

The Price Of Bananas

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For American corporations, the rewards of doing business abroad are enormous, but so are the risks. And over the past 25 years no place has been more perilous than Colombia, a country that is just beginning to emerge from the throes of civil war and narco-terrorism.

Chiquita Brands International of Cincinnati, Ohio, found out the hard way. It made millions growing bananas there, only to emerge with its reputation splattered in blood after acknowledging it had paid nearly \$2 million in protection money to a murderous paramilitary group that has killed or massacred thousands of people.

As **correspondent Steve Kroft** reported last year, the victims' families are now suing Chiquita in an American court, and investigators in Bogota and on Capitol Hill are looking at other U.S. companies that may have done the same thing.

From the air, the plains of the Uraba region are carpeted with lush foliage of banana plantations, which have long provided a livelihood for the people of northern Colombia. And for the better part of century, its best known product has been the Chiquita banana.

But since the 1980's, the business of bananas there has been punctuated with gunfire. First, the area was taken over by Marxist guerillas called the "FARC," whose ruthlessness at killing and kidnapping was exceeded only by the private paramilitary army that rose up to fight them. Chiquita found itself trying to grow bananas in the middle of a war, in which the Colombian government and its army were of no help.

"These lands were lands where there was no law. It was impossible for the government to protect employees," says Fernando Aguirre, who became Chiquita's CEO long after all this happened.

Aguirre says the company was forced to pay taxes to the guerillas when they controlled the territory in the late 1980s and early 90s. When the paramilitaries, known as the "AUC," moved in in 1997 they demanded the same thing.

"Did the paramilitaries state, specifically to you, that if you didn't make the payments, your people would be killed?" Kroft asks.

"There was a very, very strong signal that if the company would not make payments, that things would happen. And since they had already killed at least 50 people, employees of the company, it was clear to everyone there that these guys meant business," Aguirre says.

Chiquita only had a couple of options and none of them were particularly good. It could refuse to pay the paramilitaries and run the risk that its employees could be killed or kidnapped, it could pack up and leave the country all together and abandon its most profitable enterprise, or it could stay and pay protection, and in the process, help finance the atrocities that were being committed all across the countryside.

"These were extortion payments," Aguirre says. "Either you pay or your people get killed."

"And you decided to pay," Kroft remarks.

"And the company decided to pay, absolutely," Aguirre says.

There was no doubt in the company's mind that the paramilitaries were very bad people, Aguirre says.

Just how bad was already becoming evident. The paramilitaries, who were funded initially by large landowners, and later by the cocaine trade, not only drove the Marxist guerillas from the area, they tried to eliminate anyone who might have leftist sympathies, from labor leaders to school teachers. Sometimes entire villages were wiped out in the most grisly fashion. Gloria Cuartes was the mayor of Apartado, and witnessed much of it with her own eyes.

"I was a mayor whose job was just to gather the dead," Cuartes says.

In 1996 she went to a school to talk to the children about the violence that surrounded them. While she was there, the paramilitaries arrived and murdered a 12-year-old boy, whose only crime had been to announce their presence.

"They cut off his head, and they threw the head at us," Cuartes remembers. "I went into a state of panic. They were there for four hours, with their weapons, firing shots toward the ceiling. One hundred girls and boys were with me. The children did not scream. They were in shock."

Asked if they said anything to her, Cuartes says, "No. Their language was death. Their message was that if they could do this to children, they could do it to me."

As the atrocities piled up all across the country, Chiquita continued to make the payments to the paramilitaries, viewing itself as a victim of the violence, not a facilitator.

But all of that changed in 2001, when the U.S. government designated the paramilitaries a terrorist organization, making any kind of financial assistance to the group, coerced or otherwise, a felony. Yet Chiquita continued to make the payments for another two years, claiming it missed the government's announcement.

"It was in the newspapers. It was in the Cincinnati Enquirer, which is where your company headquarters is. It was in the New York Times," Kroft points out. "I mean, this is a big part of your business, doing business in Colombia. I mean, how did you miss it?"

"Well, again, I don't know what happened during that time frame, frankly. What I know is, all the data shows that the company, the moment it learned that these payments were illegal in the United States, that's when they decided to self-disclose to the Department of Justice," Aguirre says.

By "self-disclose," he means Chiquita, on the advice of its attorneys, turned itself in to the Justice Department. One of the first things Aguirre did when he became CEO was to stop the payments and sell the company's Colombian subsidiary. The company pled guilty to a felony and agreed to pay a \$25 million fine, but that wasn't the end of its legal problems.

"This company has blood on its hands," says attorney Terry Collingsworth, who has filed one of five lawsuits that have been brought against Chiquita, seeking money for the families of Colombians killed by the paramilitaries.

Collingsworth says the money Chiquita paid for seven years may have kept its employees safe, but it also helped buy weapons and ammunition that were killing other people.

"Are you saying that Chiquita was complicit in these massacres that took place down there?" Kroft asks.

"Absolutely. If you provide knowing substantial assistance to someone who then goes out and kills someone, or terrorizes, or tortures someone, you're also guilty," Collingsworth says.

Asked if he believes that Chiquita knew this money was being used to go into the villages and massacre

people, Collingsworth says, "If they didn't, they would be the only ones in the whole country of Colombia who didn't think that."

"You're not saying that Chiquita wanted these people to be killed?" Kroft asks.

"No, they were indifferent to it," Collingsworth says. "...they were willing to accept that those people would be dead, in order to keep their banana operation running profitably, and making all the money that they did in Colombia."

Collingsworth says he thinks the company should have just picked up and left.

"It's easy for a lawyer to give that type of advice, after the fact," Aguirre argues. "When you have more than 3,500 workers, their lives depend on you. When you've been making payments to save their lives, you just can't pick up and go."

"What did the company think this money was gonna be used for?" Kroft asks.

"Well, clearly to save lives," Aguirre says.

"The lives of your employees?" Kroft asks.

"Absolutely," Aguirre says.

"It was also being used to kill other people," Kroft says.

"Well, these groups were funded with hundreds of millions of dollars. They had the guns," Aguirre says. "They had the bullets. So I don't know who in their right mind would say, 'Well, if Chiquita would have stopped, these killers would have stopped.' I just don't see that happening."

"Do you feel that the company has any responsibility to compensate the victims of the paramilitaries in Colombia?" Kroft asks.

"The responsibility of any murders are the responsibility of the people that made the killings, of the people who pulled the trigger," Aguirre says.

The Justice Department decided not to prosecute any corporate officers at Chiquita, which included prominent businessmen such as former CEO Cyrus Freidheim Jr., who later led the Sun-Times Media Group, and board member Roderick Hills, a former chairman of the Securities and Exchange Commission.

The decision created a furor in Colombia. The country's prosecutor general said he would begin his own investigation, and has threatened to extradite some of Chiquita's executives to stand trial in Colombia.

There's also a Congressional investigation, led by Representative William Delahunt of Massachusetts, who chairs a House Foreign Affairs subcommittee.

Rep. Delahunt has been quoted as saying that Chiquita is the tip of the iceberg.

Asked what he means by that, Delahunt tells Kroft, "Well, I think that there are other American companies that have conducted themselves the same way that Chiquita has, except they haven't been caught."

How many companies?

"Well, there are several," Delahunt says.

Delahunt says he doesn't want to share more information "because I want to give those companies an

opportunity to come before the committee."

60 Minutes did find one person who was willing to name names inside a maximum security prison outside Medellin: Salvatore Mancuso was once the leader of the paramilitaries.

"Chiquita says the reason they paid the money was because your people would kill them if they didn't. Is that true?" Kroft asks.

"No it is not true," Mancuso says. "They paid taxes because we were like a state in the area, and because we were providing them with protection which enabled them to continue making investments and a financial profit."

"What would have happened to Chiquita and its employees if they had not paid you?" Kroft asks.

"The truth is, we never thought about what would happen because they did so willingly," Mancuso says.

Asked if the company had a choice, Mancuso says, "Yes, they had a choice. They could go to the local police or army for protection from the guerillas, but the army and police at that time were barely able to protect themselves."

Mancuso helped negotiate a deal with the Colombian government that allowed more than 30,000 paramilitaries to give up their arms and demobilize in return for reduced prison sentences. As part of the deal, the paramilitaries must truthfully confess to all crimes, or face much harsher penalties.

"Was Chiquita the only American company that paid you?" Kroft asks Mancuso.

"All companies in the banana region paid. For instance, there was Dole and Del Monte, which I believe are U.S. companies," Mancuso claims.

Both Dole Food Company and Fresh Del Monte Produce, which is not affiliated with Del Monte Foods, have issued statements strongly denying that they made payments to the paramilitaries. Fresh Del Monte Produce said its Colombian operation is "limited to a sales office which purchases bananas from independent growers."

"Dole and Del Monte say they never paid you any money," Kroft tells Mancuso.

"Chiquita has been honest by acknowledging the reality of the conflict and the payments that it made; the others also made payments, not only international companies, but also the national companies in the region," Mancuso says.

"So you're saying Dole and Del Monte are lying?" Kroft asks.

"I'm saying they all paid," Mancuso says.

Mancuso has been indicted in the U.S. for smuggling 17 tons of cocaine into the country. He said he was more than willing to tell U.S prosecutors anything they want to know.

"Has anyone come down here from the United States to talk to you about Dole, or to talk to you about Del Monte or any other companies?" Kroft asks.

"No one has come from the Department of Justice of the United States to talk to us," Mancuso says. "I am taking the opportunity to invite the Department of State and the Department of Justice, so that they can come and so I can tell them all that they want to know from us."

"And you would name names?" Kroft asks.

"Certainly, I would do so," Mancuso says.

So far, the only company that has been charged with paying money to terrorists in Colombia is the one that turned itself in.

"Do you think if you hadn't gone to the Justice Department and disclosed the situation, that anything would've happened to you?" Kroft asks.

"Well, Mr. Kroft, if we hadn't gone to the Justice Department, we probably would not be here talking about this whole issue. No one would know about this," Aguirre says.

Since our story aired, Salvatore Mancuso has been extradited to the U.S. to face drug charges, and the Colombian government has stepped up its investigation of Dole. Two jailed paramilitary leaders have corroborated Mancuso's claims that they received protection money from the company.

Produced by Andy Court

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