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THE FINAL ACCOUNTING OF Johnny O

How a Toronto CA
traced Trinidad's
missing millions

Even though he died in disgrace in Canada — far from his native home — Johnny O, as John H. O'Halloran was popularly called, remains a familiar figure in Trinidad. "I used to drive him to the cockfights. He had a lot of cocks, although they were illegal and he was a government minister," says an elderly taxi driver as he speeds down Uriah Butler Highway and out of Trinidad's capital, Port-of-Spain. "He was short and tough, and good-looking, and you couldn't beat him with the ladies."

Born March 14, 1916, John O'Halloran ran his family's lime juice factory in Port-of-Spain before he entered politics in 1956 as a cabinet minister in the new, predominantly black, party known as the People's National Movement (PNM). Led by Dr. Eric Williams, a charismatic intellectual, the PNM governed uninterrupted for the next 30 years, during which time it steered Trinidad and Tobago toward independence from Britain in 1962. O'Halloran, who was white, reigned as the prime minister's chief confidant and the PNM's pre-eminent political fixer. How he became the "the old man's ear" remains unknown, but for 25 years the road to Eric Williams had a major detour that led directly to Johnny O. "In cabinet he was the bridge between all of us and Williams," writes former PNM cabinet minister Dr. Winston Mahabir



John H. O'Halloran

in his political memoir *In and Out of Politics*. "Emotionally, he was closer to Williams than any of us. If he appeared swell-headed it was because of a brain bursting with secrets."

Throughout the PNM's long reign, rumours abounded on the tiny twin-island nation (about the size of Prince Edward Island but with a population of 1.3 million) that among Johnny O's secrets were tales of widespread political corruption. "Everybody you would speak to would tell you, quite freely and with a lot of confidence, that Johnny O was a crook," says Therese Mills, editor-in-chief of the *Trinidad Guardian*. "But at the same time they thought this can't really be true, because he was so close to Prime Minister Williams, who was regarded as a very upstanding, moral man of integrity. So people were torn by these conflicting ideas."

The most persistent rumour concerned kickbacks, which earned O'Halloran the nickname of "Mr. Ten Percent." "We were at the racetrack and there with us was... the reputed bagman from the government before," Dr. Mahabir told CBC's *the 5th estate*, which investigated O'Halloran's activities in a 1987 documentary. "He was joking with O'Halloran and he said, 'Johnny boy, \$10,000 used to look like a lot of money to me, you know, but I hear you're taking it by the millions.'"

Photos courtesy of the *Trinidad Guardian*

A larger-than-life figure who wore only white or cream-coloured suits and drove large American cars, O'Halloran used his formidable political clout and Irish charm to weather the occasional challenge to his power. "I've never done anything wrong in my life except fight cocks and love women," he'd joke when confronted with the rumours. One of those women was Pearl Cameron, a nightclub singer with whom O'Halloran had a long-term relationship. "He had a beautiful voice and beautiful large brown eyes and that was it," Cameron told *the 5th estate*. "But he was a rogue, and ruthless, as some Irishmen are ruthless."

Johnny O's escapades were first exposed in Canada in a series of *Globe and Mail* articles in 1986. The tales of corruption grabbed the attention of Robert Lindquist, a Toronto forensic accountant. Now senior partner in the recently formed Lindquist Avey Macdonald Baskerville & Company (see page 18), in 1986 Lindquist was national director of forensic and investigative accounting at Peat Marwick Lindquist Holmes.

The *Globe* articles, which preceded the December 1986 general election in Trinidad, reported claims by National Alliance for Reconstruction (NAR) politician John Humphrey that Consilium Place, a \$120-million office tower in Scarborough, Ontario, had been partially financed with bribe money secreted out of Trinidad by O'Halloran. According to Humphrey, O'Halloran — who fled to Canada in 1982 — had given money to his son, John E. O'Halloran, to invest in the property. John E., who

moved to Canada in 1969 to attend school, had become a landed immigrant in 1976 after graduating from Trent University with an economics degree. If the NAR won the election, said Humphrey, it intended to try to recover the money Johnny O had smuggled out of Trinidad. That would not be an easy task, given that Johnny O had died of cancer of the pancreas in Scarborough General Hospital in March 1985.

"When the NAR swept into power on an anticorruption platform," Lindquist remembers, "I sent some material to the government through the Peat Marwick office in Port-of-Spain, outlining our services and offering to help with the O'Halloran affair." That initiative went unheeded until almost a year later, when Lindquist was invited to Trinidad in November 1987 to assist on another matter. That opened the door for a meeting with Selwyn Richardson, then attorney general in the new government.

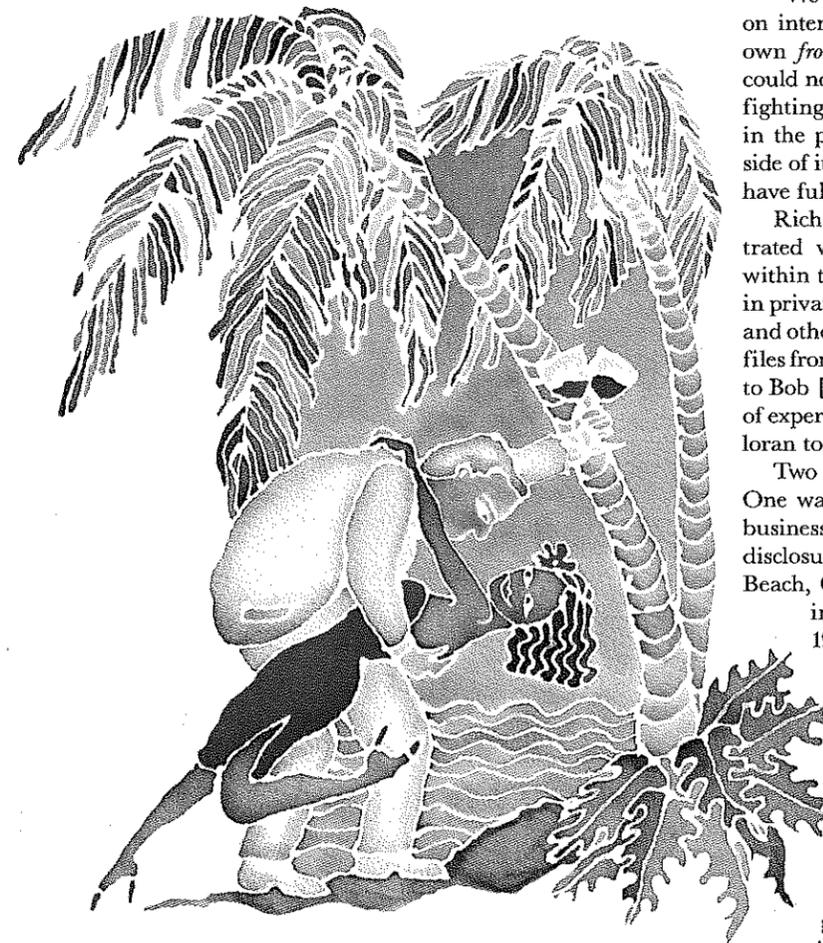
It is the afternoon of the 1991 solar eclipse, but in Port-of-Spain a thick smudge of low, grey cloud prevents the moon's brief mastery over the sun from being viewed. Selwyn Richardson, now the minister of health in the NAR government, apologizes for the sticky July heat and suggests a Carib beer as the best antidote. Handsome and fit, he looks younger than his 55 years, but when he speaks of his 14-year campaign against massive political corruption in Trinidad and Tobago, the stress and toll can be heard in his voice.

"We are the first Third World country in history to take on international giants, American big business, in their own front yard and win," says Richardson. "We simply could not have done it without Bob Lindquist. I had been fighting this thing since 1977, when I was attorney general in the previous government. But without the accounting side of it, I couldn't get anywhere. There's no way I could have fully exposed John O'Halloran."

Richardson had resigned from the PNM in 1981, frustrated with what he believed were deliberate attempts within the party to stop his investigations. Although back in private legal practice, he continued to monitor Johnny O and other members of the government. "I had considerable files from over the years," he recalls. "When I showed them to Bob [in 1988] I thought maybe this time, with the kind of experience and expertise he had, we could bring O'Halloran to justice."

Two cases in particular caught Lindquist's attention. One was a government action brought against Trinidad businessman Fernando Navarro in late 1980 following the disclosure that McDonnell Douglas Corp. (MDC) of Long Beach, California had made four bribery payments totaling \$575,000(US) to Navarros & Company Ltd. in 1977. A fifth payment of \$175,000(US) had been issued the following year, but MDC stopped payment on the cheque before it could be cashed.

The payments were "commissions" for the purchase by British West Indian Airways Ltd., Trinidad's national airline, of three DC-9 aircraft for \$27.5 million (US). In July 1980, MDC volunteered the information to the US Securities and Exchange Commission, which was conducting a lengthy investigation into illegal foreign payments by American corporations. According to MDC's disclosure, "a high official of



Illustrations by Janice Bennink

the Government of Trinidad and Tobago responsible for financing the sale... informed MDC that if it hired as its representative a firm named by him and paid a commission suggested by him, MDC would be favoured in the sales competition." That firm turned out to be Navarros & Company, the "commission" was \$250,000 a plane, but the identity of the "high official" and the "designated adviser" were not revealed.

MDC did produce copies of the four cancelled cheques, however, and one in particular created quite a fuss. Cheques of \$212,500, \$175,000 and \$175,000 had been deposited in a Navarros account at a branch of Banco Republica in Caracas, Venezuela. But a fourth, for \$12,500, had been deposited in the account of 354233 Ontario Limited on November 21, 1977 at a Toronto branch of The Royal Bank of Canada. The cheque was endorsed by the president of 354233, John E. O'Halloran.

Assistant Superintendent of Police Malcolm Kingston laid charges of violating Trinidad and Tobago's Exchange Control Act against Navarros & Co. in October 1980, and was assigned the task of asking Johnny O how an alleged bribery payment had ended up in his son's bank account. No longer an elected official — he had been forced to leave cabinet in 1970 following a Black Power movement that had made it politically unacceptable for a white to hold such high office — O'Halloran had remained



powerful nonetheless. Thanks to his old friend, Prime Minister Williams, he had been appointed as chairman of several highly influential public organizations. Indignant and uncooperative, O'Halloran told Kingston the cheque was repayment for money that his son had loaned Fernando Navarro, whom he referred to as an old family friend. John E. endorsed his father's story in a subsequent statement to Kingston, and the police superintendent accepted their explanation.

"What happened to the charges against Navarro?" Lindquist asked Richardson, who had served as attorney general for the PNM at the time the scandal surfaced.

"I was pressing for the case to be tried," he told Lindquist, "but I had the impression that no one else in the party wanted it to go ahead." That suspicion deepened in October 1980, when a PNM official sent what Richardson interpreted as a veiled threat to the MDC representatives he wanted to testify in the Navarro case. Responding in a letter to the men's concerns that they might be jailed or otherwise in danger if they came to Trinidad, the government official would only promise that, while in Trinidad, they would "in no way be embarrassed either personally or by reasons of their corporate association, it being understood that the normal laws of the country will apply (e.g., speeding, improper parking, currency violations, drugs, etc.)." Considering that Johnny O had recently threatened them with violence for having stopped payment on the \$175,000 cheque, this ambiguous declaration of protection resulted in all the MDC witnesses refusing to set foot in Trinidad.

After protracted bargaining and Richardson's personal assurances of their safety, the representatives agreed to testify on condition that they never remained overnight in Trinidad. "They flew in from Miami or Barbados every morning," Richardson said, "and I picked them up at Piarco [airport] by helicopter. And I took them back at the end of each day. That's how scared they were." Although they still wouldn't reveal the names of the government officials, their testimony helped convict Navarro, who was assessed a \$2,784,150 (Trinidad & Tobago dollars) fine. In 1983, long after Richardson had left the PNM in frustration, that fine was reduced on appeal to \$4,000 (TT).

Richardson also showed Lindquist clippings reporting another scandal, one that had eventually led to O'Halloran's downfall. On March 30, 1983, the Trinidad police issued a warrant for O'Halloran's arrest on a charge of having received a \$1.39 million (US) bribe from the Sam P. Wallace Overseas Corporation. The payment, according to testimony given in a Puerto Rican Federal Court 11 months earlier, was to guarantee that the Texas-based Wallace would receive a lucrative contract to build a grandstand and receiving building at the new Caroni Racing Complex on the outskirts of Port-of-Spain — even though it was not the lowest bidder.

O'Halloran, then chairman of the powerful Trinidad and Tobago Racing Authority (TTRA), was a passionate owner and breeder of thoroughbreds. The new complex, which he wanted completed in 1981 to celebrate the PNM's 25th anniversary in power, was to be the grandest

in all the Caribbean. But as its budget escalated and rumours of indecent kickbacks spread throughout the island, it soon became the object of growing public dissent. A month after Prime Minister Williams died in March 1981 under still-mysterious circumstances (a prevailing rumour is suicide), his successor, George Chambers, cancelled the half-finished project, citing greater needs for the money during such hard economic times.

The 'commission' for buying three DC-9 aircraft was \$250,000 a plane

Under mounting criticism in the media, O'Halloran resigned his chairmanship of the racing authority in May that year.

After he was fingered in Puerto Rican court, Johnny O told the media that the \$1.39 million was a political contribution to the PNM, which he claimed to have deposited in the party's coffers. But two months later, in April 1982, O'Halloran sold his modest house on Flamboyant Avenue in Port-of-Spain and fled to Canada. The warrant processed for his arrest almost a year later was never pursued. Although bloodied, Johnny O remained unbowed.

When Lindquist returned to Toronto in late 1987, he promptly immersed himself in Trinidad's history. He read everything he could get his hands on. "It is essential at the onset of an investigation," he says, "to study the people and places as thoroughly as possible. By the time I finished, I pretty well knew who all the key political players were in the past 30 years."

In February 1988, Richardson sent additional files to Lindquist in Toronto — a sign, Lindquist concluded, that he had been retained (he never did receive an "official" agreement). A few months later, in the company of Bill Horton, a senior litigation partner at the Toronto office of McMillan Binch whom he had engaged, Lindquist paid a second visit to Trinidad. This time he would hear about an O'Halloran scandal of such enormity that it dwarfed the others by comparison.

As my taxi nears the main entrance to TRINTOC, Trinidad's state-owned oil refinery, a scruffy young boy wearing a CBS Sports cap approaches the car with a handful of mangrove crabs for sale. A long line of unemployed men hang about the front gates.

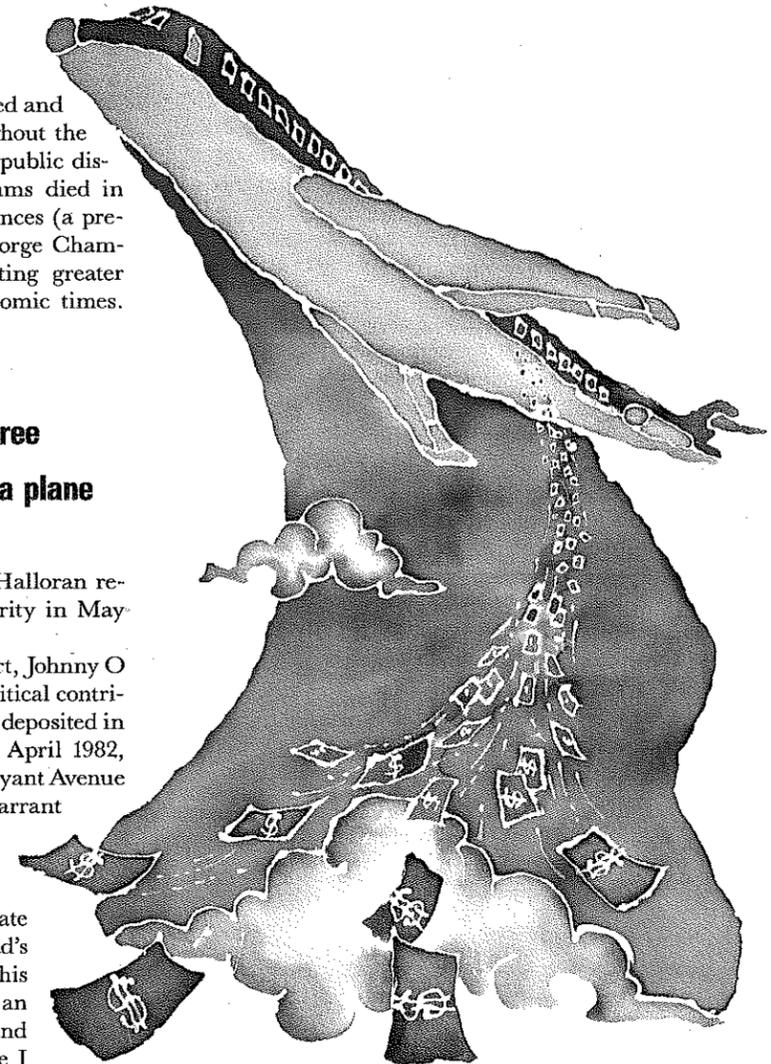
"It's a tough time for many people," the taxi driver says.

"Trinidad's been hard hit with the drop in oil prices,"

I reply.

"Yes... and thanks to that dirty deal Johnny O made, it's a helluva lot worse than it should be."

Oil has long played a critical role in Trinidad's development. "The economic backbone of Trinidad and Tobago was oil," Jeremy Taylor writes in *Masquerade, An Introduction to Trinidad and Tobago*. "The industry was one of the oldest in the world, dating back to 1857. By 1946 Trinidad was supplying 65% of the British Empire's oil production."



Although sugar and cocoa remained important crops, by the mid-1940s oil accounted for 80% of Trinidad's exports.

Until 1968, the vast majority of Trinidad's extensive oil reserves, most of which are offshore, was owned and controlled by British Petroleum Corporation. Slumping oil prices (about \$1.50(US) a barrel in the mid-1960s) combined with Trinidad's surging nationalism to convince BP to cease exploration and development and sell the government its land and other assets.

With Trinidad barely a few years past independence, the PNM knew the country was not yet ready to manage the oil industry on its own. It was generally assumed within the government that Trinidad would own all or most of the rights acquired from BP, but enter into some kind of business relationship with a major oil company. To that end, discussions began with Shell, Mobil and some of the other multinationals.

On November 25, 1968, however, the government entered a 50-50 partnership with a small, obscure Texas oil company named Tesoro Petroleum Corp. To finance the deal, the government borrowed \$20 million (US), which was BP's selling price, and agreed to let Tesoro pay its \$10-million share out of future profits. The only money Tesoro had to put up front was \$50,000(US) to cover the administrative cost of arranging the financing. The person who proposed, lobbied for and negotiated the deal for Trinidad was the Minister of Petroleum, Mines, Industry and Commerce, John H. O'Halloran.

When the Arab boycott sent world oil prices skyrocketing in 1976, Trinidad and Tobago cashed in like never before. "Money," Prime Minister Eric Williams told a cheering crowd that year, "is no problem." Profits, according to a *Toronto Star* article on Trinidad's sudden wealth, "raised government revenues more than 14-fold during the boom years — from \$206 million (US) in 1973 to \$3 billion in 1982." Almost overnight, Trinidad changed from being a borrower to a lender nation, providing loans to less fortunate neighbours such as Jamaica, Barbados and Guyana. "Trinidad's per-capita income was rising fast," reported the *Star*, "[peaking at] \$6,800(US) in 1982, among the highest in the world."

As Trinidad prospered so, too, did Tesoro, named for a Spanish word meaning "treasure." An article in *The Wall Street Journal* in 1987 concluded that the oil concessions in Trinidad were "the cornerstone of Tesoro's growth... helping build [it] into an enterprise whose annual revenue eventually topped \$3 billion (US)."

But by June 1988, when Lindquist and Horton met with Karl Hudson-Phillips — a distinguished lawyer and former attorney general and minister for legal affairs in the PNM — Trinidad's economy was in terrible shape. Plummeting oil prices together with inflation had sent the country into an economic tailspin, marked by high unemployment and a devalued dollar. Trinidad was by then also the sole proprietor of its enfeebled oil industry; the PNM had purchased Tesoro's share in 1985 for \$200 million (US) — a healthy return on Tesoro's original \$50,000 investment.

Hudson-Phillips, who like his good friend Selwyn Richardson had studied at a prestigious law school in England, also shared Richardson's determination to expose the PNM's corruption. Both men were former PNM cabinet ministers, but, like many others, they had changed allegiance and worked to defeat the party in the 1986 election. Although back in private practice, Hudson-Phillips remained a powerful behind-the-scenes player in the NAR, which he demonstrated to Lindquist and Horton minutes after the Canadians arrived at his office.

"I wanted to interview Assistant Superintendent Kingston, who had conducted the police investigation of the Sam P. Wallace case," Lindquist says. "Karl picked up the phone and arranged for him to be there first thing next morning. I wanted access to government files and documents. Karl dictated a letter to the prime minister's office requesting access. I thought, great, this guy's really serious. I immediately felt better about our chances for success."

Hudson-Phillips then introduced Lindquist and Horton to the Tesoro affair. He showed them press clippings about a \$1-billion civil suit that several Tesoro shareholders had brought against the company in 1987, alleging securities fraud and racketeering violations. During the trial, presided over by US District Judge H.F. "Hippo" Garcia in San Antonio, Texas (Tesoro's hometown), information surfaced about questionable payments made by Tesoro to

members of the PNM government and others with connections to the joint venture. Of particular interest was the disclosure that between July 1969 and January 1970 Tesoro paid \$2 million (US) to a company owned by John Rahr, a former public servant in Trinidad who had helped Tesoro negotiate with the Trinidadian government to establish the joint venture. The payment, according to Tesoro, was for Rahr's consulting services.

It also came out at the trial that Peter Detwiler, a member of Tesoro's board of directors, had arranged in 1974 for a blond prostitute to fly from New York City to Ottawa to entertain George Chambers, then Trinidad's minister of finance. The \$3,100(US) cost was listed in Tesoro's accounts as "aviation and consulting services rendered." Chambers, who became prime minister following Eric Williams' death in 1981, was at the time a staunch supporter of a new tax reference program — one that would have decreased Tesoro's profits significantly. By June 1975, however, the tax issue was resolved in Tesoro's favour. So, too, in 1987, was the lawsuit, which a jury of six dismissed. (Two jurors later said they had been bullied by the foreman.)

Hudson-Phillips also produced a report by the US law firm Fullbright & Jaworski (as in Leon Jaworski, chief Watergate prosecutor), in association with Touche Ross, that Tesoro had commissioned several years earlier. Under pressure from the SEC for alleged improper foreign payments, Tesoro had Fullbright & Jaworski conduct an independent investigation of the company's activities. Although the report cited some minor transgressions, it virtually absolved Tesoro of any significant wrongdoing.

"It is imperative to find John Rahr," Lindquist said to Hudson-Phillips, who thought the former public servant might be living in England.

The next morning, after prodding from Lindquist, Assistant Police Superintendent Kingston produced his files from the Sam P. Wallace investigation. Inside were original cheques from Wallace to Caribbean Contracting Company, which O'Halloran had set up to receive his bribes, along with phoney invoices from CCC to cover the amounts. Among the cheques, some of which had been deposited in bank accounts in Panama and the Grand Cayman Islands, were several totalling \$636,000(US) that had been deposited at a Toronto branch of The Royal Bank. One of the two signatures on the back of the cheques was John E. O'Halloran's.

"Bingo," thought Lindquist. "This connects the son directly to the father's money." The connection was crucial: Johnny O had died intestate, leaving behind an estate of only \$10,000(Cdn) in traveller's cheques. John Junior, however, was a successful businessman, particularly for his age (he was 32 when his father died in 1985), who owned or held interest in 48 Canadian companies.

Lindquist then turned his energy to the most critical element of forensic accounting — finding the documents. Although he had been shown evidence of 20 cases of

possible corruption by O'Halloran, he decided to pursue the three that he thought were winnable — McDonnell Douglas, Sam P. Wallace and Tesoro. He requested all government files relating to the three matters, searched through dusty, snake-infested warehouses for long-forgotten boxes, obtained Johnny O's cancelled passports to track when and where he went, scrutinized his income tax returns, and read endless minutes of PNM cabinet meetings to see if he could tie in policy decisions with the timing of bribery payments. "There are two key aspects to document hunting," Lindquist says. "One is that often you have to get your hands dirty and search for them yourself. The other is that, once you've found them, you look at every single thing."

Upon their return to Toronto, Horton advised that they launch an action in the Supreme Court of Ontario to recover the almost \$4 million (US) that Johnny O had received in bribes, kickbacks and other corrupt payments (\$2 million from Tesoro, \$575,000 from MDC and \$1.39 million from Wallace). Eight defendants were named, including John E. O'Halloran, John Rahr and the estate of Johnny O. The primary target, however, was John Junior, because of his considerable assets and the evidence that linked those assets to money obtained from his father. The suit also sought interest and any profits accrued from investments financed by the illegal payments.

In November 1988, Lindquist and Horton travelled to Long Beach, California where, along with Selwyn Richardson, they visited the headquarters of McDonnell Douglas. Their goal was to learn the names of the "high official" and "designated adviser" to whom Robert Baird, MDC's director of national sales for Latin America and the Caribbean, had delivered the bribes. After consulting with his lawyer, Baird confessed that the "designated adviser" was John O'Halloran. He initially refused to name the "high official" but relented in a subsequent meeting — it was Francis Prevatt, he said, who had been minister of finance in the PNM government at the time of the bribe.

Just prior to the initial MDC meeting, Karl Hudson-Phillips, through contacts in England, located John Rahr. Selwyn Richardson sped to London and met with the elderly Rahr, who was in poor health. "After several hours of [Rahr] rambling and talking, I realized I was getting a little song and dance," says Richardson, who knew that if Rahr talked it would crack open the entire case. "I left him with one thought: that he couldn't be far from his maker and that surely he'd want to meet him with a clear conscience." Not long after, Rahr contacted Richardson in Trinidad and agreed to tell all. Richardson booked the first available flight to London.

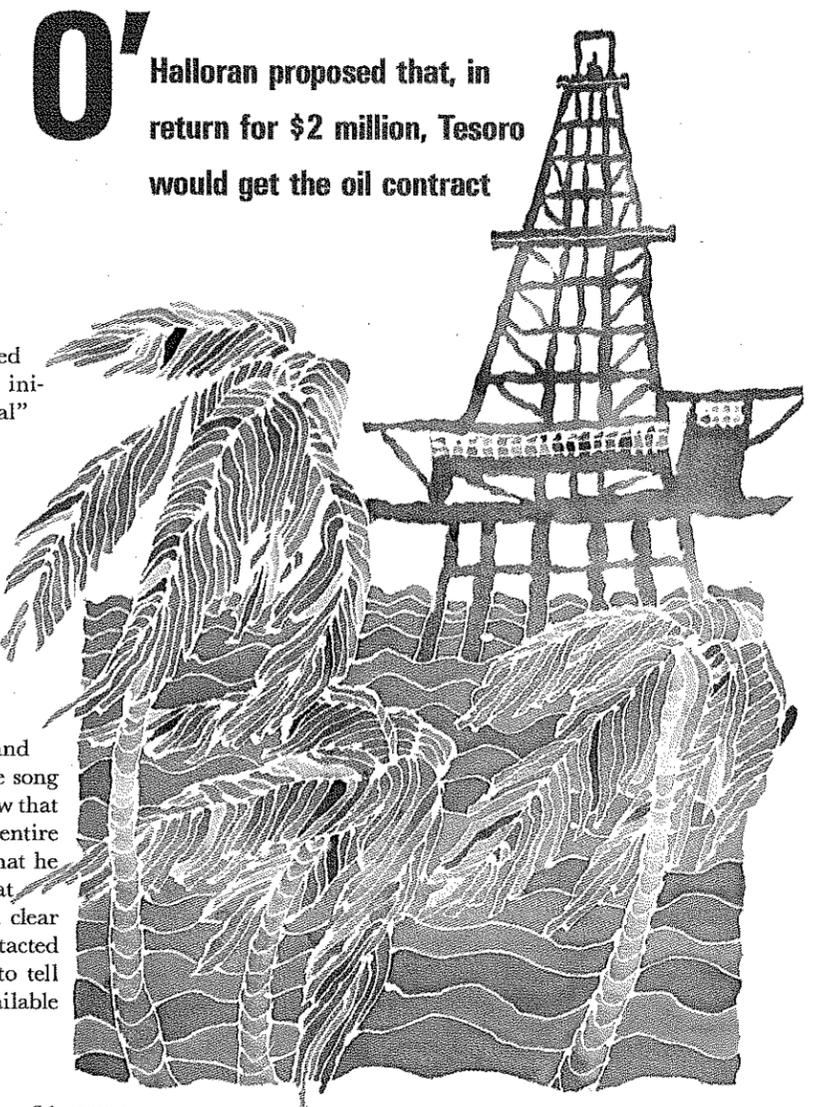
And what a tale he heard. In return for immunity from prosecution, Rahr explained that in a meeting on October 21, 1968, John O'Halloran proposed that in return for a \$2 million (US) bribe — his classic 10% (of the cost of buying out BP) — Tesoro would be awarded the oil contract with the government. Rahr, who had been hired by Tesoro to lobby on its behalf, then set up a company called Merkol Establishment in Liechtenstein, and a bank account in the name of Merkol at Banque Populaire Suisse in Lugano, Switzerland to receive the bribe.

On July 24, 1969, Tesoro transferred \$1.1 million from several New York accounts to an account in Curacao, Netherlands Antilles and then on to the Merkol account at Banque Populaire Suisse. At the same time, John Rahr and John Rote, a senior Tesoro executive, travelled to Lugano, via London, to sign the necessary forms for the account. As Rahr was leaving the VIP lounge at Heathrow Airport, O'Halloran, who was there with Prevatt, took Rahr aside and said that just before boarding for Lugano he would receive the number of an account that the \$1.1 million was to be redirected to after it was deposited in the Merkol account.

"When I checked into Alitalia about a half-hour before my flight," Rahr testified, "I was handed an envelope [at the check-in desk] addressed to me marked 'Private and Con-



Irish charm in a cream-coloured suit



O'Halloran proposed that, in return for \$2 million, Tesoro would get the oil contract

fidential.' The contents were a Swiss bank number with a Swiss bank. Nothing else." Rahr kept \$100,000 as his fee and dutifully forwarded the rest. Another payment of \$950,000 was made in January 1970, and the same procedure was followed. A third payment of \$105,000 came in January 1972.

Rahr's testimony had many repercussions, one of which was to help convince the Ontario Supreme Court on January 12, 1989 to order John E. O'Halloran to freeze his assets and provide full financial disclosure of all his business interests.

Among the voluminous material John E. produced, Lindquist noticed something that twigged a memory. "There was \$1.7 million (US) in a bank account for a company in Amsterdam," says Lindquist. "The signing officers were John Bowen and John Fleet. I thought, where have I seen the name Bowen before? And then I remembered — it was Johnny O's mother's name, which I had seen on his passport. Then I looked more closely at Fleet's name and I thought I recognized the handwriting. Sure enough, when I dug up that old \$12,500 cheque that John E. [the son] had endorsed, it was the same handwriting. It was dirty money, and they proved it by not using their real names."

Bill Horton observed Lindquist's forensic skills at work. The two were wading through reams of paper connected to the MDC payments, trying to link the timing of deposits into John E.'s accounts to the dates when MDC paid the DC-9 bribes. "There were two deposits that matched the time frame," says Horton, "but not the amounts. I would have gone past them but Lindquist immediately thought to check the conversion rate from US to Canadian funds on that particular date. When he did that, the numbers matched. Now that may seem obvious in retrospect, but when you're looking at incredible masses of numbers in hundreds of pages of documents, to pick out those two numbers and make them meaningful is quite an art."

In early February 1989, Rahr had given commissioned evidence, which was videotaped, in London's Clifton Ford Hotel. Buoyed by that testimony, Horton recommended engaging American counsel to sue Tesoro in the United States. As a result, they retained Roger Witten, who in 1973-74 had served as assistant to Watergate Special Prosecutor Archibald Cox, and Sheila Cheston of the Washington, DC law firm Wilmer, Cutler & Pickering. "I had never heard the phrase 'forensic accounting' before I met Bob," Witten says. "I had never run into someone who does investigative accounting for a living. But I was soon impressed, by the information he prepared for us and by the way he conducted himself."

Witten cautioned that because the allegations against Tesoro went back 20 years, the company could make a strong defence under the statute of limitations that might prevent the case from ever coming to trial. However, he believed the evidence was convincing enough to overcome that argument and filed a \$350-million (US) claim in New York federal court — "We sure didn't want to try it in Texas," laughs Witten — under the Racketeering Influenced Corrupt Organizations Act (RICO). He also filed charges of fraud, bribery, interference with contractual obligations, conspiracy and breach of fiduciary duty.

Lindquist provided Witten and Cheston with documents that showed Tesoro had made numerous questionable payments in the 1970s to PNM officials other than John O'Halloran. For example, Francis Prevatt, who had become chairman of the PNM, was paid a "consulting fee"

that in 1977 amounted to \$120,000(US) and was deposited directly into a bank account in Canada. Ben Primus, a lawyer and chairman of the board of Trinidad-Tesoro Petroleum Ltd., the joint venture, was also paid a "consulting fee" of between \$500 and \$1,250(US) a month for at least eight years. That money too was deposited directly into an account in Canada. Sir Ellis Clarke, while he was serving as Trinidad's governor general, was given a free trip (paid for by Tesoro) to a wine chateau in France, along with the use of a private jet. All three men, in written communications with Tesoro, provided the US company with advice on how to gain the best advantage when negotiating with their own party, the PNM, and, ultimately, their own country, Trinidad and Tobago.

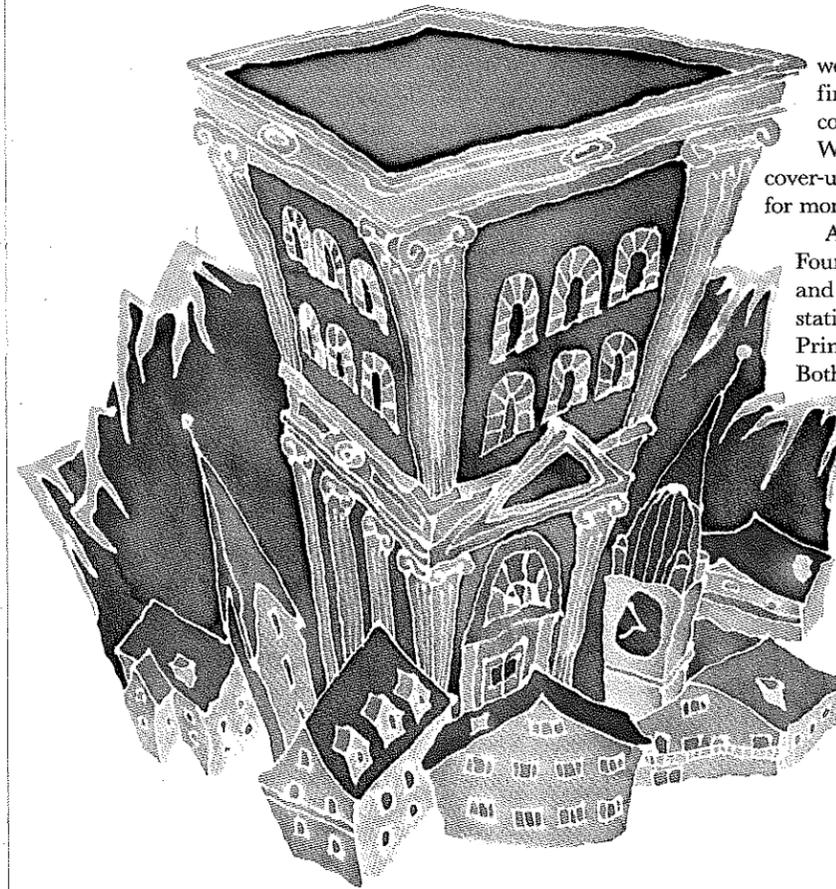
Tesoro, which at one point boasted former US president Gerald Ford on its board of directors, fought the lawsuit aggressively. "We would go to meetings and there would be 12 Tesoro lawyers across the table," says Cheston. "At one point, I think six or seven months after we began proceedings, they said in court that they had already spent \$3 million in legal fees." That figure, rumour had it, doubled before an out-of-court settlement was reached.

The agreement, which Witten says resulted from a "long and very heated negotiation," was finally in place by July 1990. At about the same time, Horton and Lindquist hammered out a settlement with John E. O'Halloran, who had remained a businessman in the Toronto area. As congratulations were being passed along from Port-of-Spain to Toronto and Washington, no one could have anticipated that before the end of the month Trinidad would be thrown into a national crisis many believe was triggered by the out-of-court settlements.

His voice soft and distinguished, Prime Minister Arthur Robinson says that the attempted coup of July 1990 was engineered to stop public discussion of the corruption scandals. "On a Monday [July 24], myself and Mr. Richardson addressed parliament, and outlined the details of the scandal and the settlements achieved," he says. "The coup began on Friday. There is no question in my mind that powerful forces in Trinidad wanted those discussions stopped."

Neither Richardson nor the prime minister were in a happy mood when they spoke in parliament on July 24. The prime minister had the sorry task of telling the nation how many of its most prominent political figures had been on the take. On what he called "a sad day," he implicated former prime minister Eric Williams, considered the founding father of Trinidad, in aspects of "the cover-up." He also knew that his good news — the financial details of the settlements — was already being attacked by the opposition and much of the media.

The good news amounted to a total of \$8 million (Cdn). In Ontario, where the suit had focused solely on the MDC and Wallace transactions, John E. O'Halloran agreed to pay the Trinidad government a total of \$4 million (Cdn). That included the entire \$1.7 million (US) located in the Amsterdam account. Following legal and accounting fees of approximately \$500,000(Cdn), that left a net recovery of \$3.5 million (Cdn). In New York, Tesoro paid a settlement of \$2.8 million (US), which, along with a related award of \$500,000 (US) brought Trinidad approximately \$3.3 million (US). However, US legal fees reduced the net recovery considerably.



we achieved," he says, "are truly historic. We are the first nation to bring a case of bribery in a United States court against a United States company and recover. We succeeded in obtaining the facts, particularly the cover-up by the former government. The result is a triumph for morality."

Any feeling of triumph, however, was short-lived. Four days later a small group of Muslim rebels stormed and took over parliament and the state-run television station. For five days they held 47 hostages, including Prime Minister Robinson and about half the cabinet. Both the prime minister and Selwyn Richardson were deliberately shot in the foot in an unsuccessful attempt to make them relinquish power. The rebel leader, Abu Bakr, who had lived in Toronto in the early 1980s, accused them of running a corrupt government, and of leading the nation into poverty and economic ruin. When the rebels finally surrendered, 38 were dead, 300 injured and widespread looting and destruction of property had occurred throughout the country.

O'Halloran left no will and, like an old pirate, no map to his treasure

"It's unfortunate these settlements were misunderstood by some people in Trinidad," says Bill Horton. "In the Ontario action, we sued on bribes totalling \$4 million US and we won \$4 million Canadian for a cost that ended up being about 10% of the settlement. That's a spectacular result. From a legal perspective, it was most unlikely we could have recovered any more money based on the claim for profits." The focus of the public misunderstanding was Consilium Place, the Scarborough office tower in which John E. had once owned a small minority interest. Following the negative publicity generated by the 1986 *Globe and Mail* articles and the 1987 *5th estate* program, Consilium's majority owners had pressured John E. to sell (for \$3.5 million). "But I think in Trinidad there was a perception, especially because of all the talk that the O'Hallorans owned Consilium Place," says Horton, "that we should have recovered hundreds of millions. It just wasn't possible."

The real target of criticism, however, was the agreement with Tesoro. In Trinidad, billion-dollar recoveries had been bandied about in some of the media. "I think the odds were very high that if we had had to go to court," says Roger Witten, "Trinidad would have recovered nothing, and would have had a large legal bill to pay. To take a 20-year-old case with a statute of limitations consideration and bring it to any result is a heck of a victory. What you also have to bear in mind is that the SEC, the US Department of Justice, Fullbright & Jaworski, Touche Ross, a major shareholders' suit and, to some extent, the Trinidadian government, had all tried to crack this before. They all failed, but Lindquist didn't."

But it is not money that is foremost on the prime minister's mind as he continues his speech in parliament. "The results

"I'm not convinced there was a connection between the attempted coup and the scandal," says *Guardian* editor Therese Mills, "but I know that many people are. However, I should add that we had planned to publish a copy of an [incriminating] letter from Sir Ellis Clarke, [written in the 1970s] when he was governor general, to Tesoro on Sunday, July 29. But because the coup started the Friday before, it was never published."

One thing Mills is sure of is that Johnny O took many secrets to his grave. "To me, John O'Halloran was at the bottom of the pile," she says. "I'm sure there were many others who did very much better than him — people who don't want that information to come out."

There's a tropical red sunset on the August 1991 evening that I visit Johnny O's grave in Highland Memory Gardens in Toronto. Earlier in the summer, the Supreme Court of Ontario gave Trinidad the right to recover damages of more than \$8 million (Cdn) from his estate (this is in addition to the money already recovered from his son). But having left no will and, like an old pirate, no map to his store of treasure, O'Halloran succeeded in making recovery difficult.

Many people in Trinidad had told me that Johnny O must be laughing in his grave, but I hear nothing save for the crickets whistling in a nearby ditch. As I turn to leave, the sun is suddenly eclipsed by a large black cloud, and a torrent of rain slashes down from the sky and bounces noisily off the simple bronze plaque that marks the final plot of Johnny O.

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