

PRESENTATION BY THE HON. SELWYN RICHARDSON

Thank you, Bob, for the kind words of introduction. Thank you ladies and gentlemen for your warm reception. I too ladies and gentlemen, remember our first meeting. And I came away from it feeling for the first time that perhaps we had a chance to expose the incredible corruption that I knew had drained my country of so much during the previous twenty or so years.

Let me tell you a little bit first about our main character, John H. O'Halloran. Johnny O, as he was familiarly called, was a powerful figure in the PNM - the People's National Movement which was a party that had ruled Trinidad in Tobago for 30 uninterrupted years. He was one of the few white members of the Cabinet. He was of Irish descent, a ladies man, if ever there was one, a flamboyant figure who always wore white suits and drove large American cars. He was also known as the pre-eminent political fixer on the island, a man who had the ear of the then Prime Minister, Dr. Eric Williams. Nothing significant ever seemed to happen without Johnny O's involvement or approval, which led to his other nickname - "Mr. Ten Percent."

I had been the Attorney General in the PNM from 1976 but I retired at the end of my term in 1981, frustrated over what I believed were deliberate attempts to stop me investigating corruption. I had kept files from those days, which I handed over to Bob Lindquist. I didn't really know what to do with them but I felt sure he would find them most interesting.

Among other things, the files included information and documents about a half-hearted government investigation, some years earlier, against a Trinidad company that had received four bribes, totalling US \$575,000 from McDonnell Douglas Aircraft Corporation in the 70's.

The bribes had been paid to Navarros & Company in 1977, and had been discovered following an investigation by the U.S. Securities and Exchange Commission. The bribes were called "commissions", extracted from McDonnell Douglas, in return for the sale of three McDonnell Douglas DC-9 aircraft to Trinidad in Tobago.

According to information disclosed by McDonnell Douglas at the time, "a designated advisor and high official of the Government of Trinidad" told them that they had to pay the "commissions" to Navarros, but unfortunately the Securities and Exchange Commission for whatever reason did not even name the country involved when they released the information. I tried, but without success to get the United States government to let us know whether Trinidad in Tobago was the country which I suspected and who were the individuals, but no success.

One of the four cancelled cheques caused quite a stir on the island, because it had been deposited in an account owned by Johnny O's son, at a Toronto branch of the Royal Bank, and endorsed by Johnny O's son. This cheque came from McDonnell

Douglas in Long Beach, California. The cheque came to Trinidad in Tobago and it moved to Toronto.

When this scandal surfaced Johnny O was no longer in politics, but still powerful nonetheless. The Prime Minister had appointed him to several prominent public positions from where he continued to wield great influence. When confronted with the cancelled cheque he claimed it was repayment of a loan from Navarros to his son.

As Attorney-General I wanted the matter pursued to its furthest point but no one else in the government seemed interested. I managed to get charges laid against Navarros and requested that McDonnell Douglas officials come to Trinidad to testify.

However, Johnny O had threatened violence against them, and then a member of my Government told them that while in Trinidad - and I quote - "the normal laws of the country will apply, such as speeding, improper parking, currency violations, drugs, etc."

Naturally, this veiled threat spooked them and the only way I convinced them to testify was to have them flown in and out of the island by using their own McDonnell Douglas aircraft every day during Navarros' trial. They flew from Palm Beach to Barbados where they stayed in the chain of islands, and they flew in from Barbados to Trinidad every morning. When they reached our international airport which is about 16 kilometres from the capital, I had to take a helicopter, go to the airport, meet them, personally escort them to court every morning and escort them back to the airport every afternoon from whence they returned to Barbados to stay over night. This is the extent to which we had to go to get the three Vice-Presidents of McDonnell Douglas Aircraft Corporation to testify in this first local case. This was in 1980. But despite giving the evidence which was enough to get the local agent convicted, they were still too scared to name the government officials who demanded the bribes. Navarros got a tiny fine and Johnny O emerged unscathed.

My files contained another matter that caught Bob's Lindquist's eye. In March 1983 a warrant had been issued against Johnny O, after it became public that he'd received a US \$1.4 million bribe from an American company that had the contract to build a racetrack in Port-of-Spain.

Johnny O said the money was a donation to the party which he thought had been deposited in the party's accounts. This time the public pressure forced him to flee to Canada, in 1982, but he was never charged and no money was recovered.

These two cases involved several million dollars, but they paled in comparison to the one I told Bob about on his next visit. That scheme I still have trouble believing, because of the extent of the damage Johnny O inflicted on his country and mine. I received a lot of cooperation from the Canadian government.

Trinidad's oil industry is one of the oldest in the world, dating back to 1857. By the mid-1940's Trinidad supplied 65 per cent of the British Empire's oil production. It was our major export. The vast majority of the reserves, most of which are now off-shore, were owned by British Petroleum.

But in 1968, slumping world oil prices and a growing nationalism in Trinidad - we had gained independence six years earlier - convinced British Petroleum to cease exploration and to sell its oil rights and assets to the government for \$20 million.

Trinidad knew it couldn't run the operation on its own, so it was decided to find a partner. Discussions began with Shell, Mobil and some other logical players. But in November 1968 the government entered into a 50-50 relationship with a small, obscure Texas oil company named Tesoro Petroleum Corporation.

The government agreed to let Tesoro pay its \$10 million share of the purchase price out of future royalties. It only had to put up US \$50,000 for administrative costs in arranging the financing. So for \$50,000 cash Tesoro purchased half of Trinidad's oil revenues.

Of course, the man who proposed, lobbied for and negotiated the deal for Trinidad was the then Minister of Petroleum, John H. O'Halloran.

When oil prices skyrocketed in the early 70's, Trinidad's annual revenues went from US \$206 million in 1973 to \$3 billion in 1982. Tesoro's wealth of course also mushroomed. It went up to \$3 billion in 1987. By 1986, however, the oil boom was over. Trinidad's economy was in ruins. That year the PNM bought out Tesoro for \$200 million, quite a return on its \$50,000 investment thanks to O'Halloran.

These three cases I've outlined are representative of Johnny O's activities. There were many others. But Bob and I thought these were the ones to focus on, the most likely to prove because there was some documentation.

Of particular interest in the Tesoro file was reference to a \$1 billion lawsuit filed by Tesoro shareholders in 1987. They charged that the company - which had Gerald Ford as a member of its Board of Directors at one time - had been involved in securities fraud and racketeering.

The lawsuit, which took place in Texas before judge "Hippo" Garcia, was dismissed, although several jury members said afterward that they had been bullied into a not guilty verdict. However, a review of the transcripts revealed that a Tesoro official disclosed that between July 1969 and January 1970 Tesoro paid US \$2 million to a company owned by a man named John Rahr, for consulting services related to the negotiation of the joint venture deal.

We knew immediately that we had to find John Rahr, a process that I began through my position as Attorney-General.

At the same time, I summoned a police superintendent who had been involved in the investigation of the racetrack kickback. I got him to provide Bob with his files, which revealed cancelled cheques from the racetrack contractor to a company O'Halloran had set up to receive the bribes.

Some of the cheques had been deposited to bank accounts in Panama and the Grand Cayman Islands. But some others, totalling US \$636,000 were deposited in Toronto, and endorsed by Johnny O's son. This incriminating evidence had been sitting in a police file folder for years.

"Bingo," Bob said to me. "This connects the son directly to the father's money." This was crucial because Johnny O had died with only \$10,000 in travellers cheques in his estate. His son, however, owned or held interest in 48 companies at the tender age of 32. Proving a link between the father's money and the son's assets was essential if we were ever to recover any funds.

The next step was to search for documents in Trinidad, which included going through snake-infested warehouses. I was able to help Bob get access to wherever he wanted to go. Among the documents he found were cancelled diplomatic passports of Johnny O, which proved critical down the road. Bob returned to Toronto in November 1988. The lawyer on the case, Bill Horton of McMillan Binch, launched a lawsuit in the Supreme Court of Canada, on behalf of Trinidad, to recover \$4 million - the \$2 million in bribes from Tesoro, \$1.4 million from the racetrack, and \$575,000 from McDonnell Douglas. Among the defendants named were Johnny O's son and John Rahr.

Later that month Bob, Bill Horton and myself went to McDonnell Douglas in Long Beach California. After lengthy negotiations and interviews, we convinced the man who had been the director of sales for the Caribbean at the time of the bribes to tell us the names of the people he dealt with in the Government. Of course he didn't just give them to us like that. I personally had to threaten him and tell him that if he didn't name the people who were involved in receiving the bribes in the then Government of Trinidad and Tobago, I would personally take steps to ensure that McDonnell Douglas would never sell another airplane to Trinidad in Tobago or other Caribbean islands. When they heard that, they squealed.

The designated advisor, he said, was John O'Halloran. The high official was Francis Prevatt, who had been Minister of Finance at the time of the bribes.

The case was now really opening up. About the same time, John Rahr was located in England. I flew there and found an old man, quite unwell, and obviously not long from death. After hours of discussions in London with his lawyer, he refused to cooperate. Before leaving I said one last thing: "Don't you want to clear your conscience before dying?" At that stage he said, "Give me some time to think about it. Return home and let me think about it." A short while after I had returned to Trinidad he called me and agreed to talk in return for immunity. I immediately

phoned Bob Lindquist here in Canada and Bill Horton and after another ten hours flying we met in London, England and we met with John Rahr and his legal advisor. And what a tale he told.

Rahr revealed, in a deposed statement, that in October 1968 Johnny O demanded US \$2 million, his usual 10 per cent commission, from Tesoro in return for the oil contract. Tesoro then set up a company in Liechtenstein and a bank account for the company in Switzerland.

In 1969 the money was transferred from several New York accounts to an account in Curacao, and then re-transferred to the account in Switzerland. At the same time, John Rahr and a Tesoro executive flew to Switzerland via London. At the VIP lounge in Heathrow airport, O'Halloran showed up and told John Rahr that he'd receive a bank account number just before boarding the plane. He was then to re-direct the money from the Swiss account to that account. This procedure was followed three times until the full US \$2 million had been paid up.

This testimony helped convince the Ontario Supreme Court to freeze John Edward O'Halloran's assets and to provide full disclosure of all his business interests. One item, among voluminous material, twiggged Bob Lindquist's memory. He saw that there was \$1.7 million in an Amsterdam account, for which the signing officers were John Bowen and John Fleet. The name Bowen triggered a memory. Then Bob recalled where he'd seen it - on Johnny O's passport. It was Johnny O's mother's name. And Fleet's handwriting seemed familiar too. Sure enough - it was the same as he'd seen on the back of a cancelled cheque endorsed by John Edward O'Halloran.

This was another big hit - another way of tying the father and son together financially.

In addition to the lawsuit in Toronto, my government decided to pursue recovery from Tesoro in Texas. Bob and I had to fly to San Antonio and other places to meet lawyers there. Our Washington lawyers did not offer great hope because the case they said, was twenty years old, the main culprit was dead and seemingly penniless, and no foreign government had ever won a settlement against a U.S. corporation on U.S. soil, and there was also a statute of limitations concern. But we were not deterred.

By this time Bob Lindquist and Bill Horton had assembled more documentation linking O'Halloran to bribes; and linking Tesoro to illegal payments made to government officials. They showed that the chairman of the board of Trinidad-Tesoro Petroleum Ltd., a lawyer from Trinidad, received a monthly "consulting fee" from Tesoro for eight years. That Francis Prevatt, Minister of Finance was paid a "consulting fee" of US \$120,000, deposited into an account in Canada, just before he became chairman of the government in power, the PNM. And how the Governor General, Sir Ellis Clark, received a free trip, courtesy of Tesoro, to a wine chateau in France, along with use of a private jet.

The evidence revealed that all had advised Tesoro on how to gain advantage when negotiating with the PNM, their own party, and the Government of their own country.

Both of our cases were resolved in 1990. After intense negotiations with Tesoro, involving multi-million law fees to the oil company, they agreed to pay the Government of Trinidad approximately US \$3.3 million.

In Ontario, John E. O'Halloran agreed to pay \$4 million CDN, which included the entire \$1.7 million Bob found in the account in Amsterdam.

The following year the Ontario Supreme Court awarded Trinidad the right to recover up to \$8 million from Johnny O's estate, a moral victory considering he died with no apparent assets.

Although the recovery of approximately \$8 million was welcomed, what was far more important to me was the public acknowledgement of the corruption I'd fought so hard to expose over a decade.

In one way or another the following had all taken a shot at Johnny O: the U.S. Securities and Exchange Commission, the U.S. Justice Department, Touche Ross, Fullbright & Jaworski, which is a major U.S. law firm, a major shareholder's group, and, to some extent, the Government of Trinidad, and all had failed.

But we didn't. Thanks, I must say, to Bob Lindquist and Bill Horton. They took the same information and applied investigative techniques and knowledge of accounting, to prove a link between the bribes and the people who accepted the bribes. In doing so, they demonstrated to me that knowledgeable and skilled people can unravel even the most complex situation and discover - and prove - the truth.