

Chiquita Says It Paid Terrorists To Protect Workers in Colombia

By JOSEPH T. HALLINAN
And JANET ADAMY

Chiquita Brands International Inc. said that it has paid protection money to terrorist organizations in Colombia to protect its employees there and voluntarily reported this to the U.S. Justice Department a year ago.

The Justice Department, it said, has in turn launched an investigation into the payments and will be "evaluating the role and conduct of the company and some of its officers."

Fernando Aguirre, who has been president and chief executive officer of the Cincinnati company for just four months, called the episode "isolated" and "manageable." Colombia accounts for about 9% of the company's banana volume.

Speaking to analysts during a conference call, he said the company is cooperating with the investigation and doesn't consider itself or its employees to be targets of it. Analysts largely overlooked the disclosure issue in their questions during the call, which also covered quarterly earnings.

Mr. Aguirre said the company has undertaken a review of its operations in other countries and is confident no similar problems exist elsewhere. Chiquita said the disclosure was made in consultation with the board. Mr. Aguirre said he couldn't provide further details beyond those the company disclosed yesterday.

Mr. Aguirre made his statements in a

conference call after the close of the markets. In a statement released yesterday afternoon, the company said it made the disclosure to the Justice Department because the company's management became aware that these groups—which it didn't name—had been designated as foreign terrorist organizations under a U.S. statute that makes it a crime to support such an organization.

The company said it made its disclosure to the Justice Department in April 2003 and requested "guidance." A Justice Department spokesman didn't return calls.

The company said the payments were made by the company's banana producing subsidiary in Colombia "to certain groups in that country which have been designated under United States law as foreign terrorist organizations."

Chiquita said the company's sole reason for submitting to these payment demands was to protect its employees from "risks to their safety if the payments were not made."

Mr. Aguirre didn't say when the payments began, whether they have ended or how much they amounted to. Nor did he say why the company waited until now to publicize its disclosure of the payments.

The disclosure was included in the company's quarterly financial release, in which it reported first-quarter net income of \$19.9 million, or 46 cents a share, down 20% from \$24.9 million, or 62 cents a share, in the year-earlier quarter.