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In the fall of 1997, 24 years after he took control of Chile in a brutal military coup, Augusto Pinochet's reputation was on the mend, at least in some quarters. In 1990, he had surrendered power to civilian, democratic rule, and Chile's economy had undergone sweeping changes that made it the darling of American financial institutions.

Including Riggs Bank.

"You have rid Chile from the threat of totalitarian government and an archaic economic system based on state-owned property and centralized planning," Riggs chairman Joe L. Allbritton wrote Pinochet on Nov. 14, 1997. "We in the United States and the rest of the Western hemisphere owe you a tremendous debt of gratitude and I am confident your legacy will have been to provide a more prosperous and safer world for your children and grandchildren."

The letter released last week by the Senate permanent subcommittee on investigations was one of several admiring notes Allbritton, his wife and another Riggs official sent to Pinochet from 1996 to 2000. The letter, in which Allbritton thanks Pinochet for their "thriving personal friendship," was part of the bank's aggressive effort to cultivate international clients.

Yet even as he wrote his November 1997 letter to the general, Allbritton's employees were taking measures to hide Pinochet's money from banking regulators. Over the next five years, ending in 2002, Riggs would undertake a series of transactions to protect Pinochet's assets from seizure. Ultimately, Riggs was forced into a merger by the scandals surrounding the bank and pleaded guilty to a felony for failing to prevent Pinochet and other international clients from laundering money. Neither the Senate report nor any evidence uncovered by Riggs's own internal investigators links Allbritton in any way with suspicious transactions by Pinochet.

Paul Clark, a spokesman for the Allbritton family, noted that Pinochet and Allbritton only met twice. "It is also worth noting that both of those meetings took place well before any criminal complaint was lodged against Mr. Pinochet," he said.

"It is unfair and preposterous to imply that two meetings and polite 'bread and butter' notes suggest any special relationship between Mr. and Mrs. Allbritton and Pinochet," Clark said in an e-mail. "Let me be clear, no such relationship ever existed, and as implied by the subcommittee's report, Mr. Allbritton at no time managed Pinochet's business at Riggs."

Like so many corporate scandals that destroy companies and careers, Riggs Bank's demise cannot be attributed to one person, not even Allbritton, who ruled Riggs with an iron fist for 20 years until he retired in 2001. Allbritton's relationship with Pinochet was but one ingredient in a destructive stew.

The Culture of Riggs

So far, no evidence has surfaced that anyone, from the board of directors to the lowest clerk who cut illegal cashiers checks for Pinochet, ever questioned the rightness, or the real financial risk, of doing business with a man many think is directly responsible for the murder of thousands of leftists in Chile and elsewhere. Those deaths include the murder of former Chilean ambassador Orlando Letelier on the streets of Washington in 1976.

"[The bank] knew that other people would think what we were doing was wrong, but we disagreed, so we hid it," said one senior bank official with knowledge of Riggs's history with Pinochet. The official spoke on the condition of anonymity because he was not authorized to speak for the company. "It's not that any one believed they were doing something wrong and did it anyway. They didn't believe it was wrong."

Yet such sentiment only explains what happened at Riggs to a point. There was nothing in itself illegal about being Pinochet's personal banker. But illegally helping him hide his money is another matter. (Riggs pleaded guilty in January to failing to report suspicious transactions by Pinochet and another client, Equatorial Guinea.) Riggs's failure appears to have required a culture and environment where multiple people dissociated their own ethics from their conduct, whether out of fear of being perceived as not a team player or some other reason, said Jeffrey A. Sonnenfeld, associate dean of executive programs at the Yale School of Management. Sonnenfeld said he thinks corporate corruption is often a byproduct of broader cultural problems within a company.

"There's a deeper, darker set of issues in these breakdowns," Sonnenfeld said. "People know right from wrong. You don't need morals training to know what you're doing is wrong. There's often a group-think mentality, where the notion of diffusion of responsibility sets in. It's often coupled with a super-charged confusion of the group, where it becomes impossible to consider alternatives or voice dissent."

A 2003 survey of 100 senior and mid-level Riggs managers asked pointed questions about the Riggs culture. Current and former Riggs executives familiar with the survey said the results had a common theme: a "fear of expressing opposing views" said one; "don't stick your neck out" said another. The survey was summarized by sources familiar with the results. Henry D. Morneault, a Riggs executive vice president who joined the bank in 2001 and has worked with Allbritton for more than 20 years, told internal Riggs investigators in an interview last September that Riggs had cultural failings with respect to its high-profile international clients, such as Pinochet. He attributed the culture, in part, to his boss, Allbritton.

International banking, which Allbritton doted on and had the most direct participation in, had a "systemic problem" with compliance with regulations, including anti-money laundering laws, Morneault told investigators. In the international division, employees also lived in "fear of reprisal and of losing their jobs" if they lost a client, Morneault told investigators.

Morneault, according to sources with knowledge of the interview, attributed this fear directly to Allbritton, saying employees conducted business "never wanting to upset the chairman."

Morneault, through a Riggs spokesman, declined to comment.

The person directly responsible for the Pinochet account, Carol Thompson, was considered a star by Allbritton, according to current and former executives at the bank. She ran her Latin American group "like a small fiefdom. She was feared," said one person familiar with the division's operations. She tightly controlled information about her clients. According to Riggs documents, she reported on the Chile and Pinochet relationships directly to Allbritton, often making an end run around her direct supervisor, Raymond M. Lund.

Thompson left the bank in May 2000 to join her husband, a state department employee who had been assigned to Argentina. When she left, Allbritton, according to internal bank documents and current and former bank officers familiar with the transaction, authorized a special \$25,000 bonus for Thompson. Riggs kept her on the payroll during her two years in Argentina, though she only made a few client calls. She returned to Riggs in 2002, only to quit in June 2003 as the company began implementing new compliance measures in international banking.

Through her lawyer, Thompson declined to comment.

Pinochet was not the only controversial client the bank wooed. Its largest international account was for the oil-rich West African nation of Equatorial Guinea and its ruling family, which has been widely accused of human-rights abuses. The manager of that account, Simon P. Kareri, was also considered a star at Riggs until he was fired in 2004 as part of an investigation into fraud involving those accounts.

Wooing Chilean business

Letelier's murder shook the Washington diplomatic community to its core, and even 15 years afterwards Riggs's embassy banking department could hardly have been unaware of the public-relations risk associated with having Pinochet as a client. Indeed, an August 2000 memo by Michael Cantacuzene, then a member of Riggs's international banking group, details the possible damage to the reputation of the institution should the relationship become publicly known.

Cantacuzene, who no longer works for Riggs, declined to comment.

This fear of exposure was coupled with senior management's attitude toward providing banking service for politically controversial world figures. A transcript of a January 2000 meeting of Riggs Bank's board, portions of which were read to a reporter, shows that the board discussed the Pinochet relationship. Allbritton told fellow board members that Riggs would take "anybody's business," regardless of their political leanings, and that it wasn't the bank's job to base its relationships on a client's political persuasion.

Pinochet seized power in a 1973 military coup that included the death of leftist president Salvador Allende. He resigned as president of Chile in 1990, and resigned as commander in chief of the country's military in 1998. During a trip to London that year, he was put under house arrest pending his extradition to Spain to face charges of torture against Spanish citizens in Chile during the 1980s. A Spanish court also issued a freeze order on Pinochet's assets around the world, though institutions outside Spain that held Pinochet money, including Riggs, widely ignored the order because it wasn't properly served. In 2000, the British government rejected Spain's extradition request, and Pinochet was allowed to return to Chile.

The Pinochet accounts at the crux of the Riggs scandal can be traced to a Nov. 3, 1994, internal memo from Thompson, head of Riggs's Latin American banking.

The memo is typical internal corporate scratch, a mid-level manager reporting to her superiors about a client call. In this case, the client was Pinochet. Thompson describes an October 1994 trip that she and two other senior Riggs executives, Timothy Coughlin and Paul Cushman, took to Chile to thank that country's military for recently returning its "official" accounts to Riggs from a Canadian bank after more than 15 years. Thompson said the military had moved its money to Canada in the 1970s, "directly related to the assassination of Chilean Ambassador Letelier in 1976. In July 1994, the official accounts were brought back to Riggs."

Thompson then wrote, "We also offered our personal banking services to General Pinochet and stated we would also be pleased to make our services available to officers of the Chilean military."

What many executives inside Riggs, including Allbritton and Thompson, apparently did not know was that Pinochet had had money at Riggs since at least 1981, under aliases and using other military officers as fronts, at the bank's international banking operation in Miami. In fact, in 1994 only a handful of bank executives knew that Pinochet was already a longstanding client, using names such as "Daniel Lopez" or "Jose Ramon Ugarte."

Thompson joined Riggs in January 1994, when Chile's military was not an official client of Riggs. She soon changed that. Described by other Riggs executives as a hard-charging and competitive banker who quickly gained the favor of Allbritton, Thompson spearheaded an effort that would make Pinochet and the Chilean military one of the biggest clients in Riggs's international division.

Thompson's 1994 memo marks the beginning of an all-out charm offensive by the company and its senior executives to keep Pinochet and his senior officers happy. Allbritton, also Riggs's largest shareholder, was a star player in this effort. At Allbritton's level, it took the form of admiring personal letters and swank international meetings. It was part of a concerted effort to boost the bank's international business after the company was badly wounded by the local commercial real estate market in the early 1990s.

Riggs's targets were both Pinochet and the Chilean military. The sales pitch was successful, and by 2002, Riggs had combined deposits and loans in Chile of more than \$100 million.

Riggs conducted the Chilean campaign mostly by personal meetings in Chile and through correspondence, according to bank documents. Delegations of senior managers made seven trips to Santiago, in 1994, 1996, 1997, 1998, 1999, 2000 and 2002. Allbritton -- often accompanied by his wife Barbara, also a Riggs Bank director -- led the delegations in 1996, 1997, 2000 and 2002, and met Pinochet at two of them, in 1996 and 1997.

Robert L. Allbritton, Joe's son and chairman of Riggs Bank after his father's retirement in 2001, accompanied Riggs executives on the 2002 trip, and, while his father and subordinates conducted a series of business and social meetings with senior military officials, Robert spent a few days touring Antarctica as a guest of the Chilean military. That trip to Antarctica appears to be the most interaction Robert had with any of Riggs's Chilean clients.

After these trips, Joe Allbritton, his wife and Coughlin wrote letters to Pinochet and other senior military leaders. Electronic drafts of the letters were recovered from a computer in Riggs's executive offices. In a Feb. 14, 1996, letter Allbritton wrote to Pinochet, he thanked the general for an invitation to a Chilean horse race and a reception afterward where cadets from the Army Calvary School in Quillota put on a demonstration.

His wife also wrote to Pinochet. "The elegant lapis lazuli (a kind of gemstone) box you so kindly gave to me shall be used and displayed with a great deal of pride and pleasure," she wrote in an Oct. 31, 1997, letter addressed to "My dear General Pinochet." "It shall be a reminder of this special time we spent with you during our trip to Santiago."

Coughlin, at the time president of Riggs's holding company, wrote a letter dated Nov. 10, 1997, to Pinochet, again thanking the general for his hospitality and gifts during the recent Riggs delegation to Chile. He particularly thanked Pinochet for a book, "The Crucial Day," a sympathetic account of the Pinochet-led military coup in September 1973 that featured extensive interviews with Pinochet.

"I am just finishing my reading of 'The Crucial Day.' The factual objectivity with which you tell the story of Chile in the early 1970s is both fascinating and instructive. History provides for fair and proper judgment only when the true facts are known."

A Feb. 25-March 4, 2000, Riggs delegation to Chile coincided with Pinochet's triumphal return after two years of house arrest in London. He arrived in Santiago on March 3. Memoranda of the trip make it clear no Riggs officials met with Pinochet.

"Where do I begin to thank you?" Allbritton wrote to another Chilean general when Allbritton had returned to Washington. "You

graced our suite with the sweet smell of beautiful flowers and Chilean wine. You gave us your time on the very eve of the General's return."

By then, however, the legal system was catching up with Pinochet. In early 2000, more than 60 human rights cases had been filed against Pinochet in Chile, and by the end of that summer, Pinochet had been stripped of his parliamentary immunity in the infamous "Caravan of Death" case, which refers to a special military squad that traveled the Chilean countryside in September 1973 hunting down and often killing people known to oppose Pinochet's coup.

Accounts Closed

Virtually every Riggs employee associated with the Pinochet accounts has since resigned or been fired. Joe and Barbara Allbritton resigned their board seats in April; Coughlin quit in May, and Robert Allbritton two weeks ago quit as chairman and chief executive of Riggs holding company and as chairman of the bank. Coughlin, who works at a local money-management firm, did not return phone calls and an e-mail requesting comment.

Riggs was forced by the Office of the Comptroller of the Currency to close its Pinochet accounts in 2002 after the regulator discovered several suspicious transactions. Allbritton, according to bank records, vehemently objected to having to close the accounts.

Yet the relationship, as well as the illegal acts of the bank, remained a secret known only to a few OCC examiners, Riggs executives and directors until July, when the Senate subcommittee released the details of the Pinochet transactions.

Though Riggs has paid more than \$50 million in fines and settlements to shareholders and prosecutors in the United States and Spain, including \$8 million from the bank and \$1 million from the Allbrittons into a fund to benefit Pinochet's victims, in eight months since that July report, no Riggs executive or board member, past or present, has offered any public statement of regret. Contrary to nearly every other major scandal at a public company in recent years, Riggs has offered no public accounting of the events surrounding the company's hiding of Pinochet's money or of the broader failures of its international division that caused Riggs's downfall.

That is not likely to change. Riggs on May 13 will be merged into Pittsburgh's PNC Financial Services Group Inc. Riggs's board will disband, and a more than 160-year-old institution steeped in the early financial history of the United States will cease to exist. At least several hundred Riggs employees are expected to lose their jobs.

Riggs spokesman Mark N. Hendrix said: "People at Riggs have worked tirelessly to work with every investigation in the last year so the government has the information it needs to respond appropriately to the important issues at stake. Riggs has publicly acknowledged its past compliance failures and is focused on moving forward to completing its merger with PNC."

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Perilous in a sentence. up(0) down(1). Sentence count:80+1Posted:2016-12-22Updated:2016-12-22.Â 33. Life here, I could see, was going to be on an even more perilous tightrope than it was in Britain. 34. Meanwhile, the scarred veteran Inman is experiencing his own harrowing, perilous odyssey as the Civil War rages on. 35. A perilous leap to the edge was followed by a difficult scramble over slimy rock faces. 36. No feat was too perilous for him to attempt. 37. Refugees cross the rugged San Ysidro mountains, and it is always a perilous trip. 38. This, though less hazardous than the rape of Persephone, was perilous enough to satisfy the most ambitious. 39. It was a most perilous enterprise,