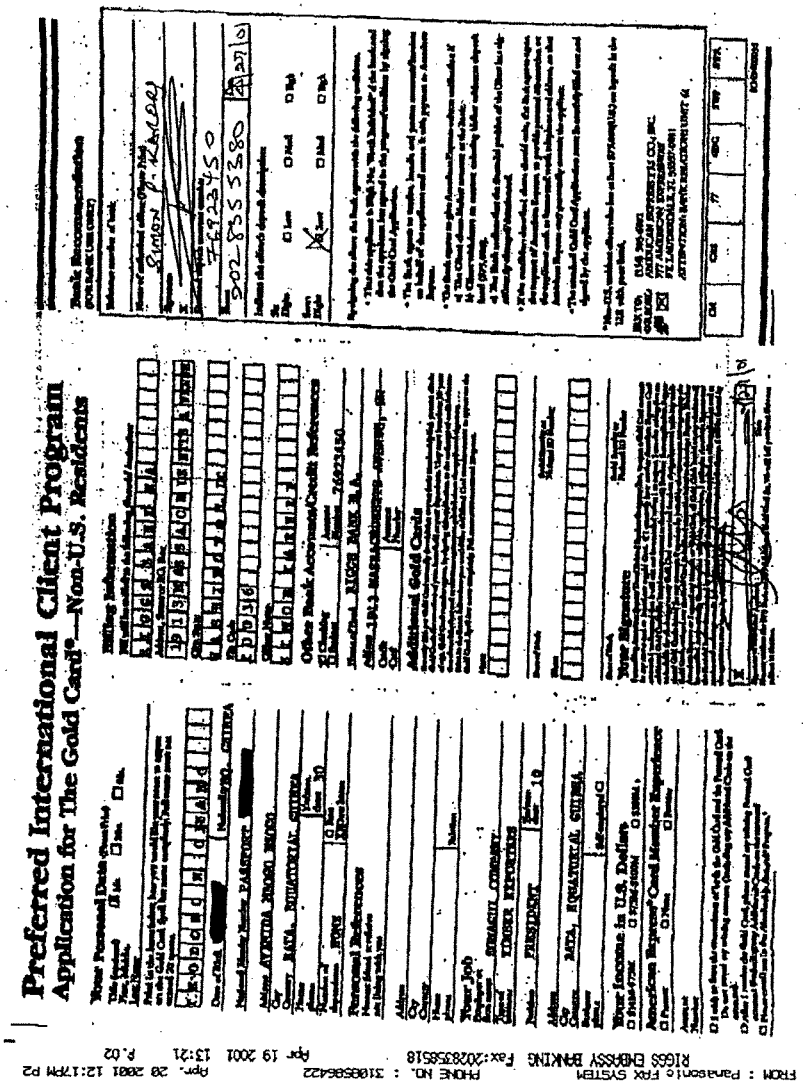
* Non-U.S. resident client who has at least $75,000(U.S.) on deposit in the U.S. with your bank.

FAX TO: (954) 503-6401
OR MAIL: AMERICAN EXPRESS TRS CO., INC.
777 AMERICAN EXPRESSWAY
FT. LAUDERDALE, FL 33357-0001
ATTENTION: BANK RELATIONS UNIT 4A

CM	CAS	77	GBC	SWP	SWR

GO43400055

1437



RNB 009737

= Redacted by the Permanent Subcommittee on Investigations

RIGGS

TO: Ray Lund

FROM: Simon Kareri

RE: Permanent Subcommittee on Investigations
NOTE: Undated by likely 9/17/02

DATE: Posting of International Operations Assistant II

In our committee discussions last year regarding Equatorial Guinea, Larry Hebert and Robert Allbritton approved two new positions to support the growth in my area especially the relationship with Equatorial Guinea. We decided to hire one individual at the beginning of this year and the other at the latter part of the year or whenever our business warranted the addition.

As you are aware, we have continued to grow our business at a very fast pace. Our liabilities are over $132 million above our 2002 budget and our net income through June 2002 is 57% of Embassy Banking's. The relationship with Equatorial Guinea has grown from $265 million in September 30, 2001 to over $467 million as of August 31, 2002 (see attached). The servicing requirements of the relationship have also increased significantly as we have increased the students that we manage for them from 26 to 117. In addition, the servicing of the relationship is more time consuming because most of the revenue streams come via Letters of Credit which require; examination, communications with the country and oil companies, transmittal of documents to and from the country and other banks.

This position is budgeted for 2003 and should not impact the budget this year significantly since we are hiring close to the end of the year.

Thank you for your assistance.

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 211

Aug-23-01 10:25am From-CMS Oil a[illegible]s Company - Legal + T-254 P.001/004 F-620

CMS ENERGY
Oil and Gas

Memorandum

Date: August 23, 2001

To: Mr. Simon P. Kareri, Senior Vice President

Phone: **Fax: (202) 835-8518**

From: Steven R. Fly **Fax:** (713) 651-0622

Phone: (713) 230-7352

cc:

Re: Training Committee for EG Students

This is page _1_ of _4__ Pages including cover.

RNB 006340

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 213

CMS ENERGY
Oil and Gas

An International Energy Company
1021 Main Street, Suite 2600
Houston, Texas 77002-6606
Main: 713 651 1700
Fax: 713 651 0611

August 23, 2001

Riggs Bank N.A.
Embassy Bank Division
Mr. Simon P. Kareri, Senior Vice President
1528 Connecticut Avenue NW
Washington, DC 20015

Via Fax: 202-835-8518

Re: Student Financial Administration
Equatorial Guinea

Dear Mr. Kareri:

In accordance with the letter dated August 20, 2001 from the Minister of Mines and Energy we sent you earlier, CMS will be transferring the administration of four students to Riggs Bank. These students are:

Redacted by the
Permanent Subcommittee
on Investigations

The information you requested by fax on August 21, 2001 concerning the student's schools, landlords, addresses, etc. is provided in the table attached to this letter. We have included the landlords phone numbers, addresses and rentals for each student. Please note that the next rentals are due September 1, 2001 and we would look to the Bank to make this payment.

We plan to have a meeting with the students this Friday or next Monday to advise them of the transfer. It is my understanding that you will be sending each student a letter explaining your procedures for handling reimbursements, stipends and other administrative matters. At our meeting with the students, we will give them the phone number 202-835-5381 to call should they have any questions.

As instructed by the Minister in his letter of August 20th, we will be transferring $275,000.00 into the following account:

Account Name:	"Republica de Guinea Ecuatorial – Cuenta Estudiantes MME"
Account Number:	17328504
Account Type:	Checking

In this regard, we respectively request that you provide us with the information required to effectuate a wire transfer into the above account. We plan to make the transfer by the close of business on Tuesday, August 28, 2001.

If you need additional information, I can be reached at (713) 230-7352.

I look forward to hearing from you.

Best regards,

Steven R. Fly
Manager – Land and International Contracts

SRF/klr

cc: Minister of Mines and Energy

RNB 006343

Block D, EG	School / Costs	Housing / Rental	Student Address / Phone
[redacted]	Tuition; books; housing; medical (reimburse) plus $950 per month for other expenses, including food, utilities	[redacted]	[redacted]
[redacted]	Tuition; books; housing; medical (reimburse) plus $950 per month for other expenses, including food, utilities	[redacted]	[redacted]
[redacted]	Tuition; books; housing; medical (reimburse) plus $950 per month for other expenses, including food, utilities	[redacted]	[redacted]
[redacted]	Tuition; books; housing; medical (reimburse) plus $950 per month for other expenses, including food, utilities	[redacted]	[redacted]

[redacted] = Redacted by the Permanent Subcommittee on Investigations

Aug-23-01 10:26am From-CHS Dll an[illegible]s Company - Legal T-254 P.004/004 F-620

Aug-21-01 03:18pm From-CMS Oil - Gas Company - Legal + T-251 P.001/002 F-607

CMS ENERGY
Oil and Gas

Memorandum

Date: August 21, 2001

To: Mr. Simon P. Kareri, Senior Vice President

Phone: **Fax: (202) 835-5321**

From: Steven R. Fly **Fax:** (713) 651-0622

Phone: (713) 230-7352

cc:

Re: EG Students' Financial Responsibility

This is page _1_ of _2__ Pages including cover.

RNB 006346

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 213

Aug-21-01 03:18pm From-CMS Oil & Gas Company - Legal T-251 P.002/002 F-607

CMS ENERGY
Oil and Gas

An International Energy Company
1021 Main Street, Suite 2600
Houston, Texas 77002-6606
Main: 713 651 1700
Fax: 713 651 0511

August 21, 2001

Riggs Bank N.A.
Embassy Bank Division
Mr. Simon P. Kareri, Senior Vice President
1528 Connecticut Avenue NW
Washington, DC 20015

Re: Student Financial Administration

Dear Simon:

I neglected to give you're my contact information. I can be reached at the following numbers:

Phone:
Fax:
E-Mail:

Redacted by
Permanent Subcommittee
on Investigations

I trust you received my earlier fax of the letter dated August 20, 2001 from Mr. Mänana. Please forward the information we discussed at your earliest convenience.

Best regards,

Steven R. Fly
Manager – Land and International Contracts

SRF/ldr

T:\LGLLAND\Steve Fly\Letters\2001\Simon P. Kareri Letter 8-21-01.doc

RIGGS

Fax Cover Sheet

Embassy Banking Division
1528 Connecticut Avenue, NW
Washington, DC 20036
Tel (202) 835-8662 Fax (202) 835-8518

Date: 08/21/01

To: Mr. Steve Fly

Fax Number: Redacted by Permanent Subcommittee on Investigations

From: Tiyanjana Mbaya
International Banking Officer

Pages: 4, (including cover)

Comments:

Per your discussion with Simon Kareri, please find attached copies of the letters that we send to the students under the Government of Equatorial Guinea Academic Scholarship.

In order for Riggs Bank to incorporate the students that are under training in accordance with the terms of the Alba Block and Block D PSC, please send us all their personal details. The details should include:

Full Name

Address

Telephone number(s)

E-mail address (if available)

Landlords/ Rental payments

Additionally, if you have the details regarding the universities where the students are studying, we ask that you kindly provide us with that information.

We look forward to hearing from you soon. If you have any questions, please do not hesitate to contact us.

This message is intended only for the use of the individual or entity to which it is addressed and may contain information that is privileged, confidential, and exempt from disclosure under applicable law. If the reader of this message is not the intended recipient, the employee or the agent responsible for delivering the message to the intended recipient, you are hereby notified that any dissemination, distribution, or copying of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately by telephone. Thank you.

August 21, 2001

«FirstName» «LastName»
«Address1» «Address2»
«City» «State» «PostalCode»
«Country»

Dear Student,

Riggs Bank NA has been assigned by the government of Equatorial Guinea to handle all your payments related to your academic scholarship. Therefore we will require certain information to be submitted to the bank by each student in order to ensure that all payments are made in a timely manner. Please find below the necessary information we are requesting:

- **Stipend**: In order to receive your monthly allowance of $1,000, please submit your personal banking account information which will include
  - Full name (the way it appears on your bank account)
  - Full personal address
  - Beneficiary account no
  - Beneficiary Bank
  - Bank's Address & Telephone #
  - Bank's routing no (ABA#)

  (You may fax a voided check to us to ensure that we have all the information).

- **Rental Information**: All students must submit to Riggs Bank a copy of their lease for residential rentals and also include information regarding where funds should be sent by providing the banking information for Landlord. Again, please ensure that all the information submitted is up-to-date. If you should change addresses, be sure to send your change of address and the new Lease and landlord's bank information.

- **Tuition and Fees**: You will be responsible for your registration. However, advise your perspective universities to submit all billings for registered coursed directly to Riggs Bank at:
  - Riggs Bank N.A.
  - Attn. Simon P. Kareri, Senior Vice President
  - International Banking Group
  - 1913 Massachusetts Avenue, NW
  - Washington DC 20036
  - Fax (202) 835-5321

- **Grades**: In order to continue on this scholarship, every student will be required to maintain a 3.0 GPA or B-grade average. If you drop below the required grade, your scholarship will be suspended. We request that you sign the attached letter and submit to your registrar's office.

Please note that all purchases for textbooks will only be on a reimbursement basis. All students must submit their receipts to Riggs via fax for reimbursement.

Finally, please provide us with your e-mail address. You may contact the bank via e-mail at Tiyanjana_Mbaya@riggsbank.com.

We look forward to assisting you with your studies by ensuring all your financial matters are managed in an exemplary manner. We hope that you will inform us on any changes regarding your personal banking, universities, change of address and landlords. We wish you the best in your studies and looking forward to hearing from you soon. Please do not hesitate to contact us directly at (202) 835-5381 with any questions or financial emergencies you may have so that we can advise the government accordingly.

Sincerely,

Simon P. Kareri
Senior Vice President
International Banking Group

June 27, 2001

Dear REGISTRAR:

RE: «FirstName» «LastName»

The student referenced above is on a government scholarship from the Government of Equatorial Guinea. In order to continue receiving the scholarship funds, the government will require your office to submit a copy of the student's grades at the end of each semester to the following address:

Riggs Bank N.A.
Attn: Simon P. Kareri
1913 Massachusetts Avenue, NW
Washington DC 20036

We thank you for your co-operations. If you should have any questions please do not hesitate to contact me directly at (202) 835-5381.

Sincerely,

Simon P. Kareri
Senior Vice President
International Banking Group

Approved for Release:

_____

Signature
«FirstName» «LastName»
Name of Student

(3) Steve Fly 1st
Block D.
75 yr. 4 students.
4 students, per diem

Redacted by
Permanent Subcommittee
on Investigations

TRANSLATION:

I wish to inform you through this letter that the participation of the four (4) students presently in the United States under de Block "D" PSC. Will continue in accordance with the terms of the letter dated September 11, 1996 and June 26, 1996 attached. The four students are: [redacted]
This letter also confirms that selections and training for future students will be carried out in accordance with these letters stated above.

RIGGS BANK of Washington D.C. will be in charge of managing the needs of the students that are under training in accordance with the terms in the Alba block and Block "D" PSC. This arrangements includes, but not limited to the payments of tuition fees, books, housing, medical expenses, living expenses and travel.

For the aforementioned reasons, and in line with the MME letter dated July 4, 1997 attached, we request that you pay the balance of the training funds of the Alba Block and Block "D" PSC to the Bank mentioned above.

The Bank references is as follows:

Riggs Bank N.A
Acct Title: "Republica de Guinea Ecuatorial-Cuenta estudiantes MME"

ACCOUNT TYPE	ACCOUNT NUMBER
Checking	17328504

Signed
Cristobal Mañana
The Minister

[redacted] = Redacted by the Permanent Subcommittee on Investigations

República de Guinea Ecuatorial

MINISTERIO DE MINAS
Y ENERGÍA

Num. 1396
Ref.
Secc.

Malabo, 20 de agosto de 2001

Sr. Ken Kreg
Vicepresidente
CMS Oil and Gas Company
Malabo, Guinea Ecuatorial

Estimado Ken:

Asunto: Curso de capacitación de estudiantes.

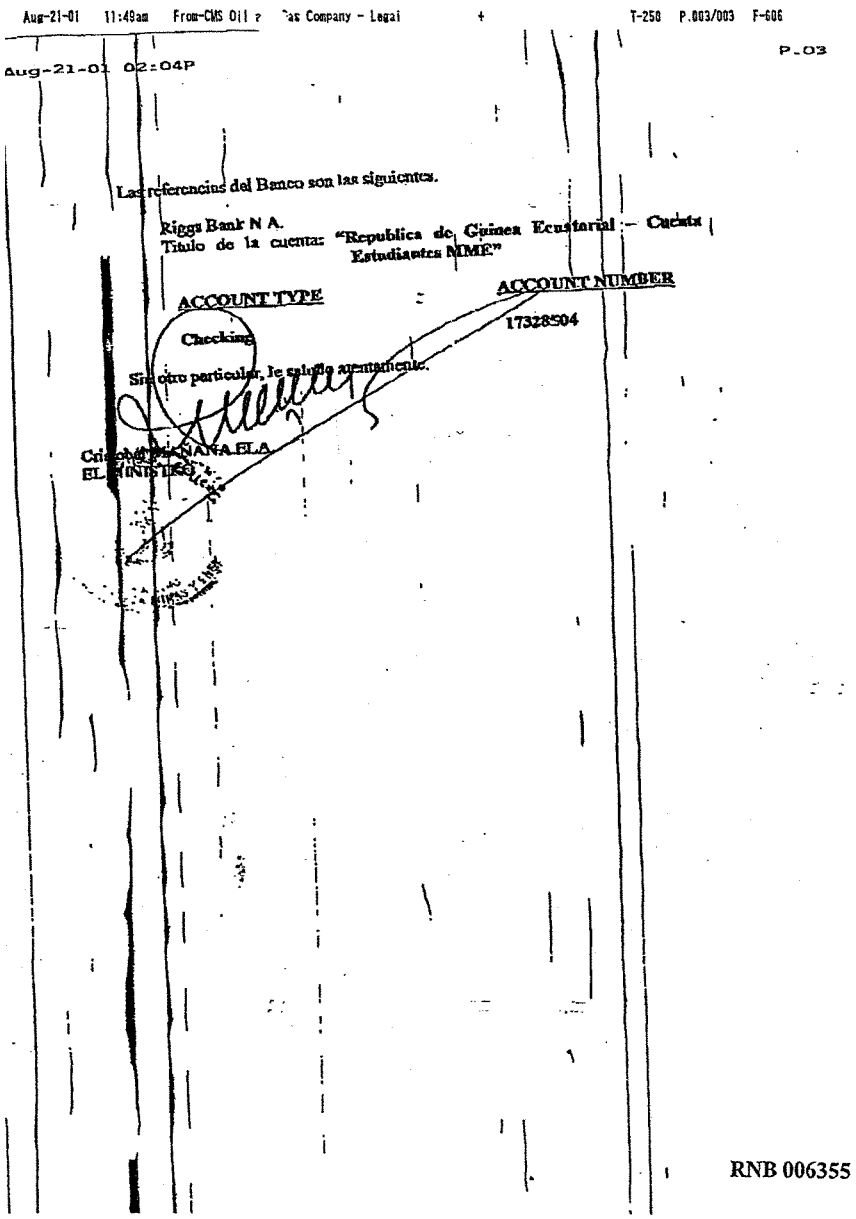
Por medio de la presente me permito informarle que la participación de los cuatro (4) estudiantes que actualmente están tomando cursos de capacitación en Houston, con los fondos para capacitación correspondientes al CPP del Bloque D continuará, de acuerdo con los términos contenidos en las cartas del 11 de septiembre y 26 de julio de 1996 que se adjuntan. Estos cuatro (4) estudiantes son: [redacted] Esta carta confirma también que la selección y capacitación de todos los futuros estudiantes se realizará de acuerdo con estas cartas.

RIGGS BANK de Washinton, DC, se encargará de gestionar las necesidades de todos los estudiantes que estén capacitándose de acuerdo a las disposiciones al respecto en los CPP de Alba y el Bloque D Esta gestión incluye, pero no se limita, al pago de la escolaridad, libros, vivienda, gastos médicos y de subsistencia y viaje.

Para los fines arriba mencionados y de acuerdo con la carta escrita por esta oficina con fecha 4 de Julio de 1996, adjunta a la presente, solicitamos se remita a dicho Banco el saldo de los fondos para capacitación de los CPP Alba y el Bloque D.

[redacted] = Redacted by the Permanent Subcommittee on Investigations

RNB 006354



Aug-21-01 11:49am From-CMS Oil & Gas Company - Legal + T-258 P.003/003 F-606

P.03

Aug-21-01 02:04P

Las referencias del Banco son las siguientes.

Rigga Bank N A.
Titulo de la cuenta: "Republica de Guinea Ecuatorial – Cuenta Estudiantes MMF"

ACCOUNT TYPE

Checking

ACCOUNT NUMBER

17328504

Sin otro particular, le saludo atentamente.

Cristóbal MANANA ELA
EL MINISTRO

RNB 006355

RIGGS BANK/Africa Dept Fax:1-202-835-5321

** Transmit Conf.Report **

P.1 Aug 21 2001 17:36

Location	Mode	Start	Time	Page	Result	Note
917136510622	NORMAL	8/21,17:36	2'15"	4	*OK	

RIGGS

Fax Cover Sheet

Embassy Banking Division
1528 Connecticut Avenue, NW
Washington, DC 20036
Tel (202) 835-8662 Fax (202) 835-8518

Date: 08/21/01

To: Mr. Steve Fly

Fax Number: Redacted by Permanent Subcommittee on Investigations

From: Tiyanjana Mbaya
International Banking Officer

Pages: 4, (including cover)

Comments:

Per your discussion with Simon Kareri, please find attached copies of the letters that we send to the students under the Government of Equatorial Guinea Academic Scholarship.

In order for Riggs Bank to incorporate the students that are under training in accordance with the terms of the Alba Block and Block D PSC, please send us all their personal details. The details should include:

Full Name

Address

Telephone number(s)

E-mail address (if available)

Landlords/ Rental payments

RNB 006356

Additionally, if you have the details regarding the universities where the students are studying, we ask that you

RIGGS BANK/Africa Dept Fax:1-202-835-5321

** Transmit Conf.Report **

P.1						Jul 3 2003 09:04
Location		Mode	Start	Time	Page	Result Note
Gabriel	Obiang L	NORMAL	7/ 3.09:04	3'06"	8	*OK

SIMON P. KARERI
SENIOR VICE PRESIDENT
INTERNATIONAL BANKING GROUP
RIGGS BANK N.A.
1913 Massachusetts Avenue, N.W.
Washington, D.C. 20036
Tel: 202-835-5380
Fax: 202-835-5321

FAX

atención: Hon. Gabriel Nguema Lima

fax #: [redacted] Redacted by the Permanent Subcommittee on Investigations

de: Sr. Simon P. Kareri

fecha: July 3, 2003

asunto: Student account

páginas: 8, incluyente portada

NOTAS: Gabriel:
I am sending you a balance report and history of

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 214

RNB 006602

RIGGS

Saldos de cuentas de MME - Estudiantes.

Con fecha 7/3/2003

Activo	Total
Cuentas bancarias y de efectivo	
Corriente	49,861.99
Total Cuentas bancarias y de efectivo	49,861.99
Activo total	49,861.99
Patrimonio neto	49,861.99

7/3/2003

RIGGS

Operaciones en cuentas - MME
Todas las cuentas

desde 1/1/2003 hasta 7/3/2003

Núm.	Fecha	Beneficiario	Categoría	Importe	Saldo actual
	Saldo inicial				320,596.45
	1/1/2003		Pago renta :	(1,150.00)	319,446.45
	1/1/2003		Educación :	(500.00)	318,946.45
	1/1/2003		Educación :	(500.00)	318,446.45
	1/1/2003		Educación :	(500.00)	317,946.45
	1/1/2003		Educación :	(500.00)	317,446.45
	1/1/2003		Pago renta :	(500.00)	316,946.45
	1/1/2003		Pago renta :	(778.46)	316,167.99
	1/1/2003		Educación :	(500.00)	315,667.99
	1/1/2003		Educación :	(500.00)	315,167.99
	1/1/2003		Educación :	(500.00)	314,667.99
	1/1/2003		Educación :	(500.00)	314,167.99
	1/1/2003	Redacted By Permanent Subcommittee on Investigations	Fracción	(1,810.00)	312,357.99
	1/1/2003		Pago renta :	(1,425.00)	310,932.99
	1/1/2003		Educación :	(1,000.00)	309,932.99
	1/1/2003		Educación :	(1,000.00)	308,932.99
	1/1/2003		Fracción	(1,989.00)	306,943.99
	1/1/2003		Fracción	(1,555.00)	305,388.99
	1/1/2003		Pago renta :	(1,600.00)	303,788.99
	1/1/2003		Pago renta :	(1,000.00)	302,788.99
	1/1/2003		Educación :	(325.00)	302,463.99
	1/1/2003		Fracción	(1,712.32)	300,751.67
	1/1/2003		Fracción	(1,530.00)	299,221.67
	1/1/2003		Educación :	(1,000.00)	298,221.67
	1/1/2003		Fracción	(1,824.00)	296,397.67
	1/1/2003		Educación :	(1,000.00)	295,397.67
	1/1/2003		Educación :	(1,000.00)	294,397.67
	1/1/2003		Educación :	(1,000.00)	293,397.67
	1/1/2003		Educación :	(1,000.00)	292,397.67
	1/1/2003		Fracción	(1,950.00)	290,447.67
	1/1/2003		Fracción	(1,565.00)	288,882.67
	1/1/2003		Fracción	(1,950.00)	286,932.67
	1/2/2003		Educación :	(1,145.00)	285,787.67
	1/2/2003		Educación :	(11,805.00)	273,982.67
	1/6/2003		Educación :	500.00	274,482.67
	1/13/2003		Educación :	(2,024.70)	272,457.97
	1/14/2003		Educación :	(7,260.00)	265,197.97
	1/14/2003		Educación :	(5,553.00)	259,644.97
	1/21/2003		Educación :	(500.00)	259,144.97
	1/21/2003		Educación :	(3,648.00)	255,496.97
	1/21/2003		Educación :	(643.69)	254,853.28
	1/21/2003		Educación :	(694.29)	254,158.99
	1/21/2003		Educación :	(572.76)	253,586.23
	1/21/2003		Educación :	(543.99)	253,042.24
	1/21/2003		Educación :	(95.05)	252,947.19
	1/21/2003		Educación :	(705.60)	252,241.59
	1/22/2003		Educación :	(5,850.00)	246,391.59
	1/22/2003		Educación :	(3,425.80)	242,966.59
	1/22/2003		Educación	(56.00)	242,910.59
	1/23/2003		Fracción	(591.85)	242,318.74
	1/24/2003		Educación :	(448.35)	241,870.39
	1/28/2003		Educación :	(362.50)	241,507.89
	1/28/2003		Educación :	(481.46)	241,026.43
	1/28/2003		Educación :	(91.00)	240,935.43
	1/29/2003		Educación :	500.00	241,435.43
	1/29/2003		Fracción	(11,950.00)	229,485.43
	1/29/2003		Educación :	(500.00)	228,985.43
	1/31/2003		Fracción	(2,123.28)	226,862.15
	1/31/2003		Educación :	(1,000.00)	225,862.15
	1/31/2003		Educación :	(1,000.00)	224,862.15
	1/31/2003		Educación :	(1,000.00)	223,862.15
	1/31/2003		Educación :	(1,000.00)	222,862.15
	1/31/2003		Pago renta :	(2,000.00)	220,862.15
	1/31/2003			(100.00)	220,762.15
	2/1/2003		Educacion :	(500.00)	220,262.15
	2/1/2003		Educación :	(500.00)	219,762.15
	2/1/2003		Pago renta :	(1,150.00)	218,612.15
	2/1/2003		Educación :	(1,000.00)	217,612.15
	2/1/2003		Educación :	(500.00)	217,112.15

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	2/1/2003		Educación	(500.00)	216,612.15
	2/1/2003		Educación	(500.00)	216,112.15
	2/1/2003		Pago renta	(500.00)	215,612.15
	2/1/2003		Pago renta	(778.46)	214,833.69
	2/1/2003		Educación	(500.00)	214,333.69
	2/1/2003		Educación	(500.00)	213,833.69
	2/1/2003		Educación	(500.00)	213,333.69
	2/1/2003		Educación	(500.00)	212,833.69
	2/1/2003		Fracción	(1,810.00)	211,023.69
	2/1/2003		Pago renta	(1,425.00)	209,598.69
	2/1/2003		Educación :	(1,000.00)	208,598.69
	2/1/2003		Educación :	(1,000.00)	207,598.69
	2/1/2003		Fracción	(1,989.00)	205,609.69
	2/1/2003		Fracción	(1,555.00)	204,054.69
	2/1/2003		Pago renta	(1,600.00)	202,454.69
	2/1/2003		Pago renta	(1,000.00)	201,454.69
	2/1/2003		Educación :	(325.00)	201,129.69
	2/1/2003		Fracción	(1,712.32)	199,417.37
	2/1/2003		Fracción	(1,530.00)	197,887.37
	2/1/2003		Educación :	(1,000.00)	196,887.37
	2/1/2003		Fracción	(1,824.00)	195,063.37
	2/1/2003		Educación :	(1,000.00)	194,063.37
	2/1/2003		Educación :	(1,000.00)	193,063.37
	2/1/2003		Educación :	(1,000.00)	192,063.37
	2/1/2003		Educación :	(1,000.00)	191,063.37
	2/1/2003		Fracción	(1,950.00)	189,113.37
	2/1/2003		Fracción	(1,565.00)	187,548.37
	2/1/2003		Fracción	(1,950.00)	185,598.37
	2/3/2003		Pago renta	(1,260.30)	184,338.07
	2/3/2003		Pago renta	(1,000.00)	183,338.07
	2/5/2003		Educación :	(379.32)	182,958.75
	2/5/2003		Viaje : Albe	(1,000.00)	181,958.75
	2/6/2003		Educación :	(765.55)	181,193.20
	2/7/2003		Educación :	(789.00)	180,404.20
	2/7/2003		Educación :	(5,713.00)	174,691.20
	2/13/2003		Educación :	(478.48)	174,212.72
	2/19/2003		Pago renta :	(135.00)	174,077.72
	2/20/2003		Fracción	(711.00)	173,366.72
	2/20/2003		Pago renta :	(1,565.54)	171,801.18
	2/20/2003		Otros Ing. :	100,000.00	271,801.18
	2/24/2003		Educación :	(2,776.00)	269,025.18
	2/25/2003		Educación :	(3,306.49)	265,718.69
	2/25/2003		Educación :	(4,613.75)	261,104.94
	2/27/2003		Educación :	(3,401.75)	257,703.19
	2/28/2003		Fracción	(1,650.00)	256,053.19
	2/28/2003		Educación :	(1,000.00)	255,053.19
	2/28/2003		Educación :	(1,000.00)	254,053.19
	2/28/2003		Educación :	(1,000.00)	253,053.19
	2/28/2003		Educación :	(1,000.00)	252,053.19
	2/28/2003		Educación :	1,000.00	253,053.19
	3/1/2003		Pago renta :	(1,000.00)	252,053.19
	3/1/2003		Educación :	(500.00)	251,553.19
	3/1/2003		Educación :	(500.00)	251,053.19
	3/1/2003		Pago renta :	(1,150.00)	249,903.19
	3/1/2003		Educación :	(950.00)	248,953.19
	3/1/2003		Educación :	(500.00)	248,453.19
	3/1/2003		Educación :	(500.00)	247,953.19
	3/1/2003		Educación :	(500.00)	247,453.19
	3/1/2003		Pago renta :	(500.00)	246,953.19
	3/1/2003		Pago renta :	(778.46)	246,174.73
	3/1/2003		Educación :	(500.00)	245,674.73
	3/1/2003		Educación :	(500.00)	245,174.73
	3/1/2003		Educación :	(500.00)	244,674.73
	3/1/2003		Educación :	(500.00)	244,174.73
	3/1/2003		Fracción	(1,810.00)	242,364.73
	3/1/2003		Pago renta :	(1,425.00)	240,939.73
	3/1/2003		Educación :	(1,000.00)	239,939.73
	3/1/2003		Educación :	(1,000.00)	238,939.73
	3/1/2003		Fracción	(1,989.00)	236,950.73
	3/1/2003		Fracción	(1,555.00)	235,395.73

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	3/1/2003		Pago renta	(1,600.00)	233,795.73
	3/1/2003		Educación	(325.00)	233,470.73
	3/1/2003		Fracción	(1,712.32)	231,758.41
	3/1/2003		Fracción	(1,530.00)	230,228.41
	3/1/2003		Educación	(1,000.00)	229,228.41
	3/1/2003		Fracción	(1,824.00)	227,404.41
	3/1/2003		Educación	(1,000.00)	226,404.41
	3/1/2003		Educación	(1,000.00)	225,404.41
	3/1/2003		Educación	(1,000.00)	224,404.41
	3/1/2003		Educación	(1,000.00)	223,404.41
	3/1/2003		Fracción	(1,950.00)	221,454.41
	3/1/2003		Fracción	(1,565.00)	219,889.41
	3/1/2003		Fracción	(1,950.00)	217,939.41
	3/4/2003		Otros ing.	90,000.00	307,939.41
	3/5/2003		Educación	500.00	308,439.41
	3/5/2003		Educación	500.00	308,939.41
	3/5/2003		Fracción	(590.00)	308,349.41
	3/5/2003		Educación	(500.00)	307,849.41
	3/7/2003		Viaje : Jesi	(4,534.03)	303,315.38
	3/7/2003		Viaje : Can	(552.00)	302,763.38
	3/7/2003		Enviando :	(1,911.83)	300,851.55
	3/13/2003		Educación	(102.00)	300,749.55
	3/13/2003		Educación	(64.95)	300,684.60
	3/14/2003		Pago renta	(1,448.36)	299,236.24
	3/14/2003		Pago renta	(518.46)	298,717.78
	3/14/2003		Viaje : Balt	(1,463.70)	297,254.08
	3/14/2003		Pago renta	(7,147.50)	290,106.58
	3/19/2003		Fracción	(10,988.00)	279,118.58
	3/27/2003		Educación	(250.00)	278,868.58
	3/31/2003		Fracción	(1,849.38)	277,019.20
	3/31/2003		Educación	(1,000.00)	276,019.20
	3/31/2003		Educación	(1,000.00)	275,019.20
	3/31/2003		Educación	(1,000.00)	274,019.20
	4/1/2003		Pago renta	(1,000.00)	273,019.20
	4/1/2003		Educación	(500.00)	272,519.20
	4/1/2003		Educación	(500.00)	272,019.20
	4/1/2003		Pago renta	(1,150.00)	270,869.20
	4/1/2003		Educación	(950.00)	269,919.20
	4/1/2003		Educación	(500.00)	269,419.20
	4/1/2003		Educación	(500.00)	268,919.20
	4/1/2003		Educación	(500.00)	268,419.20
	4/1/2003		Pago renta	(500.00)	267,919.20
	4/1/2003		Pago renta	(778.46)	267,140.74
	4/1/2003		Educación :	(500.00)	266,640.74
	4/1/2003		Educación :	(650.00)	265,990.74
	4/1/2003		Educación :	(650.00)	265,340.74
	4/1/2003		Fracción	(1,479.00)	263,861.74
	4/1/2003		Fracción	(1,810.00)	262,051.74
	4/1/2003		Pago renta	(1,425.00)	260,626.74
	4/1/2003		Educación :	(1,000.00)	259,626.74
	4/1/2003		Educación :	(1,000.00)	258,626.74
	4/1/2003		Fracción	(1,989.00)	256,637.74
	4/1/2003		Fracción	(1,555.00)	255,082.74
	4/1/2003		Pago renta	(1,600.00)	253,482.74
	4/1/2003		Educación :	(325.00)	253,157.74
	4/1/2003		Fracción	(1,712.32)	251,445.42
	4/1/2003		Fracción	(1,530.00)	249,915.42
	4/1/2003		Educación :	(1,000.00)	248,915.42
	4/1/2003		Fracción	(1,824.00)	247,091.42
	4/1/2003		Educación :	(1,000.00)	246,091.42
	4/1/2003		Educación :	(1,000.00)	245,091.42
	4/1/2003		Educación :	(1,000.00)	244,091.42
	4/1/2003		Fracción	(1,950.00)	242,141.42
	4/1/2003		Fracción	(1,565.00)	240,576.42
	4/1/2003		Fracción	(1,950.00)	238,626.42
	4/1/2003		Educación :	(166.73)	238,459.69
	4/2/2003		Pago renta	(950.00)	237,509.69
	4/3/2003		Fracción	750.00	238,259.69
	4/11/2003		Educación :	(3,037.05)	235,222.64
	4/11/2003		Educación :	(780.00)	234,442.64

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	4/14/2003		Educación :		(135.00)	234,307.64
	4/15/2003		Fracción		(1,117.00)	233,190.64
	4/15/2003		Educación :		(7,690.00)	225,500.64
	4/16/2003		Educación :		(1,400.00)	224,100.64
	4/21/2003		Educación :		(300.00)	223,800.64
	4/21/2003		Educación :		(300.00)	223,500.64
	4/21/2003		Educación :		(202.38)	223,298.26
	4/23/2003		Fracción		(1,088.09)	222,210.17
	4/24/2003		Educación :		(600.00)	221,610.17
	4/29/2003		Educación :		(671.00)	220,939.17
	4/29/2003		Pago renta		(1,574.29)	219,364.88
	4/30/2003		Fracción		(1,650.00)	217,714.88
	4/30/2003		Educación :		(1,000.00)	216,714.88
	4/30/2003		Educación :		(1,000.00)	215,714.88
	4/30/2003		Educación :		(1,000.00)	214,714.88
	5/1/2003		Pago renta		(1,000.00)	213,714.88
	5/1/2003		Educación :		(500.00)	213,214.88
	5/1/2003		Educación :		(500.00)	212,714.88
	5/1/2003		Pago renta		(1,150.00)	211,564.88
	5/1/2003		Educación :		(950.00)	210,614.88
	5/1/2003		Educación :		(500.00)	210,114.88
	5/1/2003		Educación :		(600.00)	209,514.88
	5/1/2003		Educación :		(600.00)	208,914.88
	5/1/2003		Pago renta		(500.00)	208,414.88
	5/1/2003		Pago renta		(778.46)	207,636.42
	5/1/2003		Educación :		(500.00)	207,136.42
	5/1/2003		Educación :		(650.00)	206,486.42
	5/1/2003		Educación :		(650.00)	205,836.42
	5/1/2003		Fracción		(1,479.00)	204,357.42
	5/1/2003		Fracción		(1,810.00)	202,547.42
	5/1/2003		Pago renta		(1,425.00)	201,122.42
	5/1/2003		Educación :		(1,000.00)	200,122.42
	5/1/2003		Educación :		(1,000.00)	199,122.42
	5/1/2003		Fracción		(1,989.00)	197,133.42
	5/1/2003		Fracción		(1,555.00)	195,578.42
	5/1/2003		Pago renta		(1,600.00)	193,978.42
	5/1/2003		Educación :		(334.80)	193,643.62
	5/1/2003		Fracción		(1,712.32)	191,931.30
	5/1/2003		Fracción		(1,530.00)	190,401.30
	5/1/2003		Educación :		(1,000.00)	189,401.30
	5/1/2003		Fracción		(1,824.00)	187,577.30
	5/1/2003		Educación :		(1,000.00)	186,577.30
	5/1/2003		Educación :		(1,000.00)	185,577.30
	5/1/2003		Fracción		(1,950.00)	183,627.30
	5/1/2003		Fracción		(1,950.00)	181,677.30
	5/1/2003		Fracción		(1,565.00)	180,112.30
	5/1/2003		Fracción		(1,950.00)	178,162.30
	5/2/2003		Educación :		(440.00)	177,722.30
	5/2/2003		Educación :		(405.00)	177,317.30
	5/6/2003		Educación :		(525.00)	176,792.30
	5/6/2003		Educación :		(4,405.00)	172,387.30
	5/6/2003		Educación :		(153.43)	172,233.87
	5/9/2003		Educación :		(3,021.00)	169,212.87
	5/12/2003		Fracción		(1,090.00)	168,122.87
	5/13/2003		Educación :		(1,500.00)	166,622.87
	5/14/2003		Educación :		(390.00)	166,232.87
	5/20/2003		Viaje : Rican		(840.66)	165,392.21
	5/20/2003		Viaje : Maria		(180.45)	165,211.76
	5/21/2003		Viaje : Gabri		(425.00)	164,786.76
	5/23/2003		Educación : I		(55.05)	164,731.71
	5/30/2003		Educación : I		(3,485.00)	161,246.71
	5/31/2003		Fracción		(2,000.00)	159,246.71
	5/31/2003		Educación : I		(1,000.00)	158,246.71
	5/31/2003		Educación : I		(1,000.00)	157,246.71
	5/31/2003		Educación : I		(1,000.00)	156,246.71
	6/1/2003		Pago renta :		(1,000.00)	155,246.71
	6/1/2003		Educación : I		(500.00)	154,746.71
	6/1/2003		Educación : I		(500.00)	154,246.71
	6/1/2003		Pago renta :		(1,150.00)	153,096.71
	6/1/2003		Educación : I		(950.00)	152,146.71

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	6/1/2003		Educación :	(500.00)	151,646.71
	6/1/2003		Educación :	(500.00)	151,146.71
	6/1/2003		Educación :	(500.00)	150,646.71
	6/1/2003		Pago renta	(500.00)	150,146.71
	6/1/2003		Pago renta	(778.46)	149,368.25
	6/1/2003		Educación :	(500.00)	148,868.25
	6/1/2003		Educación :	(650.00)	148,218.25
	6/1/2003		Educación :	(650.00)	147,568.25
	6/1/2003		Fracción	(1,479.00)	146,089.25
	6/1/2003		Fracción	(1,810.00)	144,279.25
	6/1/2003		Pago renta	(1,425.00)	142,854.25
	6/1/2003		Educación :	(1,000.00)	141,854.25
	6/1/2003		Educación :	(1,000.00)	140,854.25
	6/1/2003		Fracción	(1,989.00)	138,865.25
	6/1/2003		Fracción	(1,555.00)	137,310.25
	6/1/2003		Pago renta	(1,600.00)	135,710.25
	6/1/2003		Educación :	(325.00)	135,385.25
	6/1/2003		Fracción	(1,712.32)	133,672.93
	6/1/2003		Fracción	(1,530.00)	132,142.93
	6/1/2003		Educación :	(1,000.00)	131,142.93
	6/1/2003		Fracción	(1,824.00)	129,318.93
	6/1/2003		Educación :	(1,000.00)	128,318.93
	6/1/2003		Educación :	(1,000.00)	127,318.93
	6/1/2003		Fracción	(1,950.00)	125,368.93
	6/1/2003		Fracción	(1,950.00)	123,418.93
	6/1/2003		Fracción	(1,565.00)	121,853.93
	6/1/2003		Fracción	(1,950.00)	119,903.93
	6/4/2003		Educación :	(3,904.00)	115,999.93
	6/4/2003		Educación :	(2,198.00)	113,801.93
	6/4/2003		Educación :	(141.99)	113,659.94
	6/4/2003		Pago renta	(49.00)	113,610.94
	6/4/2003		Educación :	(276.96)	113,333.98
	6/5/2003		Fracción	(168.72)	113,165.26
	6/10/2003		Educación :	(33.80)	113,131.46
	6/10/2003		Educación :	(358.70)	112,772.76
	6/16/2003		Educación :	(149.55)	112,623.21
	6/16/2003		Educación :	(77.05)	112,546.16
	6/24/2003		Enviando : (	(14,003.00)	98,543.16
	6/30/2003		Pago renta	(500.00)	98,043.16
	6/30/2003		Fracción	(2,000.00)	96,043.16
	6/30/2003		Educación :	(1,000.00)	95,043.16
	6/30/2003		Educación :	(1,000.00)	94,043.16
	6/30/2003		Educación :	(1,000.00)	93,043.16
	6/30/2003		Fracción	(3,356.86)	89,686.30
	6/30/2003		Fracción	(945.83)	88,740.47
	7/1/2003		Pago renta	(1,000.00)	87,740.47
	7/1/2003		Educación :	(500.00)	87,240.47
	7/1/2003		Educación :	(500.00)	86,740.47
	7/1/2003		Pago renta	(1,150.00)	85,590.47
	7/1/2003		Educación :	(950.00)	84,640.47
	7/1/2003		Educación :	(500.00)	84,140.47
	7/1/2003		Educación :	(500.00)	83,640.47
	7/1/2003		Educación :	(500.00)	83,140.47
	7/1/2003		Pago renta	(778.46)	82,362.01
	7/1/2003		Educación :	(500.00)	81,862.01
	7/1/2003		Educación :	(650.00)	81,212.01
	7/1/2003		Educación :	(650.00)	80,562.01
	7/1/2003		Fracción	(1,479.00)	79,083.01
	7/1/2003		Fracción	(1,810.00)	77,273.01
	7/1/2003		Pago renta :	(1,425.00)	75,848.01
	7/1/2003		Educación :	(1,000.00)	74,848.01
	7/1/2003		Fracción	(1,989.00)	72,859.01
	7/1/2003		Fracción	(1,555.00)	71,304.01
	7/1/2003		Pago renta	(1,600.00)	69,704.01
	7/1/2003		Educación :	(325.00)	69,379.01
	7/1/2003		Fracción	(1,712.32)	67,666.69
	7/1/2003		Fracción	(1,530.00)	66,136.69
	7/1/2003		Educación :	(1,000.00)	65,136.69
	7/1/2003		Fracción	(1,824.00)	63,312.69
	7/1/2003		Educación :	(1,000.00)	62,312.69

Redacted By Permanent Subcommittee on Investigations

Redacted By Permanent Subcommittee on Investigations

7/3/2003

RIGGS

Operaciones en cuentas - MME
Todas las cuentas

desde 1/1/2003 hasta 7/3/2003

Núm.	Fecha	Beneficiario	Categoría	Importe	Saldo actual
	7/1/2003	Redacted By Permanent Subcommittee on Investigations	Educación	1,000.00)	61,312.69
	7/1/2003		Fracción	1,950.00)	59,362.69
	7/1/2003		Fracción	1,950.00)	57,412.69
	7/1/2003		Fracción	1,565.00)	55,847.69
	7/1/2003		Fracción	1,950.00)	53,897.69
	7/2/2003		Educación	3,736.70)	50,160.99
	7/2/2003		Educación	(250.00)	49,910.99
	7/2/2003		Pago renta	(49.00)	49,861.99
Total general			Redacted By Permanent Subcommittee on Investigations	(270,734.46)	49,861.99

RIGGS

STATEMENT

ZIP +4

REPUBLICA DE GUINEA ECUATORIAL 4
CUENTA ESTUDIANTES MME
C/O EMBASSY BANKING DIVISION
AFRICA AND CARIBBEAN REGION
MAIL CODE G-4001

17-328-504 PAGE 1

STATEMENT PERIOD 03-01-2003 THROUGH 03-31-2003

CHECKING SUMMARY

OPENING BALANCE	217,939.41	ACCOUNT #	17-328-504
+DEPOSITS	91,000.00	# OF ENCLOSURES	4
-CHECKS	.00	AVERAGE BALANCE	280,691.46
-OTHER DEBITS	70,312.99		
=NEW BALANCE	238,626.42		

CHECKING ACTIVITY

DEPOSITS	DATE	AMOUNT	DEPOSITS	DATE	AMOUNT
REF 01	03-04	90,000.00	REF 02	03-05	1,000.00

CHECKS	DATE	AMOUNT	CHECKS	DATE	AMOUNT
REF 03	03-05	1,090.00	REF 06	03-14	1,448.36
REF 04	03-07	552.90	REF 04	03-14	1,463.70
REF 05	03-07	1,911.83	REF 04	03-14	7,147.50
REF 04	03-07	4,534.03	REF 07	03-19	10,988.00
REF 03	03-13	166.95	REF 06	03-27	250.00
REF 03	03-14	518.46	*MORE*REF 08	03-27	1,000.00

REFERENCE DESCRIPTION

REF 01 MT CDT WAIVE FEE REF # 030304001019 SENDER-SEQ:002736 LCT30631856400 CITIBANK ORG=CHEVRON EQUAT
REF 02 CREDIT MEMO
REF 03 ACH DEBIT EBD-AFRICA & CAR STIPEND EBD AFRIC -SETT-MAGNET
REF 04 DEBIT MEMO
REF 05 MT DEBIT WAIVE FEE REF # 030307001538 SENDER-SEQ:000383 WELLS FARGO SF ORG=REPUBLICA DE GUINEA ECUATORI
REF 06 ACH DEBIT EBD-AFRICA & CAR RENTS EBD AFRI2 -SETT-MAGNET
REF 07 ACH DEBIT EBD-AFRICA & CAR TUITION EBD AFRI4 -SETT-MAGNET
REF 08 MT-OUT FEDWIRE N/C REF # 030327001613 SENDER-SEQ:000340 JPMCHASE NY ORG=REPUBLICA DE GUINEA ECUATORI

For General Banking and Account Information, call (301) 887-6000 or (800) 368-5800 toll-free within the Continental U.S., or visit our website at www.riggsbank.com. For inquiries on Electronic Banking transactions, ATM, o[illegible]6000 and press 5.

DUPLICATE

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 214

RIGGS

STATEMENT

ZIP +4

REPUBLICA DE GUINEA ECUATORIAL 4
CUENTA ESTUDIANTES MME
C/O EMBASSY BANKING DIVISION
AFRICA AND CARIBBEAN REGION
MAIL CODE G-4001

17-328-504 PAGE 2

STATEMENT PERIOD 03-01-2003 THROUGH 03-31-2003

CHECKING ACTIVITY CONTINUED

CHECKS	DATE	AMOUNT	CHECKS	DATE	AMOUNT
REF 01	03-27	1,000.00	REF 04	03-31	6,753.46
REF 02	03-27	1,000.00	REF 05	03-31	28,639.32
REF 03	03-27	1,849.38			

REFERENCE DESCRIPTION

REF 01 MT-OUT FEDWIRE N/C REF # 030327001634 SENDER-SEQ:000348 JPMCHASE NY ORG=REPUBLICA DE GUINEA ECUATORI
REF 02 MT-OUT FEDWIRE N/C REF # 030327001641 SENDER-SEQ:000349 JPMCHASE NY ORG=REPUBLICA DE GUINEA ECUATORI
REF 03 MT-OUT INTL NC REF # 030327001597 R:030327001597 WESTPAC AUSTRALIA' BSB #732036 243 24 536 361 SONIA I. MBA NCHAM
REF 04 ACH DEBIT EBD-AFRICA & CAR RENTS EBD AFRI2 -SETT-MAGNET
REF 05 ACH DEBIT EBD-AFRICA & CAR STIPEND EBD AFRIC -SETT-MAGNET

CHECKING BALANCES

02-28	217,939.41	03-07	300,851.55	03-19	279,118.58
03-04	307,939.41	03-13	300,684.60	03-27	274,019.20
03-05	307,849.41	03-14	290,106.58	03-31	238,626.42

DUPLICATE

RIGGS

Riggs Bank N.A.
Embassy Banking Division
1528 Connecticut Avenue, NW
Washington, DC 20036
(202) 835-4518

March 29, 2001

Hon. Cristobal Manana Ela
Ministry of Mines and Energy
Republic of Equatorial Guinea
Fax: 011-240-93549

Dear Mr. Minister:

Thank you for opening a checking account with Riggs Bank N.A. We confirm that the following checking account was established on March 29, 2001 and is titled **"Republica De Guinea Ecuatorial - Cuenta Estudiantes MME."**

ACCOUNT TYPE	ACCOUNT NUMBER	INITIAL DEPOSIT
Checking	17328504	0.01

It is our understanding that your signature and that of Mr. Gabriel Nguema Lima are the only ones that we may honor for the withdrawal of funds from this account.

We have started the process of contacting the students and will provide more details to you soon. In the meantime, please provide funding to the account in order for us to undertake this project in a timely manner.

We welcome you to Riggs Bank N.A. and the International Banking Group and we appreciate the opportunity to be of continued banking service to you.

Sincerely,

Simon P. Kareri
Senior Vice President

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 215

RNB 006383

RIGGS

Riggs Bank N.A.
Embassy Banking Division
1528 Connecticut Avenue, NW
Washington, DC 20036
(202) 835-4518

September 19, 2001

Hon. Cristobal Manana Ela
Minister
Ministry of Energy and Hydrocarbons
Republic of Equatorial Guinea
Malabo
Equatorial Guinea

Re: Equatorial Guinea Students Program

Dear Hon. Minister:

I am writing to brief you on the status of the students under the program we initiated at the bank. I am sorry we were unable to meet here in Washington but nevertheless, this brief should suffice.

First, all the students have been provided with their monthly stipend allowance of $1,000.00 without delay since we initiated the program. We had considerable problems with some students who were giving us incorrect banking information including some who were giving us information of their friends. We have sorted out all the banking matters and have automated the payment systems to provide them with their allotments on time. My initial impression of the general conditions of the students is not good. A good number of the students are not serious with their academics, an issue we expect to deal with severely at the end of this semester. However, some of the students are outstanding and have been a pleasure for my staff to assist. Its hard to determine whether all the students are in school at the moment but based on the tuition's and or books paid for the fall semester, the following students should be attending classes:

1.
2.
3.
4.
5.
6.
7.
8.
9.
10.
11.
12.
13.
14.

Redacted by Permanent Subcommittee on Investigations

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 216

RNB 006820

Hon. Cristobal Manana Ela
Minister of Energy and Hydrocarbons

15.
16.
17.
18.

Redacted By
Permanent Subcommittee on
Investigations

We cannot accertain whether the following students are in school since we have not received their invoices for the schools:

1.
2.
3.
4.
5.
6.
7.
8.

Redacted by Permanent Subcommittee on Investigations

We will be in a better position to know what really is happening at the end of this semester when we expect to receive the grades of all the students. Failure to receive their grades should result in reduction of their stipends in order to ensure compliance. We have had various concerns regarding some students that we are addressing. The issues range from students not going to school and receiving refunds from the schools, immigration visa issues etc.

We have addressed such issues with the schools to insure that if a student fails to go to school, they should not be refunded any funds by the school. We would appreciate if you could refer all students that complain to anyone in Malabo back to us. When they realize that Malabo is not receptive to their petty issue, they should refocus back to their academics otherwise we will continue to have problems. The students should not have any issue(s) to complain about now since they are funded on time. If they have any emergency they know whom to call at the bank. We are enclosing a full accounting report of the payments made to and on behalf of the students.

Thank you for the opportunity to assist you and the Government of Equatorial Guinea.

Respectfully yours,

Simon P. Kareri
Senior Vice President

cc. Hon. Gabriel Mbega Obiang Lima
Mr. Jose Luisa Alfaro Musa

RIGGS BANK/Africa Dept Fax:1-202-835-5321

** Transmit Conf. Report **

P.1 Feb 19 2002 12:56

Location	Mode	Start	Time	Page	Result	Note
Gabriel Obiang L.	NORMAL	2/19,12:56	2'40"	4	O K	

SIMON P. KARERI
SENIOR VICE PRESIDENT
INTERNATIONAL BANKING GROUP
RIGGS BANK N.A.
1913 Massachusetts Avenue, N.W.
Washington, D.C. 20036
Tel: 202-835-5380
Fax: 202-835-5321

FAX

atención: Hon. Gabriel M. Obiang Lima

fax #: Redacted by the Permanent Subcommittee on Investigations

de: Sr. Simon P. Kareri

fecha: February 19, 2002

subjeto: Fall 2001 student performance

paginas: 4, incluyente portada

NOTAS:

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 217

RNB 006698

SIMON P. KARERI
SENIOR VICE PRESIDENT
INTERNATIONAL BANKING GROUP
RIGGS BANK N.A.
1913 Massachusetts Avenue, N.W.
Washington, D.C. 20036
Tel: 202-835-5380
Fax: 202-835-5321

FAX

atención: Hon. Gabriel M. Obiang Lima

fax #: Redacted by the Permanent Subcommittee on Investigations

de: Sr. Simon P. Kareri

fecha: February 19, 2002

subjeto: Fall 2001 student performance

paginas: 4, incluyente portada

NOTAS:

RIGGS

Riggs Bank N.A.
Embassy Banking Division
1528 Connecticut Avenue, NW
Washington, DC 20036
(202) 835-4518

February 19, 2002

Hon. Gabriel Nguema Lima
Secretary of State for Mines and Hydrocarbons
República de Guinea Ecuatorial
Malabo
Guinea Ecuatorial

Re: Fall 2001 Student's Performance

Dear Hon. Gabriel:

I am writing to brief you on the performance of the students during the last semester. First, I would like to begin by mentioning that some of the students were not cooperative in providing their grades to us, behavior that I find appalling but nevertheless possibly influenced by their performance.

According to the criteria that we set for the students, maintenance of a "B"average, only five (5) of the students reached that in the past semester (see highlighted grades over 3.0). However, only two students, have a cumulative or overall grade commensurate with the program requirement. Some American schools in general graduate students with a GPA of 2.0 and above but the stringent schools do not graduate anyone without a GPA of 2.5 or better. Therefore it's discomforting to see that four (4) students cannot graduate under the most liberal criteria and six (6) students cannot graduate under the strict criteria. Another concern that I have is the quality of classes the students are taking. Some of the students are taking meaningless classes.

Honorable Gabriel, maintaining a "B" average is not difficult for any student that knows the value of education, but talking to my students, I get the feeling that some of them have no understanding of the value of the education that you and the Government is providing to them. I believe that we should reduce the stipends of the students who have not attained a GPA of 3.0 to $750.00. This will wake them up but knowing how difficult that might be to you, I suggest you think about it, maybe talk to the President and make a decision. If we do not institute a merit system in the program, the students will in the long run be graduating with degrees that will never benefit them or the country.

Thank you for the opportunity to assist you and the Government of Equatorial Guinea.

Respectfully yours,

Simon P. Kareri
Senior Vice President
International Banking Group

cc. Mr. Jose Luisa Alfaro Musa

RIGGS

EQUATORIAL GUINEA STUDENTS
SEMESTER GRADE SUMMARY REPORT

Semester Fall 2001

No	Student	GPA	SUM GPA	Probation	Graduated
1					
2		62.0000	64.8000	Yes	
3		N/A		No	
4		1.6600	1.6600	Yes	
5		2.2000	2.6400	Yes	
6		N/A	N/A	N/A	
7		N/A	N/A	N/A	
8		2.5000	2.8400	Yes	
9		3.1600	2.8900	Yes	
10		2.0870	2.0870	Yes	
11		N/A		No	
12		N/A		No	
13		N/A	N/A	N/A	
14		A	N/A	No	
15		3.0000	2.8100	Yes	
16		3.5000	3.5000	No	
17		3.5000	3.0000	No	
18					
19					
20					
21					
22					
23		2.7100	2.9500	Yes	
24		2.3350	2.1200	Yes	
25		N/A		No	
26		1.0000	1.6984	Yes	
27		1.0000	1.4200	Yes	
28		4.0000	1.9700	Yes	
29		N/A		No	
30		2.7700	2.2800	Yes	

Redacted by Permanent Subcommittee on Investigations

Notes:
N/A - Denotes students in English school.

RIGGS & CO. Account Statement

June 25, 2002 to June 30, 2002

Account Name: Rep De Guinea Ecuatorial - Fondo
Account Number: 68-0026-03-6

Receipts

Date		Principal Cash	Income Cash	Cost
Other Receipts				
06/25/02	Deposit To Account 25-380-310 N/O Republica De Guinea Ecuatorial - Fondo Especial Para Becas Obiang Nguema Mbasogo	1,000,000.00		
Total Other Receipts		1,000,000.00		
Total Receipts		1,000,000.00	0.00	0.00

RNB 013878

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 222

November 1, 2002 to November 30, 2002

Account Name: Rep De Guinea Ecuatorial - Fondo
Account Number: 68-0026-03-6

Disbursements

Date		Principal Cash	Income Cash	Cost
Payments To/For Beneficiaries				
11/05/02	Republica De Guinea Ecuatorial - Transfer To Checking Account 25-380-310 N/O Republica De Guinea Ecuatorial - Fondo Especial Para Becas Obiang Nguema Mbasogo	-1,000,000.00		
Total Payments To/For Beneficiaries		-1,000,000.00		
Total Disbursements		-1,000,000.00	0.00	0.00

RNB 013837

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 222

Simon Kareri

Redacted by the
Permanent Subcommittee
on Investigations

July 16, 2001

Mr. Doug Mandrell
Soils Control International, Inc.
1711 East Central Texas Expressway
Suite 105
Killeen, TX 76541

Dear Doug:

Please find attached a check in the amount of $69,117.00 representing 75% of the invoice for Topseal for Equatorial Guinea.

I will be communicating to you soon with further details.

Sincerely,

Mr. Simon P. Kareri

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 223

Simon Kareri

Redacted by the
Permanent Subcommittee
on Investigations

September 18, 2001

Mr. Doug Mandrell
Soils Control International, Inc.
1711 East Central Texas Expressway
Suite 105
Killeen, TX 76541

Dear Doug:

Please find attached a check in the amount of $23,039.00 representing the remaining balance of 25% of the invoice for Topseal for Equatorial Guinea. The product should be shipped to:

Ministry of Public Works
Att: Melchor E. Edjo
Tesoreria General
Bata, Equatorial Guinea

Please do not include any invoices on the shipping documents.

Sincerely,

Mr. Simon P. Kareri

May 14, 2001

His Excellency Obiang Nguema Mbasogo
President of the Republic of Equatorial Guinea
Republic of Equatorial Guinea
Malabo, Equatorial Guinea

Greetings Mr. President,

Pursuant to our discussion regarding road construction using TopSeal, I am pleased to submit the attached invoice. The invoice reflects the cost of purchasing and shipment of 2,650 barrels of TopSeal to Bata for the construction of a 100 kilometer road. In addition, training and supervision will be provided during the entire construction of the road.

Mr. President, I would like to suggest that funds be wired at your earliest convenience in order for the product to be shipped early to allow the road to be constructed before the rainy season begins. Mr. President, I look forward to receiving your instructions soon. As always, it is a privilege to be of service to you

Respectfully yours,

Simon P. Kareri

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 223

Invoice

Invoice Number: 1039
Date: May 22, 2001

JADINI HOLDINGS LIMITED
P.O. Box 7493
Silver Spring, MD 20904

To:	Job Site:
Republica de Guinea Ecuatorial. Malabo, Guinea Ecuatorial Att: Hon. Marcelino Ntutumu Minister of Communication and Transport	Bata, Guinea Ecuatorial

SALESPERSON	ORDER NO.	DATE SHIPPED	SHIPPED VIA	C.I.F.	TERMS
			SHIP	BATA	On Receipt

	DESCRIPTION	UNIT PRICE	TOTAL
144	**Top Seal Liquid Sealant and Stabilizer (55gallon, 241kg drums), for use of a 5 km test road.**	1,400.00	201,600.00
2	Shipment and handling in 20ft containers CIF Bata	6,663.00	13,326.00
2	Training and supervision for 30 days	7,500.00	15,000.00
			0.00
			0.00
			0.00
			0.00
		SUBTOTAL	229,926.00
		SALES TAX RATE %	
		SALES TAX	0.00
		SHIPPING & HANDLING	
		TOTAL DUE	**$229,926.00**

PAYMENT INSTRUCTIONS:
The Top Seal product will be produced and shipped to arrive in Bata, within 45 days after full payment. Payment in should be made to:

JADINI HOLDINGS LIMITED
SUNTRUST BANK
SILVER SPRING, MARYLAND

Letter of credit is acceptable with a 40% downpayment

THANK YOU FOR YOUR BUSINESS.

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 223

Invoice

Invoice Number: 1036
Date: May 14, 2001

JADINI HOLDINGS LIMITED
P.O. Box 7493
Silver Spring, MD 20904

To:	**Job Site:**
Republica de Guinea Ecuatorial. Malabo, Guinea Ecuatorial	Bata, Guinea Ecuatorial

SALESPERSON	ORDER NO.	DATE SHIPPED	SHIPPED VIA	C.I.F.	TERMS
			SHIP	BATA	On Receipt

	DESCRIPTION	UNIT PRICE	TOTAL
2650	**Top Seal Liquid Sealant and Stabilizer (55gallon, 241kg drums), for use of a 100 km road.**	1,400.00	3,710,000.00
37	Shipment and handling in 20ft containers CIF Bata	5,000.00	185,000.00
2	Training and supervision for 30 days	7,500.00	15,000.00
			0.00
			0.00
			0.00
			0.00
		SUBTOTAL	3,910,000.00
		SALES TAX RATE %	
		SALES TAX	0.00
		SHIPPING & HANDLING	
		TOTAL DUE	**$3,910,000.00**

PAYMENT INSTRUCTIONS:

JADINI HOLDINGS LIMITED
SUNTRUST BANK
SILVER SPRING, MARYLAND

THANK YOU FOR YOUR BUSINESS.

Invoice

Invoice Number: 1035
Date: May 14, 2001

JADINI HOLDINGS LIMITED
P.O. Box 7493
Silver Spring, MD 20904

To:	**Job Site:**
Republica de Guinea Ecuatorial. Malabo, Guinea Ecuatorial	Bata, Guinea Ecuatorial

SALESPERSON	ORDER NO.	DATE SHIPPED	SHIPPED VIA	C.I.F.	TERMS
			SHIP	BATA	On Receipt

	DESCRIPTION	UNIT PRICE	TOTAL
2650	**Top Seal Liquid Sealant and Stabilizer (55gallon, 241kg drums), for use of a 100 km road.**	1,165.00	3,087,250.00
37	Shipment and handling in 20ft containers CIF Bata	5,000.00	185,000.00
2	Training and supervision for 30 days	7,500.00	15,000.00
			0.00
			0.00
			0.00
			0.00
		SUBTOTAL	3,287,250.00
		SALES TAX RATE %	
		SALES TAX	0.00
		SHIPPING & HANDLING	
		TOTAL DUE	**$3,287,250.00**

PAYMENT INSTRUCTIONS:

JADINI HOLDINGS LIMITED
SUNTRUST BANK
SILVER SPRING, MARYLAND

THANK YOU FOR YOUR BUSINESS.

Run Date: 2-Sep-03
Run Time: 11:40 AM

Transaction Detail Report

Page: 1
User Name: JPETERS

BNK: RGB SND DATE: 010705 VAL: 010705 TRN: 010705-001382
AMT: $329,926.00 CUR: USD FOR AMT: 329,926.00
SRC: LTR ADV: FED TYP: FTR LOC: EMB CHECK NUM:

DBT: D/17164642
ACC: D/17164642 ON FILE: Y
DEPT: CTRY:
REP DE GUINEA ECUATORIAL TESOR GENL
C/O EMBASSY BANKING DIVISION
SIMON KARERI
MAIL CODE G-4001

CDT: A/051000020
ACC: D/09740005 ON FILE: Y
DEPT: CTRY:
SUNTRUST MID-ATLANTIC
RICHMOND VA

BNF BNK: /700265260 BK: N
JADINI HOLDINGS LIMITED

ORIG TO BNF INFO:
REPUBLICA GUINEA ECUATORIAL

RNB 001743

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 224

Run Date: 2-Sep-03
Run Time: 11:40 AM

Transaction Detail Report

Page: 1
User Name: JPETERS

BNK: RGB **SND DATE:** 010705 **VAL:** 010705 **TRN:** 010705-001388
AMT: $700,000.00 **CUR:** USD **FOR AMT:** 700,000.00
RC: LTR **ADV:** FED **TYP:** FTR **LOC:** EMB **CHECK NUM:**

DBT: D/17164642
ACC: D/17164642 **ON FILE:** Y
DEPT: **CTRY:**
REP DE GUINEA ECUATORIAL TESOR GENL
C/O EMBASSY BANKING DIVISION
SIMON KARERI
MAIL CODE G-4001

CDT: A/051000020
ACC: D/09740005 **ON FILE:** Y
DEPT: **CTRY:**
SUNTRUST MID-ATLANTIC
RICHMOND VA

BNF BNK: /700265279 **BK:** N
JADINI HOLDINGS LIMITED

ORIG TO BNF INFO:
REPUBLICA GUINEA ECUATORIAL

RNB 001744

RIGGS Electronic Payment Advice

REP DE GUINEA ECUATORIAL TESOR GENLL 17164642
C/O EMBASSY BANKING DIVISION
AFRICA & CARIBBEAN REGION MARCH 20, 2002
MAIL CODE G-4001
1

FWO TRN 020320-000545 0320E1QP111C000103 $66,751.78
TO: SUNTRUST MID-ATLANTIC RICHMOND VA ABA/051000020
BNFACCT: 700265279
BNF: JADINI HOLDINGS LIMITED
OBI: HOUSING CONTRACT

SUMMARY

	NUMBER	AMOUNT
DEBITS	1	$66,751.78
CREDITS	0	$.00
TOTAL	1	

PLEASE NOTE: All incoming wire transfers which have a valid beneficiary name and account number are credited to the beneficiary's account for the amount rec[illegible]count.

FM-01015 (Rev. 8/99)

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 225

0CC0090509453 N.A.
Money Transfer Department

SUMMARY OF THE FINDINGS
ON THE DECEMBER PRESIDENTIAL ELECTIONS
IN EQUATORIAL GUINEA

PREPARED BY THE INSTITUTE FOR DEMOCRATIC
STRATEGIES (IDS) OF ALEXANDRIA, VIRGINIA

DECEMBER 20, 2002

The Institute for Democratic Strategies (hereafter IDS) fielded an 11-person team to observe the presidential elections on December 15, 2002 in Equatorial Guinea. IDS personnel were also in-country during the month of November to observe the campaign activities of the competing political parties and to meet with officials of the National Election Commission for briefings on the technical preparations for the elections.

IDS has worked in Equatorial Guinea since 1996 and has fielded observer teams for the 1998 parliamentary and the 2000 municipal elections. The IDS observer team was chosen independent of the Government of Equatorial Guinea and had a combined experience of observing nearly 100 elections over the years. Some of these include Angola, Namibia, South Africa, Kenya, Nigeria, Uganda, El Salvador, Nicaragua, Mexico, Panama, Suriname, Hungary, Czechoslovakia, Poland and Russia. Several of the observer team currently work for organizations devoted to democratic development in African countries.

The Government of Equatorial Guinea provided the IDS observer team with full facilities to be able to evaluate the election process and to travel freely throughout the national territory. On election day, the observer team covered nearly every region of Equatorial Guinea, including the distant island of Annobon. Unfortunately, IDS was unable to field its own team in the Cogo district because of a lack of personnel.

The IDS also shared observations with the national observer teams sent throughout the country. These teams were composed of representatives from local non-governmental organizations and enjoyed the same privileges as the international teams. Also observing the elections were delegations from the African Unity, Francophonia, CEMAC and the diplomatic community.

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 228

RNB 003671

The IDS observer team shared the positive comments of other delegations concerning the elections, especially the administration of the electoral process. All observer delegations commented on the calm and tranquil atmosphere in which the elections were conducted. Of particular note was the truly incredible turnout of the voters and the orderly way the citizens went about voting.

No observer delegations reported any incidents or violent episodes during the election day or the days immediately preceding it. Observers present during the election campaign itself noted the peaceful atmosphere of this period and the tolerance and civility shown by the authorities and the people to the opposition parties and candidates. The IDS team noted that both the UP and the CPDS campaigned in Mongomo, the hometown and political stronghold of the President, without incident. All political parties had access to the media, including television and radio, and were free to campaign throughout the country without obstacles.

The IDS team randomly chose the voting tables at which they observed the process. By the end of the election day, the IDS team had observe the process at roughly 15% of the total mesas, which represented about 25-30% of the electorate. From IDS' past experience, this provides a more than adequate sample to judge an electoral process.

We noted with a great deal of satisfaction that election materials had been distributed throughout the country and that we had not encountered any mesas without adequate materials—ballots, indelible ink, etc. In this respect, Equatorial Guinea deserves credit for avoiding some of Africa's more traditional problems of inadequate distribution of ballots and electoral materials throughout the national territory.

We noted that the polls basically opened on time and that the voters knew where they would vote. There appeared to be very few problems with the voter identifications and the voter lists posted at the mesas.

We also observed the counting at random mesas throughout the country and checked the results against the final national count and found absolutely no disparity in these select votes. The IDS observer team took this as a sign of the basic integrity of the vote.

IDS also noted that, with few exceptions, there were no overly long lines of voters throughout the day and that voting actually finished in most parts of the country by mid-

afternoon. IDS also escorted one box of ballots from Basile Bubi to the district voting center to evaluate the procedures on transporting the ballots.

IDS made a point of engaging political party observers at all mesas and were pleased to see that the opposition parties had a larger presence at the mesas than in the past. Our whole team heard no complaints from party observers about the process on election day. The IDS team also made a point of talking to opposition observers about the pre-election environment in their towns or villages and again were told that they had no personal or party problems during the campaign. In Baney, a town in the Bioko Norte district, young opposition observers said that their only problem was being teased by their friends about their choice of candidate.

Members of the IDS team were approached at the end of the election day by young opposition party observers who complained they had been told by their party leaders to leave their posts at the mesas. They said they did not know the reason for this order by their party representatives. They expressed to members of the IDS team that they had wanted to participate until the conclusion of the vote and felt the election process had been going well. IDS also notes that this happened in prior elections that opposition party observers were told to abandon their posts near the end of the voting day.

IDS notes that we were told that here had been no written complaints by the political parties concerning the campaign or the procedures followed on election day. Such complaints could have been filed with the National Electoral Commission, the Ministry of Justice or the Constitutional Court. Political parties could have also brought their grievances to any of the several election observation teams that were in country at the time. None of the observer teams, including the national teams, reported receiving such reports.

The various phases of the electoral process had been agreed to by the competing political parties and that each phase had written approval by all the political parties. All the political parties the morning of the election had agreed to stay in the process until the final count. For the most part, the opposition stated "withdrawal" from the elections came hours after their representatives had signed off on the majority of the vote tallies at the mesas.

The IDS team also paid close attention to the behavior of the security and police personnel during election day. The team felt that the presence of the security personnel followed published guidelines by the Electoral Commission and did not represent any factor of intimidation during the process. We did not find the presence of security personnel intrusive in the process and only saw police personnel interact a few times to line up the voters. We saw no actions by the security forces during election day that could be interpreted or construed as intimidating or exerting pressure on individual voters or creating a tense climate.

The IDS team feels it is important to mention that observer delegations traveled to many of the places the international media noted in their published reports on the elections and did not find the problems that the press mentioned or that the opposition was quoted as saying occurred. Members of the IDS observer team double-checked this view by following up with other international delegations as well as the national observer teams.

Several issues were raised by the national and international media and the opposition prior to the election itself. First, the media raised the issue of the difference between the total number of inhabitants in Equatorial Guinea as reported in the national census and the 215,000 voters in the electoral census. The national census and the electoral census are two very distinct things and developed by a very different process. The electoral census must be approved by all political parties, as it has in the last three elections. The number of voters tracks very consistently with the numbers of the past two elections, showing a slight but reasonable increase in the number of eligible voters. Members of other delegations actually conducted their own rough estimate of the electoral census based on data from various international organizations and found less than 1,000 voter discrepancy. This little experiment basically confirms the accuracy of the census.

Secondly, the media, various diplomatic missions and the opposition raised, as they have in the last three elections, the issue of "public voting". In various African countries, IDS team members have observed a tradition whereby voters either showed their ballots or called out their preferences locally. Nowadays, we see this more within political parties during the selection of candidates for the general election. This is

"public voting" in the sense that election observers know it. This has no application to the situation in Equatorial Guinea during the last three elections at least. This practice simply doesn't occur.

A related issue concerns the secrecy of the vote. The media and even the opposition parties misconstrued the practice of picking up only one ballot and not all the ballots for the different candidates as required by law as "public voting". It was our experience on the occasions when this did occur, other voters and even electoral workers could not tell the choice of the voter, unless they made a real attempt. IDS observers did see this happen and asked opposition party observers their views about the practice. At the local level, they did not object but they also observed it seemed to occur only with the elderly. As one CPDS observer told us in Baney, "It really only matters what's in your heart."

While IDS did observe this practice at various polling stations, it did not occur in any large numbers to be statistically meaningful, to constitute a flaw or serious irregularity that would have any tangible effect on the outcome or the choices of other voters. We saw no cases where the voter or a series of voters flaunted their choice as if to encourage others to cast their votes the same way. The practice, when it did occur, was generally practiced by the very elderly in rural areas. In urban areas such as Malabo or Bata, our team notice that his did not occur.

The IDS team found that ample steps had been taken to ensure the secrecy of the vote at every mesa we visited. Election officials had made several adhoc voting booths using screens, tables and adjacent rooms at the polling stations. Voters took it as a given that they would exercise a secret ballot.

The IDS observer team found the election officials, for the most part, well-trained and conscientious and impartial in carrying out their civic duty. Noting the total lack of international aid for the conduct of these elections, IDS applauds the excellent work and commitment shown by the National Electoral Commission and the professionalism it demonstrated in administering the presidential elections. IDS found the training materials prepared by the Electoral Commission to be of an excellent quality and content and believe the election officials to be better trained this election than in the previous two.

In general, IDS found that the election process was transparent and administered in a professional and proper manner that meets international standards. We would like to again emphasize the great importance electoral administration has in allowing every qualified citizen to cast their vote. Every eligible voter who wanted to could cast their vote, a situation that is not universal in Africa.

IDS trained about 24 representatives from national organizations, who also traveled throughout the country on election day. IDS had the pleasure of being accompanied by these national observers and congratulate them on their work, which provided us with a unique insight into the national electoral process.

IDS also wants to thank the Government of Equatorial Guinea for its invitations to international observers. We were able to travel anywhere in the country we wanted, including the lovely island of Annobon, and enjoyed the generous hospitality of the Equatoguincan people.

In conclusion, the people of Equatorial Guinea were able and did exercise their right to vote in a peaceful atmosphere without intimidation or fraud. IDS as a team and in consultation with other international observers did not find any patterns of abuse, irregularities or intimidation that would cause the process to be declared flawed. The people of Equatorial Guinea did have a clear choice in this presidential election and did make that choice.

IDS found that the vote largely reflects the popularity of the winning candidate, the socioeconomic situation in the country and the PDGE's ability to mount an extraordinarily sophisticated campaign at a national level. This campaign was modern in every sense and reflected a strong organizational base. We also applaud the efforts of the opposition parties to campaign throughout the country and hope that they will remain in the democratic process and rebuild themselves for the future.

IDS congratulates President Obiang Nguema Mbasogo on his convincing victory and wish him and the country well for the next seven years of his new term in office. IDS especially wants to congratulate the people of Equatorial Guinea for taking their civic duty so seriously and voting in numbers that far exceed turnouts around the world.

Communiqué
de la Mission Francophone d'observation
de l'élection présidentielle anticipée du 15 décembre 2002 en République de Guinée Équatoriale

Dans le cadre de l'engagement et de l'implication de la communauté internationale tout au long du processus de démocratisation en République Équatoriale de Guinée et en réponse à l'invitation des Autorités de ce pays, membre de la communauté francophone, S.E. Monsieur Boutros BOUTROS-GHALI, Secrétaire Général de l'Organisation Internationale de la Francophonie, (OIF) a décidé de l'envoi d'une mission d'observation à l'élection présidentielle anticipée du 15 décembre 2002.

Cette mission, dont l'organisation a été confiée à l'Agence Intergouvernementale de la Francophonie (AIF), est arrivée à Malabo le 11 décembre 2002. Elle est dirigée par Maître Hamidou Diabaté ancien Ministre de la Justice, Garde des Sceaux (Mali) de personnalités du Bénin et du Cameroun, et d'un consultant venant de Côte d'Ivoire, assistés par une fonctionnaire du Bureau Régional de l'Afrique Centrale (BRAC) de l'AIF.

Les observateurs de la Francophonie ont pu rencontrer, dans le cadre de leur mandat, les autorités politiques et administratives, les institutions impliquées dans l'organisation, la tenue et le contrôle des consultations électorales (notamment le Ministère de l'Intérieur et des collectivités locales, le Ministère de la justice, la Commission nationale électorale « Junta Electoral Nacional », etc.) les candidats à l'élection présidentielle et des partenaires au développement. Dans la phase préparatoire au scrutin, ils ont pu suivre au jour le jour, l'état d'avancement des opérations pré-électorales, notamment dans le cadre des séances quotidiennes d'information organisées par le Ministre de l'Intérieur et des collectivités locales, président de la Commission Électorale Nationale.

Pour le jour du scrutin et après concertation avec les autorités, les membres de la délégation de la francophonie ont coordonné leur déploiement et leurs activités sur l'ensemble du territoire avec les groupes d'observateurs internationaux et nationaux accrédités de la manière suivante :

- S.E. Monsieur Hamidou Diabaté, Province du Littoral (Bata, MBini et Kogo)
- S.E. Guy-Landry Hazoumé : Province de Centro Sur (Miffamg, Evinayong et Axorenam)
- Madame Nicole Claire N'Doko : Province de Bioko Sur (Luba et Riaba)
- Madame Victorine Moungo et Monsieur Tessy Bakary : Province de Bioko Norte (Malabo et Baney)

Ce déploiement a permis aux observateurs de la Francophonie de couvrir une centaine de bureaux de vote Sur la base de ce qu'ils ont pu constater, ils sont parvenus aux observations suivantes :

1. Organisation du scrutin : Dans tous les bureaux de vote visités, le matériel électoral en quantité et en qualité satisfaisantes (bulletins de vote, enveloppes, encre indélébile, etc.) a été acheminé suffisamment à temps ce qui a permis l'ouverture et le début des opérations de vote à 8h du matin, heure prescrite par la loi électorale. On note cependant que les isoloirs étaient souvent de fortune et que les urnes non transparentes étaient dans beaucoup de cas peu adaptées (taille de l'urne et de l'ouverture pour insérer les enveloppes).

2. Déroulement des opérations de vote : Deux types de situations ont été rencontrées sur l'île de Bioko :

Dans la capitale Malabo, le vote s'est déroulé conformément aux dispositions de la loi électorale :

- listes électorales affichées,
- utilisation de l'isoloir et secret du vote,
- faible présence des représentants (en général au moins deux partis politiques.

Dans le reste de l'île de Bioko, les listes électorales étaient généralement affichées, mais, on note :

- des cas de vote public
- la faible représentation des candidats
- la présence parfois intimidante des forces de sécurité à l'intérieur des bureaux de vote

Sur le continent, de nombreux cas de non respect de la loi électorale ont été relevés, notamment :

- non-affichage des listes électorales,
- non respect des heures de fermeture légale des bureaux de vote
- quelques cas de vote public signalés par des représentants de candidats
- présence des forces de sécurité à l'intérieur des bureaux de vote.

Pour l'ensemble, les membres de la délégation de la Francophonie, ont noté une forte participation électorale ainsi que la discipline, la sérénité et la paix qui ont caractérisé le déroulement du scrutin, résultats des efforts réels accomplis dans le domaine de l'éducation civique de l'électorat.

La mission d'observation de la Francophonie se félicite de l'accueil qui lui a été réservé par le peuple équato-guinéen, les responsables des partis politiques, les autorités politiques et administratives et par la « Junta Electoral Nacional » et les sous-commissions au niveau des provinces et des districts.

Malabo, le 16 décembre 2002

RIGGS STATEMENT

ZIP +4

REPUBLICA DE GUINEA ECUATORIAL - 0
TESORERIA GENERAL
C/O EMBASSY BANKING DIVISION
AFRICA AND CARIBBEAN REGION
MAIL CODE G-4001

17-164-642 PAGE 2

STATEMENT PERIOD 03-01-2000 THROUGH 03-31-2000

CHECKING ACTIVITY CONTINUED

CHECKS	DATE	AMOUNT	CHECKS	DATE	AMOUNT
REF 01	03-06	75,000.00	REF 06	03-14	935,080.15
REF 02	03-06	769,080.00	REF 07	03-14	2,562,237.00
REF 03	03-13	43,041,480.14	REF 08	03-14	39,047,816.80
REF 04	03-14	250,000.00	REF 09	03-24	43,605,303.86
REF 05	03-14	427,119.23			

REFERENCE DESCRIPTION

REF 01 MT BOOK TSF NC REF # 000306000800 CONSULTATION SERVI CES I NSTITUTE FOR DEMOC RATIC ST RATEGIES
REF 02 MT OUT INTL CURR REF # 000306000780 R:000306000780 SOCIETE GENERALE MALABO, EQUATORIAL 2711010480182 TESORO PUBLICO
REF 03 MT BOOK TSF REF # 000313001384 R IGGS BANK DC BANK INVESTMENT CL EARING ACCOUNT
REF 04 MT-OUT FEDWIRE N/C REF # 000314000933 SENDER-SEQ:000167 BARCLAYS PLC ORG=REP DE GUI NEA ECUATORIAL TES
REF 05 MT OUT INTL CURR REF # 000314000948 R:000314000948 BANQUE NATIONALE D 24 AVENUE DE LA GR 30004 DASSAULT FALCON SE
REF 06 MT OUT INTL CURR REF # 000314000925 R:000314000925 SOCIETE GENERALE D MALABO, EQUATORIAL 36100289 C UNICOM
REF 07 MT-OUT FEDWIRE N/C REF # 000314000940 SENDER-SEQ:000235 BQE NAT PARIS ORG=REP DE GUI NEA ECUATORIAL TES
REF 08 MT BOOK TSF REF # 000314001356 R IGGS BANK DC BANK INVESTMENT CL EARING ACCOUNT
REF 09 MT BOOK TSF REF # 000324001380 R IGGS BANK DC BANK INVESTMENT CL EARING ACCOUNT

CHECKING BALANCES

02-29	2,669,723.10	03-14	115,558.35	03-30	5,128,712.71
03-06	7,289,994.73	03-22	4,604,234.75		
03-13	289,994.73	03-24	104,234.75		

DUPLICATE

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 228

Run Date: 2-Sep-03
Run Time: 11:16 AM

Transaction Detail Report

User Name: JPETERS

BNK: RGB SND DATE: 010402 VAL: 010402 TRN: 010402-000668
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SRC: LTR ADV: LTR TYP: FTR LOC: EMB CHECK NUM:

DBT: D/17164642
ACC: D/17164642 ON FILE: Y
DEPT: CTRY:
REP DE GUINEA ECUATORIAL TESOR GENL
C/O EMBASSY BANKING DIVISION
SIMON KARERI
MAIL CODE G-4001

CDT:
ACC: Redacted by Permanent Subcommittee on Investigations ON FILE: N
DEPT: CTRY:
INSTITUTE FOR DEMOCRATIC
STRATEGIES
909 DUKE STREET
ALEXANDRIA VA 22314-3619

Run Date: 2-Sep-03
Run Time: 12:17 PM

Transaction Detail Report

Page: 1
User Name: JPETERS

BNK: RGB SND DATE: 020401 VAL: 020401 TRN: 020401-000839
AMT: $150,000.00 CUR: USD FOR AMT: 150,000.00
SRC: LTR ADV: LTR TYP: FTR LOC: EMB CHECK NUM:

DBT: D/17164642
ACC: D/17164642 ON FILE: Y
DEPT: CTRY:
REP DE GUINEA ECUATORIAL TESOR GENL
C/O EMBASSY BANKING DIVISION
AFRICA & CARIBBEAN REGION
MAIL CODE G-4001

CDT:
ACC:
DEPT
[Redacted by Permanent Subcommittee on Investigations]
ON FILE: N
CTRY:
INSTITUTE FOR DEMOCRATIC
STRATEGIES
909 DUKE STREET
ALEXANDRIA VA 22314-3619

RNB 001840

Run Date: 2-Sep-03 | **Transaction Detail Report** | Page: 1
Run Time: 12:32 PM | User Name: JPETERS

BNK: RGB SND DATE: 021025 VAL: 021025 TRN: 021025-001017
AMT: $150,000.00 CUR: USD FOR AMT: 150,000.00
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DBT: D/17164642
ACC: D/17164642 ON FILE: Y
DEPT: CTRY:
REP DE GUINEA ECUATORIAL TESOR GENL
C/O EMBASSY BANKING DIVISION
AFRICA & CARIBBEAN REGION
MAIL CODE G-4001

CDT: [redacted]
ACC: [redacted]
DEPT:
INSTITUTE FOR DEMOCRATIC
STRATEGIES
911 DUKE ST
ALEXANDRIA VA 22314

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ON FILE: N
CTRY:

RNB 001886

RIGGS TAYLOR-DEJONGH

CONFIDENTIAL MATERIAL

NUSITELES, GE

PROPOSAL FOR THE ROLE OF FINANCING ADVISOR AND PLACEMENT AGENT FOR NUSITELES, GE

SUBMITTED BY

RIGGS BANK N.A. (PRINCIPAL ADVISOR)

&

TAYLOR-DEJONGH, INC. (COOPERATING ADVISOR)

SEPTEMBER 22, 2000

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 229

RIGGS TAYLOR-DEJONGH

SECTION 1. INTRODUCTION

Riggs Bank N.A. ("Riggs"), in cooperation with its subcontractor Taylor-DeJongh, Inc. ("TDJ" or "Taylor-DeJongh"), is pleased to submit this response to a request for a proposal to provide debt financing advisory and placement services to Nusiteles, GE ("Nusiteles" or "Company).

Riggs as the Principal Advisor and TDJ as the Cooperating Advisor (collectively, the "Advisors") understand that Nusiteles was recently incorporated in Equatorial Guinea for the sole purpose of providing telephone and data (both fixed and mobile) services; international telephone and data services; private line services; Internet services; satellite television broadcast; telecommunications and data services; cable television; video communications; and radio broadcasting. Nusiteles along with its technical partners and telecom advisors will be developing, implementing, installing, training and maintaining a broadband telecommunications network for Equatorial Guinea. Initially, this network will be available to the Government of Equatorial Guinea; however, it will be capable of expansion to serve the entire country (mainland, islands, embassies) and all residents (government and civilians) and the Central Africa region.

The focus of this proposal is on advisory and placement services related to structuring, solicitation, and negotiation of political risk insurance and commercial risk guarantees from Export Credit Agencies (such as U.S. Ex-Im Bank), and debt financing from bilateral and multilateral institutions such as the Overseas Private Investment Corporation ("OPIC") among others. The participation of these types of agencies in Nusiteles' financing structure will permit lower costs and longer term debt financing on better terms than available from any purely commercial or capital markets source.

This proposal will give you some examples of the extensive relevant experience of Taylor-DeJongh in large complex project finance transactions, in African infrastructure, in working with the official agencies, and in closing financings (See Section 4). Working together, the Principal Advisor and Cooperating Advisor provide a highly qualified and truly senior team of project finance professionals and have the ability to provide to Nusiteles all the support necessary to expedite the procurement of appropriate political risk insurance and commercial risk guarantees (if necessary), as well as procure financing from the most appropriate commercial and/or agency sources.

Riggs and Taylor-DeJongh have the proven ability to secure commercial bank debt financing but, from our understanding of your current progress, we believe that for this project our greatest value-added contribution to Nusiteles will be our well-proven expertise in structuring official sources of financing.

Our aim will be to work closely with the ownership and management of Nusiteles and its technical project partners and telecom advisors to support, plan and coordinate the financing activities to achieve the required deadlines for the start of construction; including the negotiation

RIGGS TAYLOR - DEJONGH

of appropriate political risk coverage and commercial risk guarantees from all relevant sources; financing from appropriate official sources such as the OPIC and the International Finance Corporation ("IFC"); and managing the agencies through the documentation phase, financial close and first disbursement of funds.

We work for the sponsors, and our goal is to optimize their equity ownership, their contingent equity risks, and the terms of the project finance debt.

Although the Advisors provide services jointly, but as separate entities, each entity shall be solely liable for its own acts or omissions and any dealings with the Company in connection with the Financing.

RIGGS TAYLOR-DEJONGH

SECTION 2: SCOPE OF WORK: WORKPLAN

The Scope of Work which Riggs as Principal Advisor proposes to undertake, in cooperation with Taylor-DeJongh as Cooperating Advisor, will be to perform financial evaluation and advisory services for the Company on the basis of international professional standards. The activities may include, without limitation, providing the Company with the following capabilities, on an as-requested basis: Advice on the ultimate strategy for raising the financing, including: (i) the relevant procedures, policies and attitudes of the bilateral, multilateral, and export credit agencies which will likely be required to provide the direct lending and /or political risk mitigation element necessary to secure financing; (ii) development of a financial structure for the transaction which will facilitate raising financing; (iii) financial assistance in preparing the necessary applications to lenders and support in negotiation of loan documents.

Project Financing Requirement

This section presents the Advisors' understanding of the Nusiteles telecommunications project ("Project") financing needs, and what we believe is the situation in the financial markets relevant to the Project.

- The Project costs are estimated to be about $21.5 million. This consists of about $13 million of telecommunications infrastructure and approximately $8.5 million for technical support and operations management of the broadband system for 36 months after installation.

- The financing plan for this Project has not been completed, but will be developed as part of the scope of services provided by the Advisors. However, it is our understanding that the Company desires to raise both debt and equity to completely support the entire Project cost.

The Advisors' preference would be to secure debt funding from the official sources of financing such as OPIC and IFC and equity support from the Project's vendors and strategic partners/advisors. We strongly believe that it is in Nusiteles and its backers' interests to pursue the official sources of financing for the following reasons:

We believe that the capacity and tenor in the commercial bank market for uncovered debt likely will be insufficient to meet the debt financing targets sought for the Project. To address the funding gap, political risk insurance and/or commercial risk guarantees will likely be required. Such cover is routinely provided by the official sources for projects that will be operating in difficult emerging market environments. Under this mandate, the Advisors would propose to work closely with Nusiteles to strongly pursue these funding commitments from the official sources.

The proposed scope of work is organized into the following tasks:

Task 1: Initial Project Review and Financial Strategy; Work Plan

Immediately meet with Nusiteles to discuss the Project and the overall financing strategy; target the most appropriate official agencies (to suit the Project); develop strategy for pursing official sources of funding commitments; and describe the process and requirements of the official sources for providing the commitments. Determine the allocation of responsibilities and coordination issues among the Company, its technical partners and telecom advisors and the Advisors. At an initial meeting with the Advisors, we will establish key milestone dates suitable to Nusiteles and identify the main activities, likely sequencing and required documentation to achieve milestones. The Advisors will generate a work schedule and work with Nusiteles, its advisors and technical partners to maintain it through to financial close and first disbursement of funds.

Task 2: Commercial, Credit, Financial, and Risk Analysis

Review all key aspects of the Project's commercial structure, analyze the Project's economics including the financial model, identify and analyze the fundamental credit issues, and perform a detailed risk analysis. Develop list of any additional documentation or commercial achievements to satisfy specific requirements of any particular agency or risk mitigant providers.

Task 3: Preparation of Application Materials for Official Sources

As with all lenders, certain milestones must be achieved prior to securing a final commitment from an official agency. These generally include: an engineering, procurement and construction contract ("EPC") or similar turnkey contract for the construction of the project, an Operations and Maintenance Agreement, other supplier agreements as required, shareholder agreement, equity support arrangements, subordinated debt facilities (perhaps related to equipment supply) as applicable, among others. It is the experience of both Advisors that finalization of these agreements could be negotiated as a condition precedent to initial disbursement rather than final commitment, provided the institution adequately understands the risk issues.

Task 4: Management and Coordination of the Due Diligence Process of the Official Sources

It is especially in this task that the Advisors have extraordinary value-added capabilities. Our deep understanding of these agencies' processes and our extreme credibility with all official agencies, allows each of us to efficiently and effectively manage the review, negotiation and approval processes to the utmost advantage of our clients. We will work to maintain the pace in a non-confrontational way, and to provide the agencies with all the written and analytical materials that they require for each stage of their (numerous) reporting and committee processes.

RIGGS TAYLOR-DEJONGH

Task 5: Negotiations with the Official Sources on Financing Terms for Funding Commitments

The Advisors will take the lead in negotiations with financing sources and advocate Nusiteles intentions as it relates to financing terms, tenor, pricing and flexibility.

RNB 003467

Riggs each of the fees specified below as compensation for Riggs' services hereunder. (As stated above, Riggs shall be responsible to compensate TDJ in respect of such fees pursuant to the separate subcontract from Riggs to TDJ.) Each of the fees shall be non-refundable and deemed earned in full when due. No fee or any portion thereof be credited against any other fee, except for the limited credit expressly set forth in this Section 3 at subsections (b)(i) and (c).

(a) The Company will pay Riggs a non-refundable retainer fee in cash of US$30,000 per month commencing upon the day of written acceptance by the Company of this Agreement and continuing on the first (1st) day of each calendar month thereafter during the term of this Agreement. If the initial acceptance day is not the first day of that calendar month, the payment due on that day will be pro rated for the number of days then remaining in that initial calendar month; and

(b) The Company will also pay Riggs each of the following non-refundable fees on the dates noted, if the required conditions have been satisfied:

(i) Upon the closing of the Financing, the Company will pay or cause to be paid to Riggs in cash a non-refundable fee in U.S. Dollars of two percent (2.0%) of the Nominal Value of the Financing, which includes the Nominal Value of any political risk insurance, commercial risk guarantees, debt or equity raised to support the Financing (the "Placement and Structuring Fee"); provided, however, that any fees that have been paid by the Company to Riggs under subsections (a) and (b) shall be credited against the Placement and Structuring Fee, up to, but not exceeding, the amount of the Placement and Structuring Fee.

(c) The Company and Riggs have entered into this Agreement in good faith, and in order to ensure fairness in the payment of fees to Riggs, the parties confirm and agree that all fees paid will be non-refundable for any reason and shall be deemed earned in full upon their respective due dates. Without limitation of the foregoing, the parties confirm and agree that no fee shall be refunded to the Company upon termination or expiration of this Agreement, and if any fee is due but unpaid upon termination or expiration, such fee shall remain immediately due and payable and shall not be rendered void, reducible or refundable in any way by the termination or expiration of this Agreement.

4. Alternate Financing. Further, because of considerations of fairness and good faith, and notwithstanding anything to the contrary contained herein, if the Company closes a financing within a period of twelve (12) months from the termination or expiration of this Agreement with an investor introduced to the Company by Riggs or TDJ as its Cooperating Advisor within the term of this Agreement and if the financing relates to the

subject matter of the Financing, then, regardless as to whether the financing is substantially similar to the Financing, the Company shall pay to Riggs upon the closing of such financing a cash fee in U.S. Dollars equal to two percent (2.0%) of the Nominal Value of such financing; provided, however, that any retainer fee paid to Riggs by the Company under subsection (a) and any fees paid to Riggs by the Company under subsection (b) shall be credited against the fee due under this Section 4; such credit to be up to but not in excess of the said two percent (2.0%) fee.

5. **Enforceability.** Because the Company and Riggs and its Cooperating Advisor will be considering a variety of vehicles for the Financing, as a matter of fairness and good faith, the Company and Riggs agree that the use of a special purpose entity or any other direct or indirect vehicle in connection with the Financing (such as, but not limited to, some agent or nominee for the Company) will not render void or diminish the obligation of the Company to pay the fees and expenses described in this Agreement to Riggs, and all representations, warranties and agreements of the Company under this Agreement shall remain in full force and effect.

6. **Other Fees.** The fees set forth above shall be in addition to any fees that the Company may be required to pay directly to: (i) any third party document production or printing service provider; (ii) any legal counsel or consultants hired directly by the Company; or (iii) any Financing source to secure its financing commitment. The Company shall be responsible for its own expenses in connection with the Financing and for any taxes that may arise with respect to the Financing. The Company agrees not to withhold any taxes, fees, expenses or other payments due to be paid to Riggs or to any independent contractor retained by Riggs, including, without limitation, TDJ as the Cooperating Advisor, for any purpose; provided, however, that if such withholding is required by applicable law, the Company may withhold such amounts as are so required if and only if the Company immediately pays to Riggs and/or such independent contractor, as the case may be, in cash in U.S. dollars the exact amount of such funds so withheld.

7. **Expenses.** In addition to the fees described above, the Company agrees to promptly reimburse Riggs, upon request from time to time, for all out-of-pocket expenses reasonably incurred by Riggs, including, without limitation, reasonable attorneys' fees, and to promptly reimburse at Riggs' direction all out-of-pocket expenses reasonably incurred by any independent contractors retained by the Advisor, including, without limitation, TDJ as the Cooperating Advisor, such expenses to include, without limitation, all reasonable attorneys fees of such persons or entities.

RNB 003469

3. Independent Contractors.

(a) The Company agrees that Riggs may retain one or more independent contractors to undertake various duties of Riggs under this Agreement. Such independent contractors may include, without limitation, Taylor-DeJongh,

Inc. ("TDJ" or "Taylor-DeJongh"). Riggs will inform the Company from time to time in writing of the identity of any such independent contractors and will describe generally their respective duties. All payments due under this Agreement shall be made directly to Riggs and not to any such independent contractors, unless Riggs so requests of the Company in writing.

(b) The Company agrees that no such independent contractor, including, without limitation, TDJ, or any other person or entity retained by Riggs shall have the right or authority to direct, control, or bind Riggs in respect of the Financing, the Company or this Agreement or otherwise, nor shall Riggs be responsible to the Company under this Agreement or otherwise for any act or omission of any nature of such independent contractor, including, without limitation, TDJ, or any other person or entity retained by Riggs in connection with the Financing or this Agreement. The Company further agrees that each such independent contractor, including, without limitation, TDJ, or such other person or entity shall be solely liable for its own acts or omissions and any dealings with the Company in connection with the Financing and/or this Agreement, and that the Company shall look solely to such independent contractor, including, without limitation, TDJ, and not to the Advisor with respect to such acts or omissions of the independent contractor. The Company understands and agrees that Riggs and TDJ are separate and unaffiliated entities, and are independent contractors, and that retention by Riggs of TDJ is not intended to and shall not result in or give rise to any partnership, joint venture, or similar joint enterprise between Riggs and TDJ.

9. **Governing Law.** The validity and interpretation of this Agreement shall be governed by the laws of the State of New York in the United States of America, without reference to its choice of laws provisions.

10. **Indemnity.** The Company and its successors agree that will it indemnify and hold harmless Riggs, their directors, officers, shareholders, employees, agents, independent contractors, including, without limitation, TDJ, and attorneys (together the "Indemnified Parties") against all losses, claims, liabilities and expenses (including, without limitation, all reasonable expenses of litigation and all reasonable attorney fees) caused by or arising out of the performance or lack of performance by the Indemnified Parties, or any of them, of services pursuant to or related in any way to this Agreement or any subcontract made in respect hereof, including, without limitation, any matters related to the Information or the Memorandum, except that the Company will not be liable to an Indemnified Party to the extent that any loss or claim is found in final judgement by a court of competent jurisdiction (not subject to further appeal) to have resulted solely from such Indemnified Party's gross negligence or willful misconduct in performing or not performing such services.

11. Termination. The Company or Riggs may terminate this Agreement at any time upon

thirty (30) days written notice. Notwithstanding the foregoing or anything else to the contrary in this Agreement, neither the termination by either or both parties nor the expiration of this Agreement by its terms nor the completion of the engagement of the Advisor contemplated hereby shall void, reduce or otherwise diminish the obligation of the Company:

(i) to pay to Riggs all fees otherwise due under Section 3, above, through and including the date of such termination, expiration or completion;

(ii) to pay to Riggs all fees that may be due after such date under the provisions of Section 4;

(iii) to reimburse Riggs for all out-of-pocket expenses incurred through such date to which Riggs is otherwise entitled under Section 7;

(iv) to reimburse, at Riggs' direction, all independent contractors retained by the Advisor, including, without limitation, TDJ, for all out-of-pocket expenses incurred by same through such date to which such independent contractors are otherwise entitled under Section 7; and

(v) to pay all third parties all fees, expenses and other amounts otherwise payable by the Company under Section 6.

Further, upon such termination, expiration or completion, the provisions of this Section 11 and all other representations, warranties and covenants of the Company, including, without limitation, all of its agreements to indemnify, shall survive and remain in full force and effect.

12. **Sovereign Immunity.** To the extent that the Company may now or hereafter be entitled in any jurisdiction to claim for itself, its revenues or properties any immunity from suit, court jurisdiction, attachment prior to judgement, attachment in aid of execution of a judgment, execution of a judgment or from set-off, banker's lien, counterclaim or any other legal process or remedy, with respect to this Agreement and/or to the extent that in such jurisdiction there may be attributed to the Company such an immunity (whether or not claimed), the Company, to the fullest extent permitted by applicable law, irrevocably agrees not to claim and waives, any such immunity, including, without limitation, a complete waiver of immunity pursuant to the United States Foreign Sovereign Immunities Act.

RNB 003471

13. Jurisdiction.

(a) Any suit, action or proceeding arising out of or based on this Agreement may be brought in any District of Columbia court or United States of America

("US") Federal court located in the District of Columbia. The Company hereby irrevocably submits to the jurisdiction of such courts for the purpose of any such suit, action, proceeding or judgment and agrees that venue shall be proper in the District of Columbia or in the US District Court for the District of Columbia if suit is filed to enforce, interpret or construe this Agreement. Company expressly acknowledges the acceptance by Riggs and delivery of this Agreement to Riggs within the District of Columbia. The Company hereby irrevocably waives any objection it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. Nothing contained herein is intended to limit the ability of Riggs to enforce a judgment obtained in any of the aforesaid courts in any place in the world or in any manner otherwise permitted by applicable law (as determined under the provisions of Section 9, above).

(b) In any proceeding in any District of Columbia or US Federal Court located in the District of Columbia, process may be served on the Company by delivering such process to the ambassador to the US located at the embassy of the Company in the US or to an apparently responsible officer at such embassy, or, if the Company does not have an embassy in the US, then at any mission, consulate or legation of the Company in the US or at the interest section maintained by the Company at any other embassy in the US if any. The Company hereby further irrevocably consents to the service of process by Riggs in any suit, action or proceeding in such courts by the mailing thereof by pre-paid registered mail, return receipt requested, addressed to the ambassador or other chief officer, as the case may be, of such embassy, mission, consulate, legation or interest section. Nothing herein shall in any way be deemed to limit the ability of Riggs to serve any writ, process or summons in any other manner permitted by applicable law or to obtain jurisdiction over the Company in any other jurisdiction and in such manner as may be permitted by applicable law.

RNB 003472

14. Currency.

(a) If for the purpose of obtaining judgment against the Company in any court in any country, to the extent allowed under applicable law as determined under Section 9, above, it become necessary to convert into the currency of the country in which such court is located (the "Judgment Currency") an amount due in US Dollars (the "Fee Currency"), then the conversion shall be made at the Rate of Exchange prevailing at the date on which payment was due (or if such date was not a business day, on the next succeeding business day). The term "Rate of Exchange" means the spot rate at which

the Advisor in accordance with its normal practice is able on the relevant date to purchase the Fee Currency with the Judgment Currency and premium and costs of exchange payable. If there has been a change in the Rate of Exchange prevailing between the date of such conversion and the actual date of payment, the Company will pay such additional amounts (if any) as may be necessary to ensure that the amount paid in the Judgment Currency when converted at the then applicable Rate of Exchange prevailing on the date of payment will produce the amount then due in the Fee Currency. Any amount due from the undersigned under this provision will be due as a separate debt and shall not be affected by judgment being obtained for any other sums due under or in respect of the Agreement.

(b) . All payments due hereunder shall be paid in currently available US Dollars in the District of Columbia or elsewhere as Riggs may direct.

15. **Successors.** This Agreement shall inure to the benefit of the Company and Riggs and their respective successors and assigns and of the indemnified parties hereunder and their respective successors and assigns and representatives and the obligations and liabilities assumed in this Agreement by the Company and Riggs shall be binding upon their respective successors and assigns; provided, however, that the Company may not assign this Agreement and any attempt to do so shall be null and void without the prior written consent of Riggs in its sole discretion. All notices hereunder shall be in writing and shall be deemed given on the third day after posting if mailed by certified mail, return receipt requested, or immediately upon delivery if delivered by receipted courier service, and if to the Company to Dr. Ruben Maye Nsue Mangue, President, Nusiteles, GE, Malabo, Equatorial Guinea, and if to Riggs to Simon P. Kareri, Vice President, Riggs Bank N.A., 1528 Connecticut Avenue, N.W. 2nd Floor, Washington, DC 20036 USA, or to such or persons or addresses as the parties may provide by notice to the other.

16. Entire Agreement. For the convenience of the parties, any number of counterparts of this Agreement may be executed by the parties hereto. Each such counterpart shall be, and shall be deemed to be, an original instrument, but all such counterparts taken together shall constitute one and the same Agreement. This Agreement may not be modified or amended except in writing signed by the Company and Riggs.

RIGGS

If the foregoing correctly sets forth our mutual agreement, please sign the enclosed copy of this Agreement in the space provided and return it to the undersigned.

Very truly yours,

RIGGS BANK N.A.

By: _____
Simon P. Kareri 1/8/01
Vice President

Accepted and Agreed to this
__ day of _____, 2000

NUSITELES, GE

By: _____
Dr. Ruben Maye Nsue Mangue
President

financings in the early 1990s), and also in the Ras Laffan LNG project, the Oman LNG project and the Atlantic LNG project (Trinidad). In all of these transactions, debt came from multiple sources, including commercial banks, capital markets and official agency sources. And all transactions closed successfully.

Taylor-DeJongh has ample additional experience in closing in a timely manner complex projects with different types of lenders and capital providers in the same transaction. We are particularly efficient at obtaining commitments from and closing with the official agency sources.

B. Bilateral, Multilateral and Export Credit Agencies Experience

The business philosophy of Taylor-DeJongh is to provide experienced senior level international project development and financing advice which results in projects being developed and financed in the most efficient and advantageous manner. The principals use their seasoned judgment to create a realistic development plan and project structure, viable financing plan, and risk mitigation strategies that reflect the unique commercial, legal, and financial environment of the host countries.

Taylor-DeJongh has long specialized in creating and implementing financing plans for projects in emerging markets. We are intimately familiar with the appetites of private sector lending institutions for limited recourse project financing in Africa in the size required for this project. We believe that because of the limitations of the willingness of the capital markets to provide adequate financing, the most critical element of establishing a viable debt capital structure will be to access the portfolios of those bilateral and multilateral institutions which stand ready to support such projects.

Taylor-DeJongh has developed special insight and effectiveness into the policies and portfolio characteristics of the major bilateral and multilateral financing agencies throughout the world. Taylor-DeJongh understands that these agencies have related, but not identical, mandates. It is our firm's primary business focus to know how to work with each agency such that our clients may have access to their portfolio capacity. All of our energies are directed to that end, and we believe that there is no firm with greater understanding and success in securing financing from these sources than Taylor-DeJongh.

We believe that in order for this project to raise the amount of senior debt required, it will be essential to attract financing from organizations such as the Overseas Private Investment Corporation and/or U.S. Ex-Im Bank.

All of the key Taylor-DeJongh staff members who will work on this assignment have significant experience and successes in working with the agencies which will provide the financing. Taylor-DeJongh staff members have managed literally hundreds of transactions for the financing agencies, and have participated directly in formulating the credit criteria and structuring requirements for U.S. Ex-Im Bank, OPIC, and World Bank guarantee financings. Taylor-

DeJongh has very high credibility with these agencies, and can help make the process of structuring, underwriting and negotiation move efficiently.

C. Africa Regional Experience

Taylor-DeJongh has a twenty-year history of transactions in Africa ranging across several sectors and countries. These transactions have involved the advisory to developers, parastatals, lenders, multilaterals, engineering firms, and contractors. For Africa, Taylor-DeJongh has structured, negotiated and closed $2.4 billion worth of infrastructure projects ranging from an LNG plant in Algeria to roads, water treatment, industrial, energy and power generation in 12 West African countries.

Africa continues to be a significant contributor to Taylor-DeJongh's activity, and is growing each year. Foreseeing this increase in activity, we opened an office in Cairo and also in 1998 entered into a strategic alliance in South Africa with a leading merchant bank. To best promote our services in this continent, and as with any markets we are highly active in, we maintain ongoing dialogue with the major funding sources available for limited recourse financing, as well as other forms of funding. We are recognized by these sources as knowledgeable in the project and continental issues, which we believe enhances the reception of projects we are involved with.

This expertise in African infrastructure was recently rewarded with the award to Taylor-DeJongh, in conjunction with New Africa Advisers, Johannesburg, South Africa, of the Fund Management role of OPIC's new $350 **Africa Infrastructure Fund**, a private equity fund targeted to power, telecoms, water, transportation and other infrastructure projects **throughout Sub-Sahara Africa.** OPIC has made a commitment of $227 million to the fund and it is their largest of the 28 funds they have promoted. A joint venture company with our partners will manage the day-to-day activities of this fund.

For the past 4 years, project finance league tables have ranked us as the **#1 advisor in Africa and the Middle East** for these transactions. But what is perhaps most important about our African expertise is that is spans period in which it was "pre-emerging". Beyond our corporate track record, principals of the company have African experience which spans over two decades. These individuals are part of the proposed team.

One of the main reason that our services are well received in Africa is due to the limited credit available in these markets. Other than Egypt, South Africa and Tunisia, the long term low cost debt financing required for major infrastructure financings (even $30 million is major in most countries of Sub-Saharan Africa) is only accessible with the support of political and commercial risk guarantees provided by the Export Credit Agencies and multilaterals such as MIGA or IFC of the World Bank, among several other similar agencies. Commercial banks have traditionally only lent to projects which carry Africa political risks where there was nearly complete political and even commercial risk cover.

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Furthermore, the lack of creditworthiness of the majority of the African host governments drives the need for project financing structures. Taylor-DeJongh's undisputed expertise in working with these agencies and for such complex project structures, gives us significant value-added advantage over our traditional competitors.

While we treat new assignments as unique, the following gives you a sense of the broad and successful project finance advisory efforts which we have been directly involved in over the years in Africa:

Certain Closed Projects:

In **Senegal** closed $15 million of financing for an agricultural project and $15 million of financing from US Ex-Im Bank for a water treatment facility; in **Morocco** advised U.S. Ex-Im Bank and other ECAs for over $800 million in limited recourse financing to the $1.4 billion Jorf Lasfar power plant, the first private power project in the country; projects in **Guinea**, including a road project using countertrade as the financing mechanism, used World Bank financing for a bridge project, and used OPIC to close the financing for a bauxite mine--all three totaling $150 million. For Sode Sucre in **Cote d'Ivoire**, closed a $60 million US Ex-Im Bank financing for a sugar mill. In **Cameroon**, was financial advisor for an oil refinery and asphalt plant, plus closed $120 million in financing using EDC in Canada for a water and sewer system, negotiated $55 million from Hermes and US Ex-Im for a hospital, and closed $20 million in financing using ECGD for a food processing plant. Successfully structured and closed, on a limited recourse project finance basis, a $120 million diamond mine in **Sierra Leone** using IFC, CDC, OPIC and commercial banks. To finance a $400 million petroleum refinery in Port Harcourt, **Nigeria**, Taylor-DeJongh used US Ex-Im, ECGD and commercial banks. For the foundation of the $600 million off- shore gas processing project in **Tunisia**, Taylor-DeJongh used OPIC and MIGA.

Certain Ongoing African Assignments:

Taylor-DeJongh, Inc., in conjunction with New Africa Advisers, Johannesburg, South Africa, has won the international competition for the Fund Management of OPIC's New $350-$500MM Africa Infrastructure Fund, an investment fund to place equity into power, telecoms, water, transportation and other infrastructure projects throughout Sub-Sahara Africa for the next 12 years.

Taylor-DeJongh advised the Government of Namibia in the preparation of the state-owned water company, Nam Water, for privatization. We were responsible for the selection of an appropriate public/private partnership model and a suitable contractor for the implementation and operation of the desalination bulk water supply plant in Namibia. The project also involved raising financing for the desalination plant. Taylor-DeJongh recommended the most suitable plan for this facility to be implemented and operated, and the plan to raise financing for the plant.

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TAYLOR - DEJONGH

In **Madagascar**, the firm is presently providing legal and financial advisory expertise to the Saving Bank of Madagascar, Caisse d'Espargne de Madagascar (CEM) for the expansion of access to financial services and overall microfinance development. Tasks will include assisting the CEM in institutionalizing improved financial management methods for long term profitability and in bringing its corporate governance into accordance with international norms and best practices and reviewing legal requirements, procedures and strategies for the sale of CEM's shares to the public, and in carrying out the sale.

In **Mozambique**, Taylor-DeJongh, Inc. is acting as Financial Advisor to ENH, the national petroleum company, for the development of its Pande gas field and extensive pipeline to feed industrial projects (aluminum, steel mill, other large industrial plants) in both Mozambique and South Africa. The firm won an international competitive bid to provide these services under a World Bank funded program to assist ENH in its full range of negotiations with international oil & gas companies making their proposals to the Government for the production sharing contracts and the development and financing of the field and the pipeline on a non-recourse basis.

In **Zimbabwe**, Taylor-DeJongh was selected the Financial Advisor to ZESA for the development of the second major Independent Power Project in that country, Gokwe North, a 1400 MW power project with National Power of the UK as the lead developer. Again, TDJ, teamed with local investment bank TIB, won an international competitive bid for the advisory to ZESA for all aspects of the PPA negotiation, the Fuel Supply Agreement, the Joint Venture Agreement with National Power, and the financial model and then all financing issues, acting on behalf of ZESA in its negotiations with National Power and subsequently, with financing institutions. The project is on hold.

In Tunisia, Taylor-DeJongh structured a power plant financing and arranged OPIC and MIGA cover to support a $600 MM financing of an offshore gas development project; in Mali, advised on a $400 million cement plant as well as a power plant; in Algeria, a $650 million petrochemical facility.

SECTION 5: CURRICULUM VITAE OF CERTAIN OFFICERS OF RIGGS BANK N.A. (the Principal Advisor)

Simon Kareri
Group Vice President
International Banking
Sub-Saharan Africa and Caribbean Regions
1528 Connecticut Avenue, N.W.
Washington, D.C. 20006
Work Phone: (202) 835-5380
Facsimile: (202) 835-8518
Email: simon_kareri@riggsbank.com

Mr. Kareri is Vice President and Manager of the Sub-Saharan Africa and Caribbean Region of the Embassy Banking Division. Mr. Kareri joined Riggs in 1994 and is responsible for providing embassy banking, corporate banking and correspondent banking services and for supervising one officer and four support staff. Prior to joining Riggs, Mr. Kareri served for 13 years at Perpetual Savings Bank where he was responsible for 37 branches, 400 employees and $2 billion in assets.

Mr. Kareri holds a B.A. degree in Finance and a M.S. degree in Economics from American University in Washington. Mr. Kareri is also licensed with the National Association of Securities Dealers to buy and sell securities in the U.S. market. Mr. Kareri is fluent in Swahili.

Mr. Kareri will serve as the primary contact for the Government of Equatorial Guinea throughout the proposed transaction and will lead the Advisors on behalf of the Government of Equatorial Guinea. His specific responsibilities on this project will continue to include overseeing the creation of the debt offering materials and assisting the Advisors in their negotiations to provide Nusiteles with the most attractive structure and price for their proposed offering.

RIGGS NUSITELES FINANCING TEAM

Michael Cantacuzène
Special Projects Manager and Vice President
Riggs International Advisory Services Group
1528 Connecticut Avenue, N.W.
Washington, D.C. 20006
Work Phone: (202) 835-5028
Facsimile: (202) 835-5049
Email: michael_cantacuzene@riggsbank.com

Mr. Cantacuzène is Special Projects Manager and Vice President for the Advisory Services Group at Riggs Bank N.A. Mr. Cantacuzène is responsible for providing analysis, recommendations and management services regarding initiatives and special projects for internal and international clients. Prior to joining Riggs, Mr. Cantacuzène was Portfolio Manager for NS&T Bank in Washington, D.C. and Business Advisor and Manager for companies associated with the Botswana Development Corporation and U.S. Peace Corps in Botswana.

Mr. Cantacuzène received a B.A. in History from The University of Virginia, and an M.B.A. in Finance/Investments from the University of Southern California. He earned his Chartered Financial Analyst designation from the Association for Investment Management and Research and his Certified Cash Manager designation from the Association of Financial Professionals. He also holds Series 7 and 63 investment sales licenses from the National Association of Securities Dealers. Mr. Cantacuzène is a member of the Washington Society of Investment Analysts and of the Association for Financial Professionals.

Mr. Cantacuzène's role will be to provide support to Mr. Kareri in his official capacity as the primary contact to Nusiteles and manager of the Financing Team.

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RIGGS NUSITELES FINANCING TEAM

Kevin L. Flemming II
Senior Managing Director
Riggs Investment Banking
808 17th Street, N.W.
Washington, D.C.
Work Phone: (202) 835-5114
Facsimile: (202) 835-5169
Email: kevin_flemming@riggsbank.com

Mr. Flemming joined Riggs Bank in 1994 and has served Riggs in various capacities including Chairman of the Board of RNB Property Company, Inc., and as the Managing Director of the Other Real Estate Owned Division with responsibility for managing, leasing, and marketing Bank owned commercial and residential real estate. Previously, Mr. Flemming was the Executive Assistant to the Chairman of the Board of Riggs National Corporation serving as a liaison between the Chairman and executive officers of the Bank. Prior to Riggs, Mr. Flemming was a Senior Associate with Ratcliffe, Cali, Duffy, Hughes and Company a real estate consulting firm. Since the formation of the Riggs Bank/SPP Capital alliance, Mr. Flemming has been working directly with SPP Capital analyzing and structuring private placement financings for Riggs' customers.

Mr. Flemming has a B.S. degree in Finance from The Pennsylvania State University.

Mr. Flemming's role will also be to serve as a liaison for this transaction between Riggs International Banking management and the professionals at Taylor-DeJongh, Inc. In addition, Mr. Flemming will be involved in the preparation of the offering materials and structuring the transaction.

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SECTION 6: CURRICULUM VITAE, TAYLOR-DEJONGH, INC. (the Cooperating Advisor)

Frank L. Langhammer
Executive Vice President and Chief Operating Officer
Taylor De-Jongh, Inc.
1050 17th Street, NW, 11th Floor
Washington, D.C. 20036
Work Phone: (202) 775-0899
Facsimile: (202) 775-1668
Email: flanghammer@taylor-dejongh.com

Mr. Langhammer has over 29 years of professional experience that covers nearly all facets of international finance and banking in more than 70 countries. Mr. Langhammer is the former Vice President for Finance at Overseas Private Investment Corporation, where he headed global corporate and project finance in all industry sectors, direct lending to intermediaries, lending and guaranty activities, and credit administration.

Mr. Langhammer is well known to Riggs where he served as Executive Vice President with extensive experience in workouts, restructurings, and global credit administration. As a Vice President and Manager at Chemical Bank, Mr. Langhammer had management and transaction responsibility for capital markets, power, energy and project financings. Mr. Langhammer also has experience with all major power, energy, and export credit and multilateral agencies.

Mr. Langhammer holds a B.A. from Princeton University and a J.D. from the University of Pennsylvania Law School. Mr. Langhammer is a member of both the District of Columbia and Pennsylvania Bar Associations.

Mr. Langhammer will serve as the primary advisor responsible for analyzing, structuring and negotiating the debt offering with bilateral and multilateral agencies on behalf of Nusiteles. Other senior and junior members of Mr. Langhammer's firm will also assist him, as needed, in meeting his responsibilities for the proposed transaction.

RIGGS

MEMORANDUM
Embassy Banking Division

TO: Ray M. Lund

FROM: Simon P. Kareri

DATE: Permanent Subcommittee on Investigations
NOTE: Undated by likely 4/17/97

RE: Equatorial Guinea

A year and a half ago, we began a relationship with the Republic of Equatorial Guinea when we assisted their first Ambassador to the United States, H.E. Pastor M. O. Bile to set up an Embassy here in Washington. On September 14, 1995, we opened two accounts for the Embassy and two for him personally. In addition, I was able to help the Ambassador secure a mortgage for a house. This 15-year mortgage has since been paid off. He had initially applied at NationsBank and was declined, causing him to lose his earnest deposit totaling $25,000.00.

I immediately began discussions regarding establishing country relationships, since I was aware of the mineral potential of Equatorial Guinea. Those discussions led to a delegation sent in January of 1996 by their President, H.E. Teodoro O.N. Mbasago to meet with me. The delegation was comprised of their Minister of Mining and Hydrocarbons and the Treasurer General. A new account for the Government was opened and was designated to be the recipient of their oil royalties. Since then:

- We have received a total of $27.7 million dollars into the account and have disbursed to their treasury $16.9 million dollars (a 38.98% retention rate);
- We act as the disbursement agent of the Government by paying their external obligations;
- We have established three accounts for their first lady who has averaged $304,000 in deposits;
- We have facilitated a $4.5 million line of credit for three years secured by a CD of $5 million;
- We have established their Maritime account to receive docking fees for all the vessels that call on their ports. The current balance of the account is $21,523.40 with no disbursements;
- I have visited the country twice and cultivated a close relationship with the President.

During my visits, I was prodded to have Riggs open an office in their capital, Malabo. For instance, the President of Equatorial Guinea has suggested during my meetings with him that Riggs would be most welcome to Malabo and his Government would do everything possible to insure our investment is safe and profitable. The President has come to recognize the prestige and

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importance of Riggs under the leadership of our Chairman, Mr. Joe L. Allbritton. The U.S. Ambassador Charles H. Twinning, heading the regional quadripartite Embassies in Cameroon,
Memorandum to Ray M. Lund
April 17, 1997
Page Two

Gabon, Central African Republic and Equatorial Guinea told me that Riggs should seriously consider opening an office in Malabo. Incidentally, the headquarters of the U.S. Embassy in this region will be relocating to Malabo recognizing the country's economic importance to the U.S. Due to our strategic plan that focuses our activities in Washington, I have had to resist this discussion. However, as time goes by, I would be in remiss as an Officer of Riggs not to have discussed this issue with you and especially to expound on the significance of such an undertaking and what it might mean for the bank.

As you know, Mobil Corporation, the biggest oil company in Equatorial Guinea, began production a few months ago on the Zafiro field. Zafiro went into production in 18 months, a world record since it takes 5 years to bring a field to production. Mobil partially attributed this to the cooperation of the Government and people of Equatorial Guinea. Other major fields are yet to come into production. In addition, United Meridian Corporation (UMC) discovered gold deposits and other minerals while prospecting for oil. So far, we have received approximately $1.2 million a month (10% of the shipments) since production began because the contract with Mobil calls for them to recoup their investments in the initial stages of production. Equatorial Guinea has one bank with one branch in the capital and another in the mainland. The Government would like to sell the bank or a controlling share to an American bank. The benefits and potential of an office in Equatorial Guinea are immense and would include:

1. Handling all the banking arrangements for the entire Government;
2. Generate immense deposits for RIMCO, conservative initial projections are $100 million annually;
3. Increase foreign exchange earnings through facilitating transfers;
4. Unlike any other country we do business in, we would have no banking competition;
5. Low investment on our part, not to exceed $100,000.00 for building a branch;
6. Due to transfers to a Riggs subsidiary, deposits would remain in the bank;
7. Provide banking services to the American companies with operations in Equatorial Guinea who transfer significant sums of money monthly to the country. This companies include Mobil, United Meridian and CMS Nomeco;
8. A hospitable business climate and manageable operations due to the size and population of Malabo (35,000).

Ray, I know this proposal might be met with skepticism. However, if we are serious about growing the size of this bank, clients like Equatorial Guinea are whom we need. Equatorial Guinea is projected to become the next "Kuwait". At least, given the size of Mobil's investment of $200 million annually since 1994, this proposal would be worth a serious consideration. I do believe that an office or subsidiary in Equatorial Guinea would pay itself off faster than any of our overseas activities. I am extremely excited about this and would really like to have a meeting

with you to share my excitement about this issue with you. This Government is loyal to us and together we have a chance to make a lot of money for Riggs.

RIGGS Memorandum

To: Mr. Joe L. Allbritton
Chairman and
Chief Executive Officer

From: Simon P. Kareri

Date: Permanent Subcommittee on Investigations
NOTE: Undated by likely 10/12/00

Re: Equatorial Guinea

I am pleased to provide you with the following relationship information pertaining to Equatorial Guinea.

The Embassy of Equatorial Guinea has been a client of Riggs since 1995 and currently maintains two DDA's and one MMA account with total average balances of approximately $21,000.00 year-to-date. In addition the Government of Equatorial Guinea maintains two DDA's and other investments with balances of $100 million. The following are the current balances in the various accounts of the Government (excluding Embassy):

DDA Balances	**$ 3,547,634**
Euro Balances	**$82,009,887**
RIMCO Investment	**$20,000,000**
Loan Balance	**$20,000,000**

This relationship is the largest for my group and grows every week since we are the recipients of the country's revenues from oil exports. These revenues are expected to increase significantly in the future. Late last year, we concluded a new contract valued at approximately $2.5 million for our Trust Department to manage the country's external debt. In addition, we have recently placed a $20 million investment with RIMCO for them. We have also made a funding proposal for their infrastructure purchases valued at $250 million in conjunction with our Investment bankers and SPP Capital in New York. In this regard, we have met the President with our team and he is in the process of establishing a Government team to enter into negotiations with us. This relationship has become quite profitable for the bank and offers significant income generation opportunities for the bank.

The current ambassador, **His Excellency Teodoro Biyogo Nsue** is new to Washington. He served in New York for five years and presented his credentials to President Clinton a few weeks ago. Mr. Biyogo is a brother to the First Lady of their country and thus is quite close to the power center.

Thank you.

ZZ-000138

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 235

RIGGS Memorandum

To: Mr. Allbritton

From: Simon P. Kareri

Date: Permanent Subcommittee on Investigations
NOTE: Undated by likely 2/28/01

Re: Lunch with the President of Equatorial Guinea

I wish to remind you that the President of Equatorial Guinea, H.E. Teodoro Obiang Nguema Mbasogo is scheduled to visit the United States beginning March 10, 2001. As you may remember, you extended an invitation to him to have a working lunch with you on his next visit to Washington. The Ambassador of Equatorial Guinea and I are in the process of developing his itinerary and would like to propose March 15 or 16 as possible dates for your selection.

Riggs has a significant relationship with the Government of Equatorial Guinea. We are the only depository bank for their oil receipts and we manage the following accounts:

Accounts:	**Balances:**
DDA	$19,192,429.47
Eurodollars	$92,794,137.74
RIMCO	$20,638,834.61
LOAN	$20,000,000.00 (Cash secured)

These accounts do not include the Embassy which maintains DDA balances in excess of $100,000. The relationship contributed approximately $1,507,492.99 in profits last year. Riggs also has a contract with the Government to manage the country's debt. The expected revenues from that contract when implemented will approximate $240,000 per year for five years.

In addition, we are pursuing a capital markets debt issuance transaction that could yield another $1 million in fees for the bank. We would appreciate if this could be the primary topic of discussion during the lunch. Finally, we have another financing project in process that could yield fees in excess of $100,000.

Mr. Allbritton, we believe your lunch with President Obiang will go along way in cementing our already strong relationship and expedite some of these projects. Please advise the date that is most appropriate for scheduling this lunch.

Thank you for your support.

ZZ-000143

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 235

RIGGS Memorandum

To: Mr. Robert L. Allbritton

From: Simon P. Kareri

Date: Permanent Subcommittee on Investigations
NOTE: Undated by likely 5/18/01

Re: Equatorial Guinea Contacts

Pursuant to your request, I am pleased to provide the list of our most important contacts in Equatorial Guinea:

1. H.E. Teodoro Obiang Nguema Mbasogo – President of Equatorial Guinea
2. H.E. Constancia Mangue Nsue – First Lady of Equatorial Guinea
3. Hon. Melchor Esono Edjo – Secretary of Finance and Treasurer of the State
4. Hon. Baltazar Engonga Edjo – Minister of Finance and Economy
5. Hon. Cristobal Ela Manana – Minister of Mines and Energy
6. Hon. Gabriel Mbega Obiang Lima – Secretary of Mines and Energy (possible heir)
7. Mr. Jose Luis Alfaro Musa – Director of Mines and Energy
8. Hon. Teodoro Nguema Obiang – Minister of Forestry and Fishery
9. Ambassador Teodoro Biyogo Nsue – Ambassador to the U.S.
10. Ambassador Pastor Micha Ondo Bile – Ambassador to Spain
11. Jesus Mba Bela – Chief of Protocal
12. Mr. Armengol Ondo Nguema – Senior brother to the President and former Director of Security
13. General Obiang – General of the Armed Forces of Equatorial Guinea
14. Hon. Alejandro Evuna Awono – Minister of State
15. Hon. Ricardo Mangue – Minister of Works
16. Hon. Santiago Nsobeya Minister - of Foreign Affairs
17. Hon. Ruben Maye – Minister of Justice

This is a list of the most important people that we keep in touch with. Please advise if you need additional information or need personal briefing. Thank you for your support.

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ZZ-000146

RIGGS Memorandum

To: Robert L. Allbritton
Lawrence I. Hebert
Timothy C. Coughlin
Robert C. Roane
Raymond M. Lund
J. Carter Beese, Jr.
Henry D. Morneault
Robert E. Bradecamp

From: Simon P. Kareri

Date: Permanent Subcommittee on Investigations
NOTE: Undated by likely June 2001

Re: Equatorial Guinea trip briefing.

I am pleased to report the developments in Equatorial Guinea and the discussions held during this past trip.

I arrived in Equatorial Guinea on the 20th of May 2001. The new airport terminal construction is highly progressed and is on schedule for opening later this year. A lot of construction is taking place in the capital in regard to housing and office building. The new Societe General Bank branch is almost complete and a third bank from Gabon is in the process of establishing a branch in the capital.

On Monday, May 21, 2001, I visited Mr. Melchor E. Edjo, Secretary of State for Treasury and Budgets. Mr. Melchor is the person we work with on a daily basis in Equatorial Guinea. While his responsibilities are those of finance, he reports directly to the President. We discussed the status of their accounts with us and subsequently we toured the site of the new Treasury building that is being constructed.

I met with the President the same day for three hours and had various discussions surrounding the desire of the Government to payoff the credit with BNP in Paris. Due to some technicalities with the credit that the Government is not fully versed in, I faxed the documents relative to the credit to our Sovereign Trust Department in order for them to calculate the exact payoff amount (approximately $13 million) and advise the President accordingly. We expect to get a letter from the President authorizing Riggs to discuss this matter directly with BNP and subsequently pay off the credit utilizing funds drawn from their line of credit with us.

Most importantly, we had follow up discussions on the "Fund for the Future" issue. After an hour's discussion, the President accepted to approve the project. I suggested that he grant the

Permanent Subcommittee on Investigations
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bank with the authority to set up an appropriate team to formulate the project confidentially and make formal recommendation. This authority will be granted soon.

I delivered the letters from the bank and from Mr. Fred Ryan and the President was quite grateful in accepting the role of the bank and the invitation to visit the Ronald Reagan Library in California. He indicated that he might come to the United States in September and will submit a letter soon suggesting the appropriate dates. The President proceeded to leave the country for France and Britain the same day but I was extremely excited by those developments.

On Tuesday, May 22, 2001, I met with the Secretary of State for Energy and Hydrocarbons, Mr. Gabriel Obiang Lima. We met in conjunetion with the Chief of Petrochemical Exploitation, Mr. Jose Luis Alfaro Musa and discussed developments in the oil sector. I learned that Triton has made another significant discovery that was to be announced soon. This announcement was later announced in the media last week (see attached press release).

I later paid a courtesy call to ExxonMobil and met with the officials who interact with us in regard to payments made to Equatorial Guinea. I had the feeling that the company was going to increase their stake in the country.

On Wednesday May 23, 2001, I visited the Minister of Finance and Economy, Hon. Baltasar Engonga Edjo. We discussed various issues including the pending Debt Management Contract with the Sovereign Trust Department of Riggs. The minister advised that he would approve the modifications that the bank delivered through me upon the return of their Director of External Debt who was on mission in Benin and Burkina Faso at the time.

The minister also expressed a strong desire for an American banking presence in their country. This issue has resurfaced again after three years due to the government's lack of confidence in the manner that the operating institutions deliver services in the country. Equatorial Guinea has two operating banks, Societe Generale du Banque Guinea Ecuatorial (SGBGE), a subsidiary of the French Bank and C.C.E.I. Bank, a branch of a Cameroonian bank. Simply put, the Government has no desire to do business with French institutions due to their known history of interference in local politics in many countries in Africa. They are therefore hoping to attract an American presence.

I have previously researched the viability of Riggs opening a Representative Office in Equatorial Guinea that would provide limited services to the Government only. I believe this option is one that we should reserve and possibly adopt. I also believe that such an office would repay her investment in a short time and would be quite profitable since it would control the entire Government's banking needs and could even provide services to the American oil corporations in the country.

On Thursday May 24, 2001, I had the documents to increase the Line of Credit of the Government increased from $20 million to $40 million executed by the signatory of the accounts at Riggs. This facility will be used to payoff the credit of the presidential plane with BNP, which has an approximate balance of $13 million.

On Friday May 25, 2001, I visited with the Minister of Energy and Hydrocarbons along with the Secretary of State for Energy and Hydrocarbons. After being briefed on the developments in the energy sector, we discussed the issue of their students in the United States, Europe, Canada and Venezuela. We executed the documents to formally establish a checking account for the Ministry that will be used to domicile the scholarship funds contributed by ExxonMobil and CMS Nomeco. We plan to begin the management of their students next month.

We later visited the enormous LNG plant that is currently slated for official opening in the fall. The Minister will advise in good time, the exact dates.

Hon. Armengol Ondo Nguema, the senior brother of the President and the Director of National Security, hosted a dinner for me that evening. This dinner, attended by some of my friends included, Mr. Juan Olo Mba Nseng (former minister of Energy and a powerful figure in the country), Ambassador to Russia, Deputy Minister of Foreign Affairs, Mr. Damian Ondo Mane (Executive Director at I.M.F.).

On Saturday May 26, 2001, I was driven out of town and given a tour of a sleepy town called Luba, which was a submarine base for the Russians during the cold war. The port is being expanded and extensive construction is underway.

On Monday May 27, 2001, I had breakfast with the President. He had returned the previous night from London. He reiterated his acceptance of our lunch offer in California and the assistance the bank is rendering him. He indicated that they would prepare a list of projects that will be submitted to this committee for deliberation and advice. The Treasurer of the State later handed one project to me before I left he country. I will translate the document and brief the committee.

On Tuesday, May 28, 2001, I departed Malabo to accompany the Equatorial Guinea delegation to the African Development Bank meetings in Valencia, Spain. The President had requested that I do so and provide him with a briefing on the discussions held.

Please advise if you need additional information.

RIGGS Memorandum

To: Mr. Lawrence I. Hebert

From: Simon P. Kareri

Date: Permanent Subcommittee on Investigations
NOTE: Undated by likely 3/1/02

Re: Equatorial Guinea Update

Riggs Bank continues to enjoy an excellent relationship with the Government of Equatorial Guinea and our relationship continues to grow every week. The President visited Washington a few weeks ago at the invitation of Congress to the annual National Prayer Breakfast event. He spent four days in Washington and then departed for his country.

Marathon Oil and Gas has purchased CMS Energy and they are enhancing their stakes in Equatorial Guinea. The President has begun an ambitious project for housing construction. An American company from Miami that I referred to them is currently building model homes in Malabo and the President expects to execute a contract to build five thousand homes very shortly.

On the relationship side, we have earned $79,683 YTD in foreign exchange transactions and we are in the process of issuing six letters of credits. The account balances continue to grow moderately due to the drop in crude prices and currently are:

Accounts:	**Balances:**
DDA	$ 10,220,479.74
MMA	$172,847,541.80
EUROS	$ 40,000,000.00
RIMCO	$ 52,758,586.75
LOAN	$ 20,000,000.00 (Cash secured)
LOAN	$ 12,320,000.00 (Airplane)

The Debt Management contract was finally activated with the first payments being made by our Riggs Sovereign Trust this past January. As you are aware, the President has requested a loan to purchase a property they have identified on Park Avenue, New York for Chancery purposes. I intend to travel to Equatorial Guinea later this month to execute loan documents on that acquisition.

As always, thank you for your continued support to our endeavors.

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 235

ZZ-000158

RIGGS Memorandum

To: Mr. Lawrence I. Hebert

From: Simon P. Kareri

Date: Permanent Subcommittee on Investigations
NOTE: Undated by likely 6/28/02

Re: Bush meetings with African Presidents

Per your request, the following African Presidents have met with President Bush this year:

1. President Olusegun Obasanjo, Nigeria
2. President Thabo Mbeki, South Africa
3. President Jose Eduardo do Santos, Angola
4. President Joaquim Alberto Chissano, Mozambique
5. President Festus G, Mogae, Botswana
6. President Yoweri Museveni, Uganda
7. President Angel Patasse, Central Africa Republic

Other than Nigeria, South Africa and Angola, no country above has business with the United States like Equatorial Guinea. In addition, U.S. has no imports from Mozambique, Uganda or Central Africa Republic. Furthermore, the human rights records in some of these countries is worse than Equatorial Guinea.

I have also attached for your perusal copies of letters submitted by western companies in Equatorial Guinea in support of the hotel project.

I thank you sincerely for your continued support.

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 235

RIGGS Memorandum

To: Larry Hebert

From: Simon Kareri

Date: Permanent Subcommittee on Investigations
NOTE: Undated by likely 12/12/02

Re: **Equatorial Guinea' article**

Ray Lund has requested that I provide you with my thoughts regarding the recent article published in the LA Time. To begin with, I would like to state that the contents of the article is nothing new and consists of many inaccuracies.

The author of the article, Ken Silverstein is a free lance writer for "The Nation", a magazine known for its inflammatory journalism. The writer seems to have a grudge against the whole world and some of his articles include: Saudi and Americans: Friends in Need; Mangler-In-Chief and Gore's Oil Money. To characterize our President as the Mangler-In-Chief makes me lose all respect for this man.

In his article regarding Equatorial Guinea, he states that the U.S. Embassy has reopened which is not true. President Bush made the decision to reopen the Embassy and the State Department is in the process of doing so. Equatorial Guinea has never been a "pariah state" according to the definition of the United Nations. He laments that it was intimidating in the last elections for people to vote in public. In many African countries, people assemble in the town square or village market to vote and due to the lack of infrastructure, they cast their ballots in the open but in unmarked boxes. Only the voter would know what they marked on their ballot.

The President of Equatorial Guinea met President Bush in New York this year contrary to the article. Some of the Equatorial Guinea characters cited in the article are a joke. Three of them left Equatorial Guinea thirty years ago and do not live there. One of them was in jail in Angola for plotting a coup. These are not individuals anyone should hold in any regard.

Regarding the issue of the President of Equatorial Guinea being corrupt, I take exception to that because I know this person quite well. We have reviewed for Ray the transactions of Equatorial Guinea with Riggs since inception and not once did Riggs send money to any "shady" entity or destination. We have a list of all the vendors of the country that have received a payment from us and most of them are for construction materials. Yes Equatorial Guinea is in the midst of Elections but they have not withdrawn a penny from Riggs since October 31, 2002 when they requested a paltry $1.3 million when their revenues are over $35 million a month. This is not a manifestation of a corrupt and greedy government. Sir, I wish in due course you will get to know the President of Equatorial Guinea and witness his simplicity first hand.

I am best advised to work diligently to serve our clients than to worry over the wrangling of an angry individual who sees conspiracy in everything.

Thank you.

Cc Ray Lund

ZZ-000163

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 235

RIGGS Memorandum

To: Mr. Joe L. Allbritton
Senior Chairman

From: Simon P. Kareri

Date: Permanent Subcommittee on Investigations
NOTE: Undated by likely 6/23/03

Re: Equatorial Guinea

I am pleased to provide you with the following relationship information pertaining to Equatorial Guinea.

The Embassy and Government of Equatorial Guinea have been a clients of Riggs since 1995 and 1996 respectively. They currently maintain 4 DDA's and 4 MMA's with total current balances in excess of $667,635,006.37. Over $204,809,147.00 of these balances is invested by Riggs Investment Advisors.

The FY 2002 profitability contribution was over $16 million. The President of Equatorial Guinea, His Excellency Obiang Nguema Mbasogo (President Nguema) is in town and after various meetings Has requested to come to the bank to pay a courtesy call and to brief us on developments in

The current ambassador, **His Excellency Teodoro Biyogo** has been in Washington for a year and served at the United Nations previously.

Thank you.

ZZ-000148

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 235

RIGGS Memorandum

To: Mr. Joe L. Allbritton
Senior Chairman

From: Simon P. Kareri

Date: Permanent Subcommittee on Investigations
NOTE: Undated by likely 6/23/03

Re: Equatorial Guinea

I am pleased to provide you with the following relationship information pertaining to Equatorial Guinea.

The Embassy and Government of Equatorial Guinea have been a clients of Riggs since 1995 and 1996 respectively. They currently maintain 4 DDA's and 4 MMA's with total current balances in excess of $667,635,006. Over $204,809,147 of these balances is invested by Riggs Investment Advisors. The FY 2002 profitability contribution was over $16 million.

The President of Equatorial Guinea, **His Excellency Obiang Nguema Mbasogo (President Obiang)** is in town and after various meetings, The President has requested to come to the bank to pay a courtesy call and to brief us on developments in Equatorial Guinea. I would like to suggest that we recommend that the President hire a PR firm to manage the country's PR. Furthermore, we should suggest as to what impact a Fund for the Future could have on the image of the President. We should also brief the President on the Committee that the bank set for Equatorial Guinea. These points are very powerful to enhance our relationship. On a personal note, the President inquired whether our Senior Chairman contacted Mr. Colin Powell as discussed in California.

The current ambassador, **His Excellency Teodoro Biyogo** has been in Washington for a few year and served at the United Nations previously.

Thank you.

Thank you.

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 235

RIGGS Memorandum

To: Larry Hebert

From: Simon Kareri

Date: Permanent Subcommittee on Investigations
NOTE: Undated by likely 7/9/03

Re: **Equatorial Guinea**

The President of Equatorial Guinea was quite pleased by the meeting we had with him here at Riggs Bank and I would like to document the following key points that were discussed in the meeting:

1. The President briefed us on why he has not reacted to the innuendoes that have been made regarding him and his administration of Equatorial Guinea. The President clearly regards his engagement of such discussion as demeaning to his stature. Nevertheless, he believes that his government has been transparent and cooperative with the worlds governing bodies. See the attached FT report on the Equatorial Guinea's participation in the Blair conference on transparency that concluded recently.

2. There has been pressure from other institutions regarding Riggs abilities in managing the resources of Equatorial Guinea but the President's regard and loyalty to Riggs is unquestionable because he has dismissed all possible suitors as "speculators", and he desires to grow and make the relationship with Riggs stronger. He would like Riggs to take meaningful steps as development partners for Equatorial Guinea. Our increased involvement in the country will make us politically stronger in the country and aid the President to focus on meaningful agenda rather than the viability of Riggs;

3. The President is keen on establishing a fund for the future to endow future generations of his people and to create a legacy for him. Our challenge is to make the appropriate proposal that includes the legislation that needs to be passed in Equatorial Guinea to make such a fund a reality;

4. The President has requested a loan of $34.3 million to purchase a presidential plane from Boeing. We are waiting for the Minister of Communications to conclude the contract with Boeing before we proceed. In addition, the President has agreed to increase investments in Riggs Advisors and we have added $50 million to Riggs Advisors this week.

I am attaching the relationship balance report for the end of June. Since then, we have added $50 million to our Riggs Advisors portfolios.

Thank you.

Cc E.G. Committee

ZZ-000165

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 235

MEMORANDUM

To: File
From: Zack Schram, PSI
Date: July 14, 2004
Re: **President Obiang's visit to the Ronald Reagan Presidential Library**

On 7/13/04 and 7/14/04, I spoke with Melissa Giller (805-522-2977), Director of Communications at the Ronald Reagan Presidential Library. She confirmed that President Obiang of Equatorial Guinea toured the library and attended a luncheon on 9/6/01. She remembers the visit. She stated that though he may have given a speech at the luncheon, he was not part of a Reagan Library speaker series and did not give an official Reagan Library or Foundation speech.

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EXHIBIT #58 – FN 238

From: "R. Bruce McColm" <rbm@ids-us.com>
To: RNB.Dupont(Simon Karen)
Date: Mon, Aug 27, 2001 2:21 PM
Subject: RE: Equatorial Guinea--Los Angeles

Simon--have faxed Ruben to suggest cutting down delegation size to L.A. Ruben will not be arriving until Labor Day because of the funeral ceremony. Everyone is out at the First Lady's village. You can hear the singing in the background on Ruben's cellphone. There is a faux pas on the list of the delegation--the Ambassador has been inadvertently omitted. The Chevron Chairman and CEO is Mr. David J. O'Reilly. Before her appointment to the NSC, Condoleezza Rica was on the Board of Directors. Amerada Hess is based in New York. I could find no California base. John B. Hess is the Chairman of the Board.

LA tickets will cost about $2,900 a piece for business class if there are 10 or more going commercial. Otherwise, that's a $3,600 ticket. Economy is no great shakes at about $2,000 roundtrip. Will try to get answers from Ruben about this ASAP.

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EXHIBIT #58 – FN 238

Minutes of a Regular Joint Meeting of the Boards of Directors
of Riggs National Corporation
and Riggs Bank N.A.

December 17, 2003

A regular joint meeting of the Boards of Directors of Riggs National Corporation (the "Corporation" or "Riggs") and Riggs Bank N.A. (the "Bank") was held on Wednesday, December 17, 2003, at 1503 Pennsylvania Avenue, N.W., Washington, D.C. The meeting was called to order by Mr. Robert L. Allbritton, Chairman of both boards, at 1:05 p.m. Other directors present were:

CORPORATION DIRECTORS	BANK DIRECTORS
Joe L. Allbritton	Barbara B. Allbritton
J. Carter Beese, Jr.	Nathan D. Baxter
Charles A. Camalier, III	Jacqueline C. Duchange*
Timothy C. Coughlin	Thomas F. Fitzgerald
Lawrence I. Hebert	Heather S. Foley*
Christopher Meyer*	Lawrence I. Hebert
Steven B. Pfeiffer	Robert C. Roane
Robert L. Sloan	Frederick J. Ryan, Jr.
William L. Walton*	John A. Sargent
Eddie N. Williams	Stephen J. Trachtenberg

**Telephonically*

Corporation Director Jack Valenti did not attend.

Bank and Corporation officers attending were:

Joseph M. Cahill	R. Ashley Lee
David B. Caruso	Mary B. LeMont
David Gallalee	Steven T. Tamburo
Gail Greenberg	

Others attending were:

Federal Reserve Bank of Richmond

Richard B. Gilbert, Senior Examiner

Officer of the Comptroller of the Currency (the "OCC")

Lester J. Miller, III, National Bank Examiner
Robert Sejnoha, Assistant Deputy Comptroller

Mr. Miller said that the purpose of the OCC's visit was to review the results of supervisory activities and to discuss the Consent Order and other matters needing attention. He stated that the OCC examinations had evaluated risks and controls for Bank Secrecy Act/Anti-Money Laundering ("BSA/AML") compliance, Information Technology ("IT"), asset management, retail nondeposit investment sales, and Community Reinvestment Act ("CRA").

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EXHIBIT #58 – FN 245

Mr. Miller then reviewed the OCC's conclusions, indicating that the Bank remains in satisfactory condition. The major conclusions were that:

- Overall risk profile is moderate to high and increasing.
- Consumer compliance is less than satisfactory due to BSA/AML control weaknesses.
- Satisfactory progress is being made with the Consent Order.
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- Overall board and management supervision is satisfactory.

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Beginning with consumer compliance, he said that the USA PATRIOT Act (the "Patriot Act") examination noted satisfactory compliance and controls. Regarding the Consent Order, Mr. Miller said that Riggs needs to have all the necessary systems fully implemented and tested; the Consent Order will not be lifted until the effectiveness of the systems has been tested. In addition, the Bank needs to enhance the monitoring and reporting of high-risk relationships and suspicious activities and ensure company-wide compliance.

Turning to the Equatorial Guinea review, Mr. Miller observed that the account officer might not be completely objective and advised Compliance and Security to monitor the account carefully. During the ensuing discussion Mr. Miller noted that the Bank's high-risk accounts, found mostly in Embassy Banking and International Private Banking ("IPB"), must be adequately controlled. The Directors thoroughly discussed the Equatorial Guinea account and the OCC's concerns, which center on the source of funds and ensuring that none are diverted for personal use. In response to a question, Mr. Miller stated that the OCC had found no instances of money laundering or violations of BSA at Riggs. He added that Riggs has made great strides in monitoring suspicious activity, but reiterated that the Bank must institute and maintain

adequate controls for high-risk accounts. The discussion concluded with the Directors asking the OCC for guidance on the degree of detail that the Bank Secrecy Act Compliance Committee should be reviewing regarding high-risk accounts.

The Directors inquired about civil money penalties, and Mr. Miller said that the Financial Crimes Enforcement Network ("FinCEN") has not ruled on that yet. The Directors agreed that Riggs needs to focus on implementing a "gold standard" BSA compliance program rather than the possibility of civil money penalties.

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Management/Board Supervision: Generally satisfactory. Efforts are underway to improve the Audit function, which was rated weak. Internal controls are generally satisfactory except for BSA/AML. Strategic risk is moderate and increasing due to organizational changes. Reputation risk remains high and increasing due to the high level of BSA/AML risk and earnings deterioration,

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There being no further business, the meeting adjourned at 2:15 p.m.

Chairman of the Board

ATTEST:

Corporate Secretary

RNB-GA 025186

RNB-GA 025187

RNB-GA 025188

RNB-GA 025189

RNB-GA 025190

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Permanent Subcommittee
on Investigations

Minutes of a Joint Meeting of the
Audit Committees
of Riggs National Corporation
and Riggs Bank N.A.

February 25, 2004

The Audit Committees (the "Committee") of the Boards of Directors of Riggs National Corporation (the "Corporation" or "Riggs") and Riggs Bank N.A. (the "Bank") met in a joint session on Wednesday, February 25, 2004, at 800 17th Street, N.W., Washington, D.C. Mr. Robert L. Sloan, Chairman of the Corporation Committee, called the meeting to order at 8:35 a.m. Committee members present at this time were:

Corporation Committee	Bank Committee
Charles A. Camalier, III	Jacqueline C. Duchange
	Thomas F. Fitzgerald
	John A. Sargent, Chairman

The following officers of the Bank and Corporation were present:

Joseph M. Cahill	R. Ashley Lee
David B. Caruso	Mary B. LeMont
Timothy C. Coughlin	John S. Mazzocchi Jr.
Walter B. Doggett, III	Jason D. Notini
Michael J. Elchwany	Robert C. Roane
David Gallalee	Gerald S. Savitsky
Lawrence I. Hebert	Steven T. Tamburo

Others present were:

KPMG LLP ("KPMG")

Robert C. Best, Lead Engagement Partner
Richard T. Wheeler, III, Assurance Manager

Office of the Comptroller of the Currency (the "OCC")

David M. Hunter, National Bank Examiner
Roberta L. Johnson, National Bank Examiner
Lester J. Miller, III, National Bank Examiner
John Wagner, National Bank Examiner

Mr. Sloan presented the minutes of the joint meeting held January 28, 2004.

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by
Permanent Subcommittee
on Investigations

Permanent Subcommittee on Investigations
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The exit conference for the Equatorial Guinea ("EG") review was held January 27, 2004. Mr. Caruso reported that the OCC concluded that oversight and management of the relationship was inadequate and that violations had resulted from inaccurate "Know Your Customer" ("KYC") documentation. Mr. Caruso described in detail additional OCC comments and opinions, including Currency Transaction Reports that had not properly identified the customer Redacted by Permanent Subcommittee on Investigations The Committee discussed Management's oversight of the EG accounts, and Mr. Caruso replied that Management had looked at the EG accounts and believed the explanations in the SARs were sufficient.

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At this point, the Committee went into executive session with the following officers present:

Joseph M. Cahill	Lawrence I. Hebert
David B. Caruso	R. Ashley Lee
Timothy C. Coughlin	Mary B. LeMont
Michael J. Elehwany	Robert C. Roane

The four OCC representatives also remained in the meeting.

Mr. Timothy C. Coughlin, President of the Corporation, informed the Committee that Riggs intended to terminate its relationship with Equatorial Guinea ("EG") and discussed the events leading up to that decision. He explained that in January 2004 the Bank discovered and confirmed that the EG account officer had embezzled funds from the account. Management met with the OCC to inform them of the situation. Mr. Coughlin thoroughly described the investigation, the companies and persons involved, and the suspect transactions. Riggs subsequently provided the information to the EG ambassador. The President of EG came to the U.S., and Management met with him on February 23, 2004. During that meeting, the President confirmed he was aware of several transactions and confirmed that they had been authorized. However, he had no knowledge of certain other transactions. Mr. Coughlin reported that, due to the actions of the Officers' Risk Management Committee, the Bank had not suffered a loss. He concluded his report, saying that Management has requested that EG move the relationship, as well as all personal accounts, to another institution as soon as possible.

During the ensuing discussion, Mr. Coughlin said that a total of about $700 million in EG funds would be leaving the Bank - $400 million in deposit accounts and about $300 million in investments with the Riggs Funds. Mr. Robert C. Roane, Executive Vice President, Operational Excellence, added that EG had about $42 million in loans with Riggs and that the Bank had already exercised its right of offset and the loans were paid off. The Committee discussed the impact of this on the Bank's liquidity. Mr. Lawrence I. Hebert, President and Chief Executive Officer of the Bank, explained that for several years Management, through the Asset/Liability Committee ("ALCO"), has reviewed Riggs' large exposures in the event that large sums would be withdrawn. He said that the EG account was one of the accounts considered in this exercise and assured the Committee that there would be no problem in providing the funds to EG. Mr. Coughlin said that Management would consult with counsel to ensure that all transactions in closing the accounts are handled properly.

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Mr. Miller said that the OCC's overall conclusion would be presented at the March 2 exit meeting. He said the EG relationship is very serious, noting there is always the potential for bribery. He indicated that a Senate investigation of EG is underway, noting that this posed a significant reputational risk to Riggs. Mr. Miller reported that Riggs was in non-compliance with three key articles of the Consent Order. He said the key issue for the OCC is accountability and advised Management to stress that from top to bottom throughout the organization and with the directors as well. Mr. Miller noted that this was the third relationship within Embassy Banking that Riggs has had trouble with, suggesting that the Bank should thoroughly review that area. He added that the OCC would return in June 2004 to conduct an examination of Embassy Banking. Mr. Miller declared that this situation has forced the OCC to take several actions. He said that Riggs has a weak IA function as well as internal controls, citing the fact that the former EG account officer had signing authority over customer accounts. He urged Riggs to determine if

any other officers have signing authority over customer accounts. In addition, the Bank needs to fully review wire transfer procedures.

Mr. Miller then announced that Redacted by the Permanent Subcommittee on Investigations Because of the unsafe and unsound management of the EG relationship, the OCC will consider civil money penalties for the Bank and will issue a "15 day letter". The Bank then has an opportunity to respond as to why civil money penalties are not warranted. Redacted by the Permanent Subcommittee on Investigations The Committee discussed the connection between a Senate hearing and Riggs. Mr. Miller noted that it posed a reputational risk for Riggs. The Committee agreed it believed the fact that the Senate may be investigating EG is being used as a threat against Riggs and that the profitability of the Bank is a greater risk for Riggs at this time. The Committee pointed out that although the OCC has concluded that Riggs has poor internal training and controls, in fact it was the Bank's internal controls that discovered the problem in the first place. Mr. Miller stated that the OCC's position is that the account officer should never have had signing authority over customer accounts in the first place. If the Compliance Department discovers something, by definition the Bank's internal controls have broken down because it should never have been allowed to happen in the first place. Responding to a question, Mr. Wagner said that improvement in IA is called for and the OCC has made some recommendations in the management of that area. Mr. Miller commented that Riggs is a complex institution and that when hiring audit staff Management needs to ensure that it is getting the best people the firm has to offer.

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Mr. Miller acknowledged that Riggs has made substantial progress, but that the OCC found more inherent risk than was known, especially in Embassy Banking. In particular, he said that Riggs needs to concentrate more on the front end procedures.

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There being no further business, the meeting adjourned at 11:55 a.m.

Robert L. Sloan, Chairman
Audit Committee, Riggs National Corporation

John A. Sargent, Chairman
Audit Committee, Riggs Bank N.A.

Attest:

Mary B. LeMont
Secretary

A 05731
A 05732
A 05733
A 05734

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`DRAFT
June 11, 2004
12:35 PM

Minutes of a Special Joint Meeting
Of the Boards of Directors
Of Riggs National Corporation and
Riggs Bank N.A.

March 2, 2004

A special joint meeting of the Boards of Directors of Riggs National Corporation (the "Corporation" or "Riggs") and Riggs Bank N.A. (the "Bank") was held on March 2, 2004, at 800 17th Street, N.W., Washington, D.C. Mr. Robert L. Allbritton, Chairman of both boards, called the meeting to order in executive session at 4:35 p.m. Other directors present at this time were:

Corporation Directors	Bank Directors
Joe L. Allbritton*	Barbara B. Allbritton*
J. Carter Beese, Jr.*	Nathan D. Baxter*
Charles A. Camalier, III	Jacqueline C. Duchange
Timothy C. Coughlin	Thomas F. Fitzgerald
Lawrence I. Hebert	Heather S. Foley
Sir Christopher Meyer*	Lawrence I. Hebert
Steven B. Pfeiffer*	Robert C. Roane
Robert L. Sloan	Frederick J. Ryan, Jr.
William L. Walton*	John A. Sargent
	Stephen J. Trachtenberg*

**Telephonically*

Corporation Director Eddie N. Williams could not attend.

Bank officers attending were:

Joseph M. Cahill	Michael J. Elehwany
David B. Caruso	R. Ashley Lee
David Gallalee	Mary B. LeMont

Mr. Allbritton announced that the Office of the Comptroller of the Currency (the "OCC") believes Riggs has not made enough progress on the Consent Order and has informed the Bank that it is considering civil money penalties.

Mr. Robert L. Sloan, Chairman of the Corporation's Audit Committee, then relayed the essence of the OCC's presentation to the Audit Committee at its February 25, 2004, meeting. He said that Mr. Timothy C. Coughlin, President of the Corporation and Head of Embassy Banking, had provided a list of activities with respect to Equatorial Guinea ("EG") that lead up to the termination of that relationship. Mr. Sloan said that the OCC was concerned about a

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number of issues surrounding this account, including Riggs' internal controls, based on the fact that the former EG account manager had signing authority on a customer's account, and the unacceptable BSA audit performed by

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Mr. Allbritton informed the Board that Management had immediately called on the Promontory Financial Group, LLC ("Promontory") and specifically its Managing Partner, Mr. Eugene A. Ludwig, former Comptroller of the Currency, to intercede with the OCC on Riggs' behalf. Mr. Hebert explained that Mr. Ludwig and his team interviewed the officers involved with the remediation process as an independent assessment of the situation. Mr. Ludwig then met with the OCC three times to discuss the actual progress that Riggs has made, and Mr. Hebert described these discussions as productive. Mr. Hebert stated that Riggs had not completed all steps of the Consent Order, but noted that they are in process. Feedback from Mr. Ludwig indicates that the OCC is satisfied that Riggs has a workable program in place; however, they are concerned about the amount of progress that is being made. The OCC said that Riggs had a good USA PATRIOT Act review last fall and, at that time, were in compliance with all articles of the Consent Order. Then, on January 9, 2004, Riggs informed the OCC of its suspicions regarding the Equatorial Guinea ("EG") account manager, and since then, the relationship with the OCC has not been the same. Mr. Hebert reported that Mr. Ludwig believes Riggs needs more time to complete its plan, but the publicity surrounding EG, Saudi Arabia, and the Senate investigation pushed the OCC so they felt they needed to address the Consent Order in the areas that were not finished.

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Mr. Hebert then informed the directors that today Riggs received a civil money penalties or "15-day letter" from the OCC and has 30 days to prepare a defense as to why civil money penalties should not be imposed on the Bank. He explained that the OCC indicated in the letter that despite the Bank's progress, serious deficiencies remain and specifically mentioned internal controls, audit, and training.

Redacted by Permanent Subcommittee on Investigations Mr. Hebert said that the OCC has told Riggs that it must address these weaknesses in a timely manner and provided Riggs with a long list of action steps.

Redacted by Permanent Subcommittee on Investigations The OCC advised Riggs that it has 30 days to respond to the March 2, 2004, letter and encouraged the Bank to file a complete and thorough defense. Following that, the OCC will review the response in detail. Riggs will not know for 45 to 60 days after that if civil money penalties will be levied.

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Sir Christopher Meyer noted that he had raised concerns about EG at the January 21, 2004, Board meeting and that Management had not informed the Directors of the facts, as known then, about the EG account manager. At the time, Management had not indicated to the Board that there were potential problems with the EG relationship. He

asked what has happened since the Board meeting on January 21, 2004, to create the current situation. Mr. Hebert then outlined activities since then, beginning with the discovery of a possibly fraudulent check for $140,000 involving the EG account manager, identifying all the facts around that check, and making a final determination on January 27, 2004, that the EG account manager had indeed defrauded Riggs. He pointed out that Management did not have enough information at the time of the January Board meeting to state that the EG account manager was involved in a fraud. Continuing the sequence of events, Mr. Hebert said that on January 27, 2004, the OCC changed their position on Riggs' oversight process. Since that time, Riggs has been dealing with a new OCC environment. On February 6, Riggs was informed that there would be a Senate investigation into the EG account manager's activities. On February 23, Riggs Management met with EG government officials. Mr. Hebert said that the committee chairmen of the various committees dealing with the EG issue were notified of these details.

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Mr. John A. Sargent stated that he believes it to be a serious matter that Management had not mentioned anything about EG in discussions at the January 2004 Board meeting and questioned what his duty is to report to the rest of the Board in his capacity as Chairman of the Bank Audit Committee. Mr. Allbritton explained that Mr. Ludwig had met with the OCC, and by the end of the week following the January Board meeting, management was in the mode of obtaining additional information and had not had the final exit meeting with the OCC. He pointed out again that all the facts were not known on January 21, 2004. Mr. Sargent noted that following the Audit Committee meeting on

February 25, 2004, he had asked that Management provide the rest of the directors with the same information that the Audit Committee had received. He again asked what the directors' responsibilities are to each other. Mr. Hebert said that during the last week of February 2004, Management was working with Mr. Ludwig, who was meeting with the OCC. He said that Management was concerned that because the OCC was citing actions from 2000 and 2001 it would interfere with Riggs' progress in complying with the Consent Order. In addition, Management believed that if their efforts with the OCC had been successful, this meeting today would not have been necessary.

Mr. Allbritton said that everything Riggs has done since the Audit Committee meeting in the last week of February has been proactive to stop this action. He said that Management has decided to exit the Saudi and EG relationships and has completely changed the management of Embassy Banking. However, these actions have not affected the situation with the OCC. The Directors then discussed how this action affects them. Mr. Cahill said that the Directors are entitled to outside counsel. In addition, the Audit Committee can retail counsel to represent the Committee and the Board.

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The Directors discussed how to obtain guidance on what they should be doing going forward, saying they are uncertain as to what the OCC may find in its next review of Embassy Banking and believe they should have the advice of counsel on this.

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The Directors expressed frustration that they would not have access to the Bank's counsel to determine what their responsibilities are at this time and to discuss questions that are not being answered at this meeting.

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Following discussion, the Directors requested a meeting between the Bank's outside counsel and the Directors. Mr.

Allbritton stated that this meeting was arranged as an informational meeting. If the Board believes that Management is taking the correct action, they will continue. Mr. Fitzgerald then asked that the Bank's outside counsel attend all BSA Compliance Committee meetings beginning with its meeting on March 4, 2004.

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There being no further more business, the meeting adjourned at 6:00 p.m.

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Chairman of the Board

ATTEST:

_____

Corporate Secretary

Trojan, Lois

From: Noonan, John
Sent: Tuesday, March 25, 2003 11:08 AM
To: Miller, Lester; Trojan, Lois; Decker, Sharon
Cc: Boss, Joseph; Rizkalla, Andrew; Hunter, David
Subject: RE: What Don't We Know?

Thanks, Lois, for taking the time to put all of this together and raise it up for consideration. We need to be constantly reminded to make sure we take actions that are appropriate to the circumstances. Clearly, Riggs' management has failed to respond properly to previously identified BSA related issues. And, OCC (me) failed to take sufficient steps to assure that the bank's response was complete, and implemented.

Without getting into all of the legal details, an area that I am not especially expert in, Orders of Investigation are typically used by the OCC to investigate bank fraud by insiders or others using the bank. Two of the main advantages of OIs are the ability to depose people under oath and to issue subpoenas. I don't see an advantage in doing those things in this case at this time. I do see the need to communicate to the Board and executive management not just the serious weaknesses in bank systems and processes disclosed by this exam, but also the lack of credible responses to us by some of their key officers and the apparent lack of a compliance culture. I know Dave, Les and I will be discussing those issues with them as the exam closes and follow up actions begin. I also see the need to make sure that the bank develops and implements a STRONG compliance management program and culture that takes compliance seriously, monitors accounts and transactions, identifies and reports suspicious transactions.

Thank you so much for all your contributions. Your work on this exam has been outstanding in my view in helping to identify suspicious transactions and the bank's inadequacies in their systems and responses to problems. Your conduct of the FBI and bank Embassy Banking preliminary exit were terrific.

Let's discuss this further at your convenience. Give me a shout at the NJ field office anytime this week 973-564-5134.

-----Original Message-----
From: Miller, Lester
Sent: Thursday, March 20, 2003 8:34 PM
To: Trojan, Lois; Decker, Sharon; Noonan, John
Cc: Boss, Joseph; Rizkalla, Andrew; Hunter, David
Subject: RE: What Don't We Know?

Thanks, Lois, for passing this on. We will take it into consideration in our wrap up of the Riggs BSA exam and recommendations of supervisory action. Les

-----Original Message-----
From: Trojan, Lois
Sent: Thursday, March 20, 2003 2:02 PM
To: Miller, Lester; Decker, Sharon
Cc: Boss, Joseph; Rizkalla, Andrew
Subject: What Don't We Know?

Les and Sharon - Having just gone through with Joe and Andrew several frustrating and stressful weeks uncovering and reporting the findings of our BSA examination at Riggs, discovering highly suspicious transactions and seriously deficient bank processes, our discovery on Tuesday of the bank's international drafts actually drawn on non-US banks compels me to formally express my fear of what we have yet to uncover at this bank. As we wrap up this examination, I want to ensure that my concerns are related to you as you make decisions regarding appropriate supervisory actions.

This email briefly presents my argument for a more comprehensive evaluation of this bank's operations and accounts. I know you both are well aware of many, if not all of, the following facts. I highlight them (as well as the above noted suspicious activity and deficient processes) in support of my belief that to end our BSA examination of the bank now curses us to find - in continued piece-meal fashion - serious concerns each time we return. I am particularly concerned because:

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- The bank failed to disclose to us at least two-dozen official embassy accounts in response to our request for a list of all embassy accounts. They only acknowledged the omitted accounts when we showed them a list we obtained from other sources near the end of our examination.

  I know first hand that a similar omission occurred during our 2000 BSA examination, where we requested from the international private banking group, a list of all accounts belonging to political figures. Nowhere listed was the highly controversial Augusto Pinochet, who was former head of Chile and then-sitting head of the Chilean military. Only during our 2002 international private banking examination, where our examiners identified coded references in the cashiers check log, did WE find his account, identify suspicious transactions and [redacted], with bank management resisting our efforts to obtain information.

- The bank has extensive PUPID activity for cash transactions for the tens of millions of dollars in cash withdrawn f Prior to OUR discovery of them at this examination, the bank denied allowing such transactions to take place in embassy banking. I understand that during the 2002 international private banking examination, our examiners were told that the bank did not allow PUPID transactions. After finding examples of such, our examiners and the international division's management (who is also responsible for the embassy group) had extensive discussions about PUPID transactions and risks associated with them. Yet, this examination's initial request letter asked for PUPID transactions and management's written response was "none".

- The bank sells to its customers international drafts payable at a UK bank. Only after our persistent requests (read: asking for two months) for copies of the negotiated drafts, did they inform us that the account is a suspense account. Management now tells us that they have another such relationship with but without thoroughly reviewing the bank's G/L we won't know for sure (the Reagan-era "trust but verify" approach comes to mind here) given the lack of full disclosure exemplified by the previous two bullet points.

  Furthermore, having reviewed Riggs internal BSA audits during prior examinations, I do not recall ever seeing any procedures regarding these types of accounts. This tells me that the BSA risk management associated with this account is limited at best.

- The bank admitted, only at the end of our examination - and it appears inadvertently - that it has issued monetary instruments - including cashiers checks - through a suspense account, thereby circumventing the [redacted] accounts statements which we requested to review. This disclosure was after our July 2002 Augusto Pinochet target during which embassy banking management stated that Mr. Pinochet was the only individual for whom suspense accounts were used to conduct transactions.

- The bank's failure to act on committed action to address serious concerns previously. During our 2000 BSA examination we found money exchangers, including one in [redacted], for which the bank had insufficient customer information to support multi-million dollars in international wires. Bank management, deciding for itself that investigating the customers was more trouble than the business was worth, stated that it would close the accounts "as soon as possible". Our examiners returned six months later to find that the accounts were still open.

I admit that I do not have experience regarding OIs, and I understand that they are rightfully used in only the most egregious cases. However, I am concerned that, just as in this examination, our 2002 and 2000 international private banking examinations, we will continue to find not just suspicious transactions in high risk customer accounts, but bank practices that are either seriously deficient or possibly even

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willfully blind regarding transaction patterns AND management that - putting it in the most generous of terms - provided us with erroneous and/or incomplete information about its customers and the types of transactions it allows.

How many times will we conduct an exam and find some new significant problem before we decide to complete an exhaustive review once and for all? I wonder (at risk of paraphrasing and butchering a perfectly good quote) if not Riggs who and if not now, when?

Redwood, Jason

From: Rushdoony, Jonathan
Sent: Monday, September 16, 2002 8:42 AM
To: Redwood, Jason; Aldemeyer, Barrett
Subject: RE: post-employment restrictions

Great. Thank you!

-----Original Message-----
From: Redwood, Jason
Sent: Friday, September 13, 2002 12:16 PM
To: Aldemeyer, Barrett; Rushdoony, Jonathan
Subject: FW: post-employment restrictions

fyi

-----Original Message-----
From: Lee, Ashley
Sent: Friday, September 13, 2002 12:14 PM
To: Noonan, John; Redwood, Jason
Cc: Lee, Ashley
Subject: RE: post-employment restrictions

Thanks. I will ensure that we operate within these rules.

Ashley

-----Original Message-----
From: Noonan, John
Sent: Friday, September 13, 2002 11:28 AM
To: Redwood, Jason; Lee, Ashley
Subject: RE: post-employment restrictions

Thanks, Jason. I think the examiners at Riggs can efficiently work within these guidelines and the laws. I'll pass it on to Les Miller, the interim EIC, and later to the permanent EIC once he or she is selected.

-----Original Message-----
From: Redwood, Jason
Sent: Thursday, September 12, 2002 6:00 PM
To: Lee, Ashley; Noonan, John
Subject: post-employment restrictions

Ashley and John: Attached is a memo that summarizes the post-employment restrictions applicable after Ashley becomes an officer of Riggs Bank, N.A. I wrote this in consultation with Barry Aldemeyer and Jonathan Rushdoony; we considered the policy and statutory issues along with our recognition of an OCC interest in effective, ongoing communications with Riggs. The memo permits discussions between the OCC and Ashley regarding entirely **new** matters-- matters not under Ashley's supervision while he was at the OCC. This gives you flexibility to discuss the in-house loan review system that is planned, without having to clear each of those discussions in advance with the ethics official (me, or Jonathan).

I will ask Maria Rodriguez to mail a hard copy to each of you, so that you have the full attachments readily available as a reference. The interim and future EICs are among the people who must understand the restrictions, so please share the memo and attachments as needed.

Thank you for attention to the post-employment rules, and please feel free to contact me, now or later, about applying the rules or about any OCC-related ethics matters.

<< File: post-employment rules to Ashley Lee.doc >>

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EXHIBIT #58 – FN 309

Minutes of a Joint Meeting of the
BSA Compliance and Audit Committees
of Riggs National Corporation
and Riggs Bank N.A.

March 22, 2004

The Bank Secrecy Act Compliance ("BSAC") Committees and the Audit Committees of the Boards of Directors of Riggs National Corporation (the "Corporation" or "Riggs") and Riggs Bank N.A. (the "Bank") (the "Committees") met jointly on March 22, 2004, at 800 17th Street, Washington, DC. Mr. Thomas F. Fitzgerald, Chairman of the Bank BSAC Committee, called the meeting to order at 3:10 p.m.

Other BSAC Committee members present were:

Corporation	Bank
J. Carter Beese, Jr.	Jacqueline C. Duchange
Charles A. Camalier, III	Robert C. Roane
Eddie N. Williams	

Audit Committee members present were:

Corporation	Bank
Charles A. Camalier, III	Thomas F. Fitzgerald
Steven B. Pfeiffer	Jacqueline C. Duchange
Robert L. Sloan, Chairman	John A. Sargent, Chairman

Bank Director Heather S. Foley also attended.

The following Corporation and Bank officers also attended:

Robert L. Allbritton	Lawrence I. Hebert
Joseph M. Cahill	R. Ashley Lee
David B. Caruso	Mary B. LeMont
Timothy C. Coughlin	Steven T. Tamburo
Michael J. Elehwany	

Others present were:

Promontory Financial Group, LLC ("Promontory")
Robert H. Hartheimer, Principal

Sullivan & Cromwell LLP
Mark J. Menting

Office of the Comptroller of the Currency (the "OCC")
David M. Hunter, National Bank Examiner
Lester J. Miller, III, National Bank Examiner

Mr. Fitzgerald directed attention to the minutes of the meeting held March 4, 2004. Mr. Timothy C. Coughlin, President of the Corporation, noted that he had made several small language modifications to the minutes as found in the books. The Committee granted Mr. Fitzgerald the authority to review the minutes with the

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secretary following the meeting, and upon motion duly made and seconded the minutes were approved as amended.

Mr. Fitzgerald then reviewed the action items from the previous meeting, noting whether or not they were on the meeting agenda for today or if there was an update:

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4. The BSA Audit is on today's agenda.
5. A procedure for closing the Equatorial Guinea ("EG") accounts is on today's agenda.
6. Monitoring high-risk accounts and PEPs (politically exposed persons) is on today's agenda.

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Mr. Caruso then reviewed the draft OCC Report of Examination and the status of the Consent Order Work Plan. He distributed a chart of the findings related to BSA that he had extracted from the OCC examination, noting that he had only included BSA related findings in this chart. Mr. Caruso explained that the chart included the findings, Management's actions, and the responsible parties. He indicated that he would update the chart throughout the week, adding additional details to the chart, after which he would send it to the Committee members. Mr. Caruso noted that there should not be anything in the chart that had not been discussed previously.

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Mr. Caruso then distributed a resolution for the Officers Risk Management Committee regarding the closing of certain high risk accounts, especially in Embassy Banking.

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The Committee discussed in great detail the countries and closing the accounts. Mr. Hebert informed the Committee that during 2003 Riggs spent about $12 million on BSA compliance. During 2004 the Bank has already spent about $3 million. At this level, the Embassy Banking accounts are not profitable.

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Mr. Hebert explained that Riggs is only a $6 billion bank and does not have the size to justify spending the thousands of hours on monitoring and remediation that are required for these high risk accounts.

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Management then provided an update on the status of closing the and EG accounts.

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Mr. Lester J. Miller, III, National Bank Examiner, said that the Committees have handled tough issues during the meeting. He also said that the OCC would provide suggestions about the materials provided to the Committees as well as the content of the meeting.

Mr. Fitzgerald said the Committees would meet again within two weeks.

There being no further business, meeting was adjourned at 5:45 p.m.

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Chairman
BSA Compliance Committee
Riggs National Corporation

ATTEST:

_____
Secretary

_____
Chairman
BSA Compliance Committee
Riggs Bank N.A.

CONTACTS WITH FORMER OCC EMPLOYEES

In the past the focus of OCC post-employment ethics guidance has been on the departing employee. However, current OCC employees also frequently have questions about what kinds of contacts they may have with former OCC employees. The following rules provide guidance for current employees on some common ethics issues involving contacts with former OCC employees.

RULE FOR ALL OCC EMPLOYEES:

Check with your ethics official before discussing official business with former OCC employees.

When an OCC employee is contacted on a business-related matter by a former OCC employee who represents a bank or any other person or company, the employee is advised to consult with his or her ethics official before discussing any business matters with the former employee, if such a discussion could be prohibited under the post-employment ethics statute. *See* the Ethics Rules for Resigning or Retiring Employees: http://domino02.occ/APPS/LAW/EthicsBB.nsf/5294d46b96ae3eb78525664e005e54ff/4f33c84974441a7485256697006 0f4c5?OpenDocument Potential issues requiring consultation with an ethics official may arise at any time after an employee leaves the OCC but are most likely to occur during the first two to three years after the employee's departure.

RULES FOR EXAMINERS-IN-CHARGE (EICs):

1. Check with your ethics official and supervisor before you or your staff engage in contacts with former OCC employees working at your bank.

When an OCC examiner or other employee leaves the OCC and joins a bank he or she examined or otherwise supervised within the preceding two years, the current EIC at the bank will discuss with the appropriate ethics official and Assistant Deputy Comptroller (ADC) or Large Bank Deputy Comptroller all relevant issues related to OCC interaction with the former employee, including the following:

- Whether contacts could result in violations of the post-employment statute (18 USC 207)
- Whether the existing examination team members have the stature and objectivity to effectively deal with the former examiner and his or her work; and
- Whether it is appropriate or necessary to modify the examination plans to adjust for potential violations of the post-employment statute or other conflicts of interest.

Following these discussions, the EIC shall advise the OCC staff who will be dealing with the former employee what matters may and may not be discussed with the former employee.

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2. Advise former EICs now working at your bank that for at least two years after leaving the OCC they should not attend meetings with the OCC without prior ethics approval.

When an OCC examiner goes to work for a bank where he or she served as EIC within the year preceding his or her departure from the OCC, the current EIC at the bank shall advise the former EIC that he or she will not be permitted to attend meetings with the OCC or otherwise communicate with or appear before the OCC for a period of two years following his or her departure, unless approval is granted in writing by the appropriate OCC ethics official prior to the meeting, communication, or appearance. At the end of the two-year period, the current EIC in consultation with the ethics official will advise the former EIC concerning the nature and extent of any continuing prohibitions on attending meetings, communicating with, or appearing before the OCC.

MEMORANDUM

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

To: Ronald A. Lindhart, Director, Quality Management Division

From: John D. Hawke, Jr., Comptroller of the Currency

Date: May 20, 2004

Subject: Engagement Memorandum: Retrospective of BSA/AML violations at Riggs Bank, N. A., McLean, Virginia

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Ron, I am directing the Quality Management Division (QMD) to immediately commence a review and evaluation of the OCC's Bank Secrecy Act and anti-money laundering (BSA/AML) supervision of Riggs Bank, N. A. ("Bank"), McLean, Virginia.

QMD should review the record of OCC supervisory activities going back for as long a period as you determine to be appropriate, but in any case at least until the beginning of 1997. You should evaluate the quality and effectiveness of these activities and their compliance with OCC policies and guidelines relating to BSA/AML examinations. Further, you should assess the extent and effectiveness of OCC's coordination and interaction with other regulators and with law enforcement. You should also assess the quality, completeness and timeliness of the bank's responses to comments, criticisms and advice given by OCC examiners, and the bank's disposition to take needed corrective actions. I want your full and frank assessment as to whether our examination team took appropriate and timely actions to address any shortcomings they found in the bank's processes and in its responses to matters noted by the examiners. You should also seek to determine whether there were any inappropriate influences that may have affected our supervisory activities in this case.

In addition to your review of the Riggs case, I would like QMD to make a more general assessment of the quality of our BSA/AML compliance supervision and to determine whether there are other banks under our supervision that have failed to respond on a timely basis to our BSA/AML supervisory actions.

Finally, I would like you to provide me with any recommendations you might have, as the result of your reviews, for improvements in the effectiveness of our BSA/AML supervision and for our enforcement policy with regard to BSA/AML violations.

I want to stress the importance I attach to your presenting me with your frank and unvarnished judgments and conclusions in this matter.

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 316

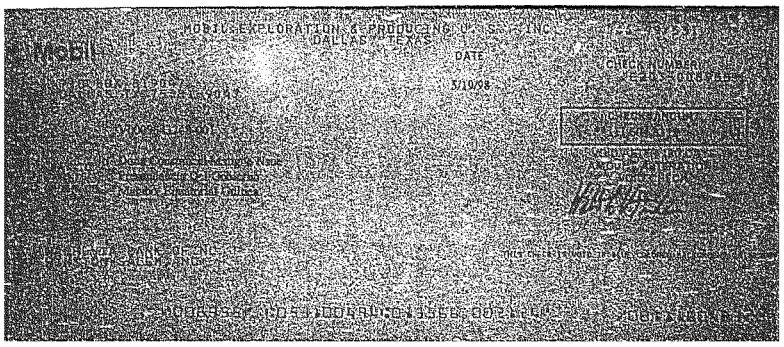
Your review team should consist of representatives from each area of the Committee on Bank Supervision as well as representatives from the Chief Counsel's Office. All relevant supervisory records and working papers should be reviewed. Interviews should be conducted with:

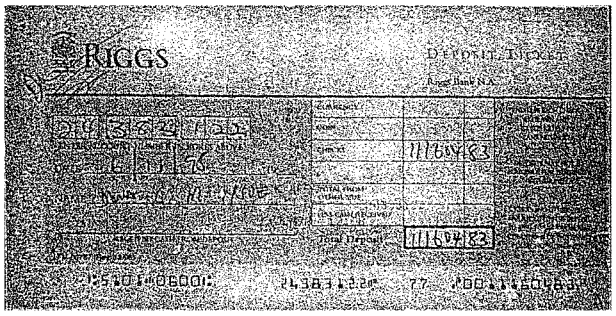
- Those who had a significant bank supervisory role in the BSA/AML supervision of the bank,
- Officials from other federal agencies with significant jurisdictional interests, and
- Bank officials responsible for BSA/AML compliance.

Please submit the final report to me by September 1, 2004, with copies to the Committee on Bank Supervision and the Chief Counsel, and provide me with interim updates during our regular bi-weekly meetings.

cc: Committee on Bank Supervision
Chief Counsel
Chief of Staff

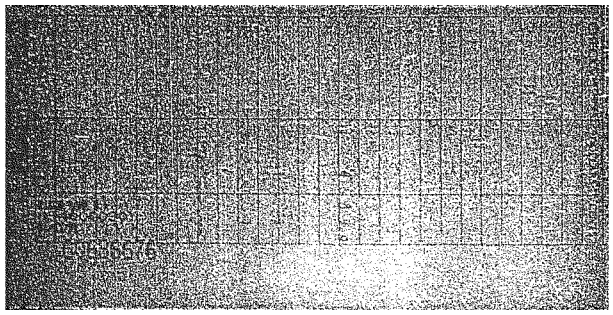
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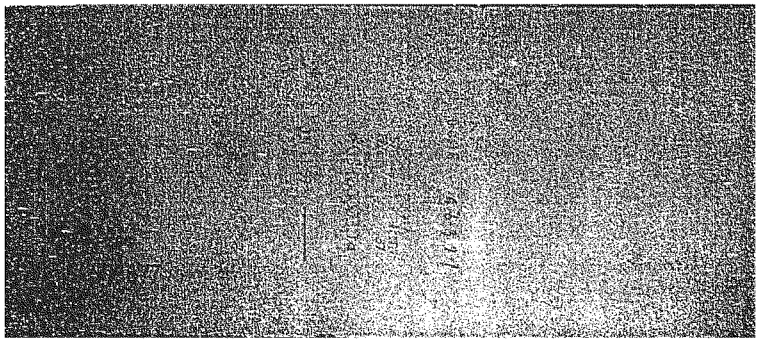


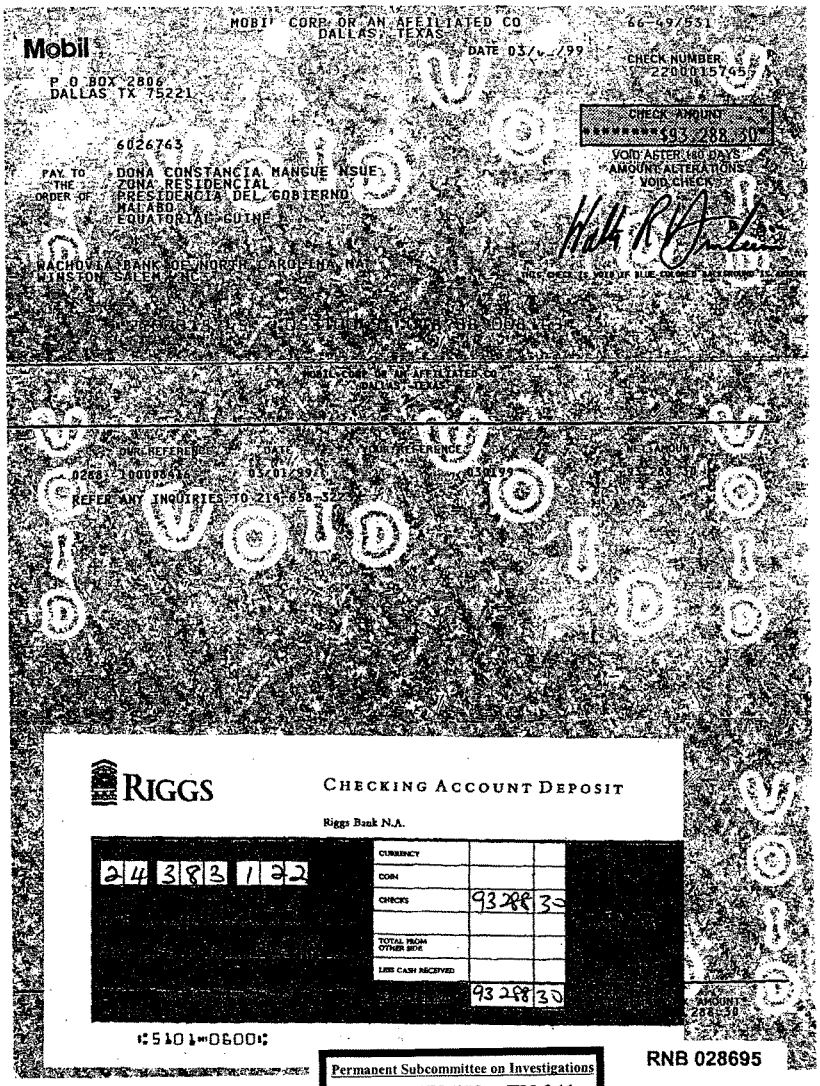


Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 341

RNB 000975






Mobil
MOBIL CORP. OR AN AFFILIATED CO
DALLAS, TEXAS
66-497/531
DATE 03/ /99
CHECK NUMBER
2200015795
P O BOX 2806
DALLAS TX 75221
CHECK AMOUNT
**********$93,288.30**
6026763
VOID AFTER 180 DAYS
AMOUNT ALTERATIONS
VOID CHECK
PAY TO THE ORDER OF
DONA CONSTANCIA MANGUE NSUE
ZONA RESIDENCIAL
PRESIDENCIA DEL GOBIERNO
MALABO
EQUATORIAL GUINE
WACHOVIA BANK OF NORTH CAROLINA, NA
WINSTON SALEM, NC
DOCUMENT IS AN AFFILIATED CO
DOCUMENT DATE
DOC. REFERENCE
DATE
LOC. REFERENCE
AMOUNT
0268 100008816
03/01/99
030199
REFER ANY INQUIRIES TO 214-856-32
VOID
RIGGS
CHECKING ACCOUNT DEPOSIT
Riggs Bank N.A.
24 3 8 3 7 22
CURRENCY
COIN
CHECKS
93 288 30
TOTAL FROM OTHER SIDE
LESS CASH RECEIVED
93 288 30
AMOUNT
288.30
:5101=0600:
Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 341
RNB 028695

Triton Energy 214 856 7681 03/09/01 08:11AM P.003

Attachment to Paragraph 1

REPUBLICA DE GUINEA ECUATORIAL
MINISTERIO DE ECONOMIA Y HACIENDA

Núm. 578
Ref.
Secr.

Malabo, 06 de marzo de 2001.

Señor Don Andy MORMON
Director General
Triton Equatorial Guinea, Inc.
Malabo, Guinea Ecuatorial.

Ref.: Trasnferencia de 250.000 $USA a favor de Don Armengol ONDO NGUEMA, en concepto de provision de gastos de escolaridad de sus hijos.

Señor Director General,

En calidad de Ministro de Economia y Hacienda de la Republica de Guinea Ecuatorial, confirmo que los fondos de Don Armengol ONDO NGUEMA, provienen de su actividad privada como trabajador por cuenta propia, sus negocios personales donde es dueño y socio. Dichos fondos sirven como provision de los gastos de escolaridad de sus hijos que estudian en Estados Unidos y Canada.

En su consecuenia, vengo autorizar la transferencia de 250.000-$USA en su cuenta no. 0076889504 aperturada en el Banco RIGGS.

El Ministro,

Basilio Basilio Casar ENGONGA EDJO.

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Amerada Hess Corporation
Produced Pursuant to Senate Rule XXVI(5)(b)(5)

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 370

TRITON

Núm. - MC 144/01

marzo 5, 2001

Excmo. Sr. Armengol Ondo Nguema
Malabo, Guinea Ecuatorial

Excelentísimo Señor:

Asunto: Transferencia de $250,000.00 para sus hijos que estudian en los Estados Unidos y Canadá.

Esta carta confirma los detalles con los cuales Usted ha solicitado la asistencia de Triton.

Es nuestro entendimiento que Usted desea que Triton transfiera sus fondos a sus hijos que estudian en universidades fuera de Guinea Ecuatorial. Estamos dispuestos a ofrecerle esta asistencia siempre que caiga dentro de los parámetros de todas las leyes, requisitos y regulaciones bancarias de Guinea Ecuatorial y de los Estados Unidos.

Por su firma abajo, Usted confirma lo siguiente:

1. Los fondos a ser depositados en la cuenta de Triton pertenecen en derecho a su persona y que han sido obtenidos legalmente;
2. Los fondos han de ser utilizados para el mantenimiento, cuidado y gastos académicos para sus hijos actualmente estudiando en universidades fuera de Guinea Ecuatorial;
3. Usted acepta que Triton puede obtendría confirmación de la información mencionada arriba y la aprobación de la transacción del Ministerio de Economía y Hacienda;
4. Usted comprende que Triton funcionará dentro del marco de las regulaciones bancarias aplicables en los Estados Unidos y es un requisito para Triton de informar todos los detalles de la transacción a las agencias gubernamentales apropiadas en los Estados Unidos.
5. Usted comprende que Triton cumplirá íntegramente con cualquier requisito de información de las agencias gubernamentales de los Estados Unidos con jurisdicción sobre tales transacciones y que Triton no será responsable de ninguna declaración falsa u omisiones de información de su parte que pudiese poner en peligro sus fondos o la distribución de los mismos dentro de los Estados Unidos;
6. Todas los costes relacionados a la transacción serán pagados a Triton por Usted; y

TRITON EQUATORIAL GUINEA, INC.
Triton Mount. Calle Acosta Mata • P.O.BOX 119
Phone: 240-9-0726 / 09277 / 4397 • Fax: 240-9-2304
Dallas Line: 214-696-7681 • Fax: 214-696-7681
Malabo - Equatorial Guinea

Confidential Proprietary Business Information
Amerada Hess Corporation
Produced Pursuant to Senate Rule XXVI(5)(b)(5)

Transferencia
marzo 5, 2001

7. La tasa de cambio a ser empleado en la transacción será la tasa que Triton recibe en el momento en que Triton transfiere Dólares USA a Guinea Ecuatorial. La tasa para el Lunes, 5 de Marzo del 2001 es de 695.00 F.CFA el Dólar USA.

Adicionalmente, necesitaremos el formulario adjunto proporcionando información bancaria y razones para la distribución. Estos formularios deberán ser rellenados uno por cada hijo y firmados por Usted antes de que podamos proceder.

Sin otro particular le saludo atentamente.

Sinceramente,

Andy Mormon
Director General Interino
TRITON EQUATORIAL GUINEA, INC.

TRITON EQUATORIAL GUINEA, INC. MALABO

Aceptado

Nombre: Armengol Ondo Nguema

Firma: _____

Fecha: 7/3/01

SEAL OF THE REPUBLIC OF EQUATORIAL GUINEA
MINISTRY OF ECONOMY AND TREASURY

Malabo, March 6, 2001

Mister Andy Mormon
General Manager
Triton Equatorial Guinea Inc.
Malabo, Guinea Equatorial

Reference: USD $250,000 transfer in favor of Armengol Ondo Nguema, relating to the funding of his children's school expenses.

Mister General Manager,

In my official function as Minister of Economy and Treasury of the Republic of Equatorial Guinea, I confirm that Mr. Armengol Ondo Nguema's funds come from his private activity as a self-employed businessman owing his own business where he is the owner and partner. Such funds are to provide for his children's tuition and fees in schools in the United States and Canada.

Therefore, I authorize the transfer of $250,000 USD to his account number 0076889504 at the RIGGS Bank.

Signed by the Minister Baltasar Engonga Edjo (seal of the ministry)

TRITON LETTERHEAD

Date: March 5, 2001

To his Excellency Mister Armengol Ondo Nguema
Malabo, Equatorial Guinea

Dear Sir:

Reference: $250,000 Transfer for your children who are studying in the United States and Canada.

This letter is to confirm the items for which you have requested Triton's assistance.

Our understanding is that you wish that Triton transfers your funds to your children who are studying in universities outside of Equatorial Guinea. We are willing to offer you this assistance as long as it is within the parameters of all laws, requirements, and banking regulations from both Equatorial Guinea and the United States.

By signing below, you are confirming the following:

1. You have full ownership and title to the funds to be deposited in Triton's account, and these funds have been acquired legally;
2. These funds need to be utilized for the maintenance, the care and the academic costs associated with your children who are actually studying in universities outside of Equatorial Guinea;
3. You accept that Triton may obtain confirmation relating to the information you provided above as well as approval for this transaction from the Ministry of Economy and Treasury;
4. You understand that Triton will operate within the framework of banking regulations applicable in the United States; and that it is a requirement for Triton to inform all the transaction details to the appropriate government agencies in the United States;
5. You understand that Triton will comply in its entirety with any information requirement made by United States governmental agencies with jurisdiction over such transactions; you also understand that Triton will not be responsible for any false declaration or any data omission from your part which could endanger your funds or their distribution within the United States.
6. You will pay Triton for all charges associated with such transaction; and
7. The exchange rate to be applied to this transaction will be the current rate incurred by Triton whenever Triton transfers US Dollars into Equatorial Guinea. The rate as of Monday, March 5, 2001 is 695 F.CFA per US Dollar.

Additionally, we will need the attached form to be filled out with your banking information and the reasons for the funds transfer. These forms need to be filled for each child studying abroad and signed by you before we can proceed.

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Amerada Hess Corporation
Produced Pursuant to Senate Rule XXVI(5)(b)(5)

Best Regards

Signed by Andy Mormon
(Temporary General Manager)
Triton Equatorial Guinea

Accepted by Mister Armengol Ondo Nguema
(Signed)
and dated March 7, 2001

From: Wimbish, Dick
To: Simon Kareri
Date: Thu, Oct 23, 2003 9:45 AM
Subject: Marathon Production EG LTD

Dear Mr Kareri,

Thank you for your time this afternoon and with your continuing assistance. I have attached hereto a copy of a letter sent to the Ministry with the relevant information.

Should you need anything further, you are free to contact me at 832 788 3826.

I will be in a meeting with Gabriel tomorrow ... if you need to get an authorization from him and you can provide a copy of what you need, I can secure his signature tomorrow and fax it to your office.

Again, thank you very much, and I look forward if at all possible to having this in place for November 1.

Best regards, and I look forward to seeing you next time we are both in Malabo at the same time.

W Richard Wimbish
Finance Manager
Marathon EG Production Limited

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 379

Marathon E.G. Production Limited

Punta Europa
Bioko Norte
Malabo, Equatorial Guinea

Tel: 240 9 4283
Fax: 240 9 4284

16 October 2003

His Excellency Cristobal Manana Ela
Minister of Mines and Energy
Malabo
Equatorial Guinea

Excellency:

As a follow-up to your letter of 26 September 2003, provided below per your request are the names and telephone contact numbers for the students being supported directly by Marathon in Houston:

Redacted by Permanent Subcommittee on Investigations

Payments Made in 2003	
Monthly per diem	$ 840.00
Monthly apartment rent	$ 1,820.00
Fall 2003 tuition and fees	$ 1,960.00
Spring 2003 tuition	$ 1,038.00
Summer 2003 tuition	$ 726.00
Textbooks and supplies	$ 1,200.00
Dental services	$ 153.00

Redacted by Permanent Subcommittee on Investigations

Payments Made in 2003	
Monthly per diem	$ 840.00
Monthly apartment rent	$ 1,600.00
Fall 2003 tuition and fees	$ 1,500.00
Spring 2003 tuition	$ 381.00
Textbooks and supplies	$ 1,200.00
Medication/medical bills	$ 1,332.00
Tutoring	$ 40.00

If you require additional information or assistance in transferring the support for these students to another source please let me know.

With respect to the financial information or general audit results of the Training Funds administered by Riggs Bank, Mr. Simon Kareri has advised that a short letter requesting him to provide the audit results will be sufficient to allow the Bank to provide information to Marathon. May I request that such an instruction letter be provided to Mr Kareri?

I sincerely appreciate your assistance in getting these issues resolved.

With best regards,

Max Birley
Vice President

RIGGS BANK/Africa Dept Fax:1-202-835-5321

** Transmit Conf.Report **

P.1						Feb 8 2002 12:21
Location	Mode	Start	Time	Page	Result	Note
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RIGGS

Riggs Bank N.A.
Embassy Banking Division
1528 Connecticut Avenue, NW
Washington, DC 20036
(202) 835-4518

08 de febrero de 2002

Excelentísimo señor Obiang Nguema Mbasogo
Presidente de la República de Guinea Ecuatorial
República de Guinea Ecuatorial
Malabo
Guinea Ecuatorial

Excelentísimo señor Presidente :

A respuesta a su demanda, lo siguiente es a lista de estudiantes de Guinea Ecuatorial que nosotros manejamos:

1.
2
3.
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Redacted by Permanent Subcommittee on Investigations

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Redacted by Permanent Subcommittee on Investigations

Además, este año nosotros hemos recibido un presupuesto de $125,000 (el Tritón) y $91,346.02 (Vanco) para los estudiantes.

Gracias por la oportunidad de ayudarle a usted y al Gobierno de Guinea Ecuatorial. Con gratitud por su interés y consideración, aprovechamos la ocasión para saludarle.

Respetuosamente,

Permanent Subcommittee on Investigations
EXHIBIT #58 – FN 380

RNB 006703

RIGGS

Riggs Bank N.A.
Embassy Banking Division
1528 Connecticut Avenue, NW
Washington, DC 20036
(202) 835-4518

08 de febrero de 2002

Excelentísimo señor Obiang Nguema Mbasogo
Presidente de la República de Guinea Ecuatorial
República de Guinea Ecuatorial
Malabo
Guinea Ecuatorial

Excelentísimo señor Presidente :

A respuesta a su demanda, lo siguiente es a lista de estudiantes de Guinea Ecuatorial que nosotros manejamos:

1.
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Redacted by Permanent Subcommittee on Investigations

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Redacted by Permanent Subcommittee on Investigations

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Gracias por la oportunidad de ayudarle a usted y al Gobierno de Guinea Ecuatorial. Con gratitud por su interés y consideración, aprovechamos la ocasión para saludarle.

Respetuosamente,

Simon P. Kareri
Vicepresidente Principal