



# BRIBERY BEYOND BORDERS:

## THE STORY OF THE FOREIGN CORRUPT PRACTICES ACT

How scandal, courage, and world politics redefined corporate ethics—and what the origins of the **FCPA** reveal about our ongoing fight against corruption

**Severin Wirz**

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# Introduction

The United States has long sought common ground with other countries in the fight against international corruption. Collaboration between governments to counter corruption makes sense in a global economy characterized by the ease with which money travels seamlessly from one country to the next. If bribery extends beyond borders, then anticorruption efforts to combat it must do the same, often operating at the intersection of foreign diplomacy, economic relations, and international law.

The question we face now is how these coordinated efforts will survive in an emerging new world order. Declining U.S. hegemony, ebbing faith in the benefits of globalization, rising authoritarianism, and the overall breakdown of the liberal, rules-based system have already undone decades of work in the anticorruption field. No single event more clearly marks this incredible transformation than when

Donald Trump, early in his second term as president, announced a pause on enforcement of the Foreign Corrupt Practices Act, the U.S. law at the heart of global efforts to combat corruption over the past half century.

When enacted in 1977, the Foreign Corrupt Practices Act (FCPA) was the first-ever attempt by any country to criminalize bribery outside of its own borders. The statute grew out of a series of embarrassing revelations involving U.S. companies caught bribing high-level public officials around the world. Core to American national identity at the time was the promotion of democracy abroad, both in newly independent countries of the Global South and in established democratic strongholds across Western Europe. Congress worried that U.S. multinational corporations, if left to their own devices, could undermine these key foreign policy interests while simultaneously providing fodder for communist propaganda about the evils of American capitalism. The end result was a statute intended to bolster the reputation of the United States and the free market economy by applying long-standing principles of American anticorruption law to its international business dealings.

In the years following its passage, however, the FCPA has been the subject of continuous iteration, being reimagined and repurposed to reflect America's changing role on the world stage. In the 1980s, mounting U.S. trade deficits would lead to calls for the statute's repeal, but the fall of the Soviet Union by the following decade and the emergence of the United States as the world's sole remaining superpower imbued the FCPA with renewed importance.

Curbing corruption was soon reframed as part of America's efforts to create a truly globalized economy of the future, with focus shifting away from the abuse of power by U.S. companies to the entrenched backwardness of the foreign countries in which those companies now sought to do business. The statute's moral justifications also morphed, becoming less about applying U.S. law to American businesses operating overseas than spreading neutral concepts of the rule of law around the world.

In a post-Cold War context, America initially saw enormous success in achieving both of these objectives. International organizations like the Paris-based Organization for Economic Co-operation and Development (OECD) helped "level the playing field" for U.S. businesses by serving as vehicles through which the language of the FCPA could be grafted onto foreign legal codes and criminal statutes the world over—so much so that by the early 2000s, the FCPA could no longer be described simply as a U.S. law with international applications; it had become a kind of international law unto itself. America's aggressive, extra-territorial legal system proved equally suitable for bringing multimillion-dollar actions against corporations involved in bribery schemes across the globe. This meant vigorous enforcement not only against U.S.-based companies, but also, increasingly, against foreign entities caught in America's jurisdictional crosshairs. By the 2010s, the FCPA had become a multipurpose tool of American overseas legal power, as important to President George Bush's war on terror as it was to President Barack Obama's human rights agenda.

Yet by decade's end, it became clear that efforts to create a truly multinational, FCPA-centric anticorruption legal regime were losing momentum. While almost all countries by then had FCPA-style laws on their books, few had made any progress in enforcing them. Treaties and international summits notwithstanding, the United States largely stood alone in prosecuting transnational corruption, and as enforcement became ever-more concentrated at home, the corporations subject to the long arm of the FCPA were increasingly located abroad. Frustrations mounted on both sides, with American pro-business advocates seeking greater global parity, while detractors outside the United States accused America of engaging in double standards and politicizing the statute for domestic gains. Declining U.S. power and a growing backlash against neoliberal, economic policies further diminished the statute's moral underpinnings, prompting what many came to recognize as a crisis of legitimacy for global anticorruption efforts altogether.

Donald Trump's reelection in 2024 brought this crisis to a head in more ways than one. His February 2025 executive order pausing enforcement of the FCPA to realign the statute with his "America First" policies both signaled an abrupt change to America's approach in combatting corruption over the last several decades and effectively stripped the statute of any of its remaining moral justifications. The Trump administration may yet find use in the FCPA, but only so long as it conforms to the president's narrow, zero-sum view of the world. This includes using

the FCPA more overtly as a weapon to punish those perceived as adversaries to the United States. Anticorruption advocates reeling from the demise of the rule-of-law-based FCPA they once knew must now look abroad to wonder if the vestiges of the legal regime created by the United States has legs enough to go on without it.

All this points to the fact that there likely has never been a better time to revisit the origins of the Foreign Corrupt Practices Act. Much as at the advent of the FCPA, we now find ourselves in a global debate about competing systems of governance, and America once again must redefine its place in the world. For fifty years, the statute has been a bellwether for the U.S. government's influence abroad, as well as its on-again, off-again relationship with regulating large corporations here at home. Concerns around authoritarianism, oligarchic rule and democratic erosion all signal that global corruption will continue to pervade our political lives for years to come. Yet what constitutes corruption remains as contested a concept as it was in 1977—as does the moral righteousness of those fighting against it.

My hope in writing this book, then, is not to monumentalize the FCPA, but to revive its radical aspirations to meet our current challenges. Just as today we have no assurances of the statute's future, it is worth remembering that the path leading to passage of the FCPA some fifty years ago was itself without guarantees. At the time, some of the world's most powerful corporations used every lever available to them within the federal government to prevent

the public from being made aware of overseas bribery. The story of the FCPA is about how those truths came to light, how their exposure gripped a nation, and how they formed a narrative that profoundly changed the way we think about corruption in other parts of the world. Readers looking to find meaning in the statute's history today should, therefore, seek to understand not only the policies and ideas that informed the statute, but also the very ways in which those ideas first took root in the imagination of the American public.

In the pages ahead, you will find both heroes and anti-heroes: journalists, executives, bureaucrats, and politicians who jointly defied the odds and faced great personal risks in bringing forth an entirely new legal concept. Together, the motivations that drove them, the sins that dogged them, and the historical milieu in which they existed—in effect, the drama of their lives—evidence the small miracle that is democracy when operating in real time. The vitality of the statute's legacy today lies as much in the vision of America they once represented as in the black letter law they actually produced. As inheritors of this idea, may their stories grant the FCPA new meaning at a time when the nation, once more, seeks to ensure that its democratic principles endure.





The Pan Am Building in Manhattan seen from Park Avenue in 1980. Five years earlier, United Brands CEO Eli Black had an office on the forty-fourth floor.

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# The Ghost of Eli Black

He loved many people . . .  
It was the one way to hurt everybody.

Philip Fuchs, nephew of Eli Black<sup>1</sup>

## *A CEO's Downfall*

On the evening of February 1, 1975, two days before taking his own life, Eli Black accompanied his wife and two children for a night out at the movies. The family had settled on *Murder on the Orient Express*, a whodunit flick featuring the peculiar talents of Agatha Christie's famously mustachioed Belgian detective, Hercule Poirot. While traveling from Istanbul to London aboard the Orient Express, Poirot is tasked with solving the murder of fellow passenger Samuel Ratchett, a rich American businessman who is killed in his compartment in the middle of the night. As Poirot pieces together a motive, each seemingly random stranger on the train becomes a suspect. Poirot's first big clue comes when he learns that Ratchett was not a retired businessman who'd made his millions selling baby food, as he'd claimed at the beginning of the journey, but rather a

brutal gangster hiding from a former life of crime. A man like that, Poirot remarks, will always have enemies—and so too will his past eventually catch up with him.

But unlike Samuel Ratchett, Eli Black was an actual businessman whose trade was bananas, not baby food. He was also among the top CEOs in the country and a respected philanthropist. His company, United Brands, was the largest producer and marketer of bananas worldwide. In 1974, Black's company was ranked in *Fortune* magazine among the top 100 companies in the world, a veritable food conglomerate, with revenues exceeding \$2 billion and operations that included processed foods, fast-food chains, and meatpacking. Even so, like Ratchett, Eli Black had his share of secrets.<sup>2</sup>

The family was gathered at the Blacks' weekend home in Westport, Connecticut. Eli's wife, Shirley, a professional artist whose work hung in local galleries and small museums, was there, along with their daughter, Judy Nadler, who had come to visit with her husband, Allen, a vice president for a large New York securities firm. Also present was their son, Leon, a twenty-three-year-old student at Harvard Business School who, fifteen years later, would go on to found Apollo Global Management, one of the largest private equity firms in the world. Father and son were close, and before going to the movies, Eli bought Leon a sweater which his son repaid by paying for his father's haircut. On Sunday night, the Nadlers drove Eli and Shirley back to the Blacks' apartment on Manhattan's Upper East Side, and, instead of going back to Westport, the young couple decided to

spend the night on her parents' living room couch.

The next morning—the morning of his death—Black woke early. In fact, he was already showered and dressed in a dark blue suit and patterned tie by 7:00 a.m. Passing his daughter and son-in-law, who were still asleep on the living room couch, Eli slipped into the study and reached for some of the heavier books on his bookshelf, placing them into his oversized, brown attaché case. He then walked downstairs where his company chauffeur, James Thomson, was already waiting for him. It had rained the night before, and the early-morning sky was overcast and dark. Mr. Thomson opened the back door of the company's Cadillac Fleetwood sedan, and Eli greeted him warmly: "Hello, Jim! How was your weekend?"

From Black's apartment on East 79th Street, James Thomson drove the thirty-five blocks down Park Avenue to United Brands' headquarters in the Pan Am building. At its completion in 1963, the building stood as the largest commercial office space in the world and a dominant feature of the Manhattan skyline. Positioned above Grand Central Terminal, the building sits like a giant blockade between two halves of the city: Uptown are the Upper East Side, Central Park, and the luxury shops lining 5th Avenue; downtown, the view stretches toward Union Square, Chinatown, and the tip of Manhattan. After taking over United Brands in 1970, Eli had the company headquarters relocated from Boston to New York and made the iconic building its main office. Mr. Thomson stopped the car in front of the building and opened the door for Black.

“Will this be an ‘in-day’ or an ‘out day’, then?” asked the chauffeur, so he’d know whether to park the car. “This will be an ‘in day,’” Black said.

It was still before 8:00 a.m., and Black rode the elevator alone. When he got out on the forty-fourth floor, the reception area was quiet, dark, and empty. He slid the crossbar to lock the large, double wooden doors behind him and deadbolted a second, emergency door next to it. Then he walked down the hallway to his corner office and locked both of those doors as well.

Like its proprietor, Eli Black’s office was modest and unassuming. Whereas most CEOs of large multinational companies could reason to give themselves correspondingly generous salaries, Black had set his yearly salary at \$200,000, less than half of what most CEOs in his position were making at the time. In the center of the office sat a large, reddish brown wooden desk, behind which rested a photograph of his son, Leon. The walls were decorated with Shirley’s abstract watercolors and oil paintings. Eli removed his coat and hat and placed them neatly on the chair beside his desk. He walked over to the window behind the desk and raised the venetian blinds, revealing a jumble of rooftops, skyscrapers, and water towers. Then, in a single gesture, Eli picked up his large, brown attaché case, heavy with the books he’d packed that morning, and crashed it into the plate glass office window. He swung again, and then again, until the hole was three to four feet wide—large enough for him to squeeze through. Using his hands, he carefully removed some of the more jagged

pieces of glass that stuck out, and then flung his suitcase out the window and watched it fall. Five hundred feet below, Grand Central Station buzzed with the arrival of morning commuters. Eli climbed through the opening and stood on the window ledge. In a moment, he twisted around and let go, his body hurtling forty-four floors to an elevated section of northbound Park Avenue below.<sup>3</sup>

### ***Can a Sensitive Man Survive?***

Why on earth had Eli Black killed himself? Mary Bralove, a young reporter from the *Wall Street Journal*, was tasked with answering that question for her next article. A week had passed since February 3, and the *Journal* wanted a longer feature on what may have driven Black to his death. Black left no suicide note, only a paper found in the briefcase by his body on which he had scrawled “Early retirement—55,” leaving Mary searching for clues.

In the newspapers, tributes for Eli Black had poured in from all around. César Chavez called Black a “just and honest man,” and reports told how five years earlier, when no other lettuce grower would even acknowledge Chavez’s weakening United Farm Workers Union, Black had personally negotiated a collective bargaining agreement with the labor leader. After signing the contract, Black invited Chavez and other union leaders to accompany him to Rosh Hashanah services in Westport, where Chavez had been asked to read a prayer. Journalist Norman Cousins, who had known Black personally through Black’s work on the board of the *Saturday Review*, extolled Black’s “in-

sight, leadership and sense of conscience,” which he said “created an exciting and new ideal for the multinational corporation.”

Born Elihu Blachowicz in Poland, Eli emigrated to America with his parents as a young boy. He grew up in what was then a poor, Orthodox Jewish neighborhood in Manhattan’s Lower East Side. Like ten generations in his family before him, he’d studied to become a rabbi, graduating magna cum laude from Yeshiva University and afterward assuming his own congregation in the hamlet town of Woodmere, Long Island. But after three years, Black felt compelled to pursue another calling: business. He anglicized his name, left the rabbinate, and began attending business school at Columbia University. After graduation, Black went to work for Lehman Brothers, the former investment banking firm. By the age of 32, he had left Lehman Brothers, taken over a small, ailing milk-bottle cap manufacturer called American Seal-Kap Corp., and begun nursing the company back to health. With the company expanding, Black’s breakthrough on Wall Street would come ten years later in the heady bull market of the late 1960s. In the first in a series of gutsy moves, Black bought John Morrell & Co., the fourth-largest meatpacking company in the country and an organization twenty times larger than his own. A short time later, Black aggressively merged that company with the United Fruit Company, the established banana titan, in what was at the time one of the largest share deals in the history of the United States stock market.

Black, the newly appointed head of a billion-dollar com-

pany, continued to maintain deep ties with his religious roots. He remained close friends with Rabbi Jonathan Levine, often spending Saturday afternoons together in Black's garden discussing both spiritual and intellectual problems involved in developing new forms of Jewish worship. Black also generously donated to countless Jewish organizations, although most of the time he did so anonymously. When he wasn't working at United Brands, he sat on the board of several nonprofit organizations, including the Federation of Jewish Philanthropies and the Jewish Museum.<sup>4</sup>

The more Mary Bralove learned about Eli Black, the more confounding and wondrous the tragedy of his death seemed to her. Not only was suicide completely against Black's strong Judaic faith, but the spectacular manner in which he'd chosen to end his life seemed utterly inconsistent with his character. To his friends and family, Eli was a fundamentally private, cautious person—someone who shunned the limelight so much that for years he refused to even allow a picture of himself to be shown in United Brands' annual report. This was not the typical profile of someone who would throw himself out of a forty-four-story window.

For her article in the *Wall Street Journal*, Mary eventually settled on the inner tension she believed Eli Black must have felt in trying to straddle two conflicting worlds—one that valued moral and spiritual well-being, and the other that demanded steadily increasing earnings. Published on February 14, Bralove's article asked what, to her, was the

fundamental question surrounding Black's death: "Can a sensitive man, a man with high moral standards, survive in an uncompromising financial world?"<sup>5</sup> This, like much else surrounding Eli Black's death, was yet another question with no apparent answer.

### *The SEC Takes Notice*

Mary Bralove wasn't the only person trying to understand why Eli Black had killed himself. In the Washington, D.C. office of the Securities and Exchange Commission, Stanley Sporkin, head of the Commission's Enforcement Division, wondered the same thing. Created in 1934 in response to the Great Crash of 1929, the SEC has served as the government's primary regulatory agency to oversee the securities industry and the rest of Wall Street. Holding in his hands a newspaper announcing Black's suicide the previous day, Sporkin telephoned Ralph Ferrara, one of his brightest young investigators, and asked him to come immediately to his office.

Sporkin had first met Ferrara at a lecture he'd given at George Washington University a few years earlier. During the question-and-answer portion of the lecture, Ferrara had impressed Sporkin so thoroughly with his knowledge of securities law that Sporkin asked him on the spot to come work for the SEC.<sup>6</sup> At that time, Sporkin had already served for ten years at the Commission under former SEC Enforcement Director Irving ("Irv") Pollack. Together, Pollack and Sporkin had aggressively applied the securities laws during the 1960s and made more than a few

enemies on Wall Street in the process.<sup>7</sup> When Pollack was promoted to Commissioner in 1974, Sporkin replaced him as director and soon earned himself his own reputation as a tough-as-nails investigator. Described as “direct, vigorous and salty,” Sporkin ran the Enforcement Division with the style of a burly basketball coach.<sup>8</sup> In many ways, he was the antithesis of Agatha Christie’s small, fastidious, and obsessively tidy character, Hercule Poirot. Sporkin’s plain, fourth-floor office was largely barren except for stacks of boxes and papers strewn over an old, decrepit couch patterned in yellows, greens, and blacks—a sofa one of his colleagues once described as “the ugliest piece of furniture ever created by man.”<sup>9</sup> But what Sporkin lacked in tidiness he made up for in a drive to ferret out fraud and insider trading on Wall Street. Within his first year as head, Sporkin’s no-nonsense approach had already earned him a reputation as “the terror of the securities industry.”<sup>10</sup>

Sporkin showed Ferrara the newspaper headline of Black’s death and quickly made his point: “Ralph, guys like this don’t drop out of windows for no reason. I want you to call up and find out what’s going on.” Never having even heard of Eli Black, Ferrara struggled to understand what was being asked of him. Sporkin’s instructions were simple: “figure it out.”<sup>11</sup>

Ferrara guessed that the best place to start might be to simply call United Brands’ people directly and ask them to come meet with him. But when Ferrara called up United Brands’ headquarters in New York, no one answered the phone. Almost the entire office, along with hundreds of

relatives and friends—some of whom had flown in from Israel—were at Manhattan’s Riverside Chapel attending Black’s funeral.<sup>12</sup> The following day, a representative from United Brands returned Ferrara’s phone call. The young SEC investigator asked all of United Brands’ senior management, including its general counsel, chief financial officer, and president, to meet with him as soon as possible. Surprisingly, or perhaps simply because they sensed the urgency of the situation, the officers agreed. They would fly to Washington, D.C. and meet with Ferrara that very same week.

In New York, things had gone from bad to worse at the United Brands offices. Black’s death had sparked an internal battle of succession that had been brewing for months. At a board of directors meeting the day after Black’s funeral, directors could be heard shouting at each other from the hallway. On one side of the dispute was United Brands’ Chief Operating Officer, Edward Gelsthorpe, with whom Black had increasingly clashed and reportedly wanted to fire, partly because Black believed Gelsthorpe had made important decisions behind his back and was turning other employees against him. Since September, Gelsthorpe had begun openly questioning Black’s ability to manage the company. Rumors had even begun circulating that Black was on drugs. The conflict eventually escalated into a rivalry between offices, with Gelsthorpe winning the allegiance of United Brands’ Boston office (the headquarters of United Fruit prior to its acquisition by Black) and Black maintaining the allegiance of the New York office.<sup>13</sup>

Those still loyal to Black refused to make Gelsthorpe CEO after Black's death, but the board failed to reach a consensus on a replacement. Forced to settle on an interim solution, they appointed J.E. Goldman, one of United Brands' directors and group vice president of Xerox Corp., to head the executive and management committees while Gelsthorpe ran the day-to-day business of the company.<sup>14</sup> What hadn't been resolved, though, and what still lay buried beneath the surface when representatives from United Brands flew to Washington, D.C. to meet with the SEC, was a matter that Black had felt truly made him vulnerable—information he believed, if in the wrong hands, could be used to oust him.<sup>15</sup> After Black's death, United Brands' directors feared worse: that the information, if leaked, might land a crippling blow to the entire company.

In the Washington offices of the SEC, Ralph Ferrara met with United Brands' representatives for an entire day, peppering them with questions as to why Black might have killed himself. The company had been under all kinds of stress over the past year—a hurricane that had devastated most of the banana crop in Honduras, a falling stock price, mounting bank debts, and the reluctant sale of a profitable subsidiary—any of which could have contributed to Black's death, and none of which were illegal. As the meeting wore on, Ferrara could think of only one final question: “You know, you guys do business in Latin America. Do you know if anybody was bribing anybody in Latin America, in a way that could have . . . was about to be exposed, and drove him out of the window?”

The question had come to Ferrara spontaneously and without reason. Not only did the SEC not investigate foreign bribes, but bribes to foreign officials were not even clearly illegal under U.S. law. More often, they were simply not discussed. “No,” answered one of United Brands’ representatives. And with that, the interview was over.

### ***Bananagate: The Honduran Bribe***

“What did you do yesterday?” Sporkin shouted at Ferrara over the phone when he arrived at his desk the following morning. Ferrara recounted the interview, admitting that he hadn’t gotten any further in uncovering what had happened with Black. “Well, the Chairman wants to see us in his office, okay?” In SEC Chairman Ray Garrett’s office stood United Brands’ general counsel, along with Samuel Butler, United Brands’ outside counsel from the prestigious law firm of Cravath, Swaine & Moore. Lying to an SEC investigator is a criminal offense, and United Brands had come back to say that they had not correctly recalled the answer to Ferrara’s last question. The correct answer—the one that Gelsthorpe already knew and that Black had feared could be used against him—involved a \$1.25 million bribe the company had paid seven months earlier to one of the Honduran government’s highest officials.

United Brands’ lawyers explained the backstory. In early 1974, amid increasing worldwide oil prices, various countries in South and Central America had formed the Union of Banana Exporting Countries, a cartel modeled after the success of OPEC among oil-producing countries.

In an effort to artificially raise the price of bananas, the governments of Costa Rica, Guatemala, Honduras, Panama, Ecuador, Nicaragua, and Colombia signed the Panama Agreement in March 1974, agreeing to jointly increase taxation on banana exports. In April, Honduras followed up on the agreement by imposing a fifty-cent tax on each forty-pound box of bananas leaving its borders.<sup>16</sup> For United Brands, the tax was potentially disastrous. In 1974 alone, the company had exported more than 30 million boxes of bananas from Honduras, which amounted to over 35 percent of United Brands' total banana supply. Already facing stiff competition from rivals Standard Fruit and Del Monte, the additional cost to export the fruit meant that United Brands would have to pass the tax onto its consumers and risk losing an even larger share of the market.

In August, company representatives met with Honduran Economic Minister Abraham Bennaton Ramos at the Fontainebleau hotel in Miami to try to work out a deal. Bennaton Ramos matter-of-factly told them that he could lower the tax if the company agreed to pay him \$5 million.<sup>17</sup> United Brands' representatives said they would need time to consider the offer, but a few weeks later, the company publicly announced it had reached an "understanding" with Honduras to lower the tax to twenty-five cents per box, with yearly increases beginning in 1975. Unofficially, company officials, including Eli Black, had quietly agreed to pay half of what Bennaton Ramos had asked—\$2.5 million to be paid in two equal installments—to have the tax lowered.<sup>18</sup> The money was paid in U.S. dollars and was

transferred through the Paris branch of the Chase Manhattan Bank in which United Brands' Dutch subsidiary maintained an account. The Paris bank sent an international cable in September to Chase's New York office, directing the New York branch to transfer \$1.25 million—the first installment—into an account in the name of Credit Suisse in Zurich.<sup>19</sup> On their books, United Brands recorded the payoff as “the cost of European sales.”<sup>20</sup>

Sporkin listened carefully to United Brands' story. For the top enforcer at the SEC, the bribe to Honduras presented a novel problem. It wasn't that he'd never dealt with political payments before (he was, by then, well versed in dealing with political corruption); rather, the SEC had never prosecuted a company for bribes paid to a politician *outside* the United States. Foreign bribery was not even clearly illegal under U.S. law. Legal questions aside, the Honduran revelations were coming at a particularly bad time for Sporkin and the SEC, raising sensitive political issues that some felt might better be left undisturbed.

### ***The SEC Story: From Campaign Cash to Corporate Bribes***

A year earlier, after returning from a vacation to Spain, Stanley Sporkin had turned on his television and began watching what it seemed like everyone else in America was watching at the time: the Senate Watergate hearings. The hearings had captured the public's attention, and the attendance of celebrities like John Lennon added a circus-like feel to the entire inquiry. But what interested

Sporkin most about the hearings was not the botched burglary, the mysterious “Deep Throat,” or even President Nixon’s fall from grace; it was the allegations of wrongdoing by some of the president’s corporate backers. When looking into hush money paid to the Watergate burglars, Archibald Cox, the special prosecutor appointed by the Senate to investigate Watergate, also revealed that Nixon’s Committee to Re-elect the President (CRP) had solicited millions of dollars in illegal campaign contributions from major U.S. corporations. In a moment of remarkable clarity and creativity, Sporkin realized that companies that had failed to properly disclose these campaign contributions to investors in their annual reports had probably also violated the disclosure requirements of the 1934 Securities and Exchange Act.<sup>21</sup>

Under U.S. securities law, companies making statements regarding the purchase or sale of their securities are obligated to disclose all information considered “material” to a reasonable investor. On March 8, 1974, the SEC released its first statement on the Nixon political contributions scandal, noting that the Commission intended to treat any conviction against a corporation or one of its officers for an illegal campaign contribution as a “material fact” that the company would have to disclose publicly.<sup>22</sup> But Sporkin believed that the payments themselves, not just any convictions resulting from them, should have to be disclosed to investors. After all, executives who paid illegal bribes were jeopardizing the health of their companies, a fact that would certainly be of material importance to

investors. Sporkin's argument convinced enough people at the SEC for the Commission to create the "Management Fraud Program," a specialized unit within the SEC aimed at detecting managers who used corporate profits for the purpose of engaging in illegal political activity.<sup>23</sup> Under the program, Sporkin's team filed motions to obtain grand jury transcripts of the Watergate prosecutor's investigations and also made direct requests to Leon Jaworski—who by then had replaced Cox as head of the Watergate special prosecutor's investigation—asking that his staff be granted access to any information regarding corporate payments to the CRP.<sup>24</sup>

On October 16, the SEC brought its first bribery-related case against American Ship Building Company and owner George M. Steinbrenner III.<sup>25</sup> Steinbrenner, who had just bought the Yankees baseball team a year earlier, failed to disclose to investors information regarding close to \$120,000 in corporate funds paid to Nixon's 1972 presidential campaign.<sup>26</sup> It was the first of many cases the Enforcement Division would bring over the course of the next several months related to illegal payments to the 1972 campaign, and Sporkin would become the face of those efforts.<sup>27</sup> But not everyone at the Commission welcomed the Enforcement Division's sortie into the world of Watergate. Although the cases generated headlines, some believed that the bribery investigations were evidence of SEC overreach and that the cases were compromising the Commission's long-standing credibility among professionals in the business community.<sup>28</sup> After all, was bribery

really a Securities problem? “The one we had to convince was Ray,” remembered Sporkin, referring to Ray Garrett, Chairman of the SEC at the time.<sup>29</sup> Irv Pollack also recalled the challenges in persuading the chairman: “Garrett’s view was, you know, this goes on all the time, bribery and this other stuff. You can’t get too excited about that.”<sup>30</sup>

So now, on top of the general misgivings about the Watergate cases, there was this additional problem presented by United Brands: whether to go after a company for paying bribes overseas. Not only was foreign bribery not considered illegal under U.S. law, United Brands wasn’t even the first company Sporkin had found paying bribes abroad.

Ten months earlier, Thomas Jones, President and CEO of Northrop Corporation, pleaded guilty to having illegally contributed over \$30,000 to the CRP during the 1972 Presidential election. In the aftermath of that investigation, the SEC received a copy of a report by its external auditors detailing how Northrop had, for many years, been paying off governments all over the world. But Northrop successfully convinced the Department of State to intervene on its behalf, and the SEC agreed not to investigate or publish any section of the report mentioning the overseas payments. Revealing those facts, the State Department explained, risked too much diplomatic embarrassment to the United States.<sup>31</sup>

It is no surprise, then, that United Brands’ team of lawyers tried making a similar diplomatic plea to Sporkin. For years, mostly under Eli Black’s tenure, the company had worked diligently to distance itself from the legacy

of United Fruit's colonialist past and transform the image of the company in Latin America. The company built a medical center in Guatemala and provided key relief in Nicaragua after an earthquake in 1972 leveled much of the capital of Managua.<sup>32</sup> A *New York Times* article written at that time even sang high praise for United Brands' efforts in Honduras:

[I]n a region filled with the incipient change of rising nationalism, where American business-men talk nervously of expropriation and where Latins accuse Americans of meddling in governmental affairs, United Fruit has won considerable acceptance and even a measure of goodwill from the more than 12,500 Hondurans on its payrolls.<sup>33</sup>

In fact, only a few weeks after Black's death, in its March 1975 issue, *Business Management Review* ran a feature article on United Brands with the following tagline: "The people who brought you the banana republics present the hottest game in town: social responsibility."<sup>34</sup> If the Honduran bribes were exposed now, United Brands claimed, the fallout would undo all of that progress. Worse, the Honduran government might use the scandal to expropriate all 28,000 acres of the company's land in the country.

Stanley Sporkin listened to United Brands' story but promised nothing. Under SEC regulations, the Commission would have to conduct an independent hearing to determine whether to keep the bribe confidential. If Northrop

was any indication, however, foreign bribes were simply too politically volatile to pursue. For the time being, the matter would have to remain under wraps, and United Brands' officers would be allowed to go back to New York to try to run their company.

### ***Turbulence at CAB***

As it turned out, the SEC was not the only agency in Washington, D.C. that February to have stumbled into the world of corporate corruption abroad. Across town, William Gingery, Chief of Enforcement at the Civil Aeronautics Board (CAB), was unraveling a corporate cover-up of his own. In late February, Gingery was asked to represent CAB before the Senate Subcommittee on Administrative Practices and Procedures for a routine hearing on CAB's regulatory policies for airlines. While preparing for the hearing, Gingery uncovered something hidden in CAB's files that took him by surprise. Three documents showed that CAB had opened investigations into several airline companies regarding illegal bribes and campaign contributions, and then, for reasons Gingery could not understand, CAB mysteriously closed the investigations.

The discovery shook Gingery to his core. By all accounts, the man was a workaholic who loved his job. At thirty-four years old—just seven years out of law school—he'd already clerked for the Washington State Supreme Court, worked at a Seattle law firm, and been made chief of enforcement at CAB, the federal agency in charge of regulating all com-

mercial aviation. Bewildered and distraught by what he'd found in the agency's files, Gingery went home on February 17 to his one-bedroom apartment in Fairfax, Virginia and began frantically typing a letter addressed to the Senate Judiciary Subcommittee. At times disjointed and rambling, the missive came to twenty pages in length and expressed Gingery's own sense of failure that he hadn't discovered the closed files earlier. Likely already wrestling with depression, the guilt overpowered Gingery, and two days later, police entered his apartment to find him lying in a pool of blood, with a self-inflicted rifle shot to the head.<sup>35</sup>

After his death, newspapers published parts of Gingery's letter to the Senate Judiciary Subcommittee and referred to it as a "suicide memo."<sup>36</sup> Unlike Black, Gingery had been forthcoming, even profuse, in giving the press a motive behind why he'd chosen to end his own life. The memorandum also successfully re-raised questions of corporate corruption in the airline industry, which, like other industries, had been implicated in the Watergate scandal.<sup>37</sup> But even more than awakening old suspicions, Gingery's memo hinted at something new, something *foreign*. He'd written that the political contributions were "merely symptoms of a disease involving subterranean services of money extracted by management for illicit purposes, including payments in foreign countries to nationals of these countries."<sup>38</sup> Suddenly, the ghost of Eli Black was no longer the only specter haunting Washington with tales of bribery and corruption in foreign lands.

Gingery's death spurred CAB to action; three weeks later, on March 12, the agency charged both Braniff Airways

and American Airlines with using corporate slush funds for illegal purposes.<sup>39</sup> What made the CAB suit unique from other political slush-fund cases at the time was the way in which it detailed how Braniff had been making bribes overseas. In order to compete with foreign airlines in South America, Braniff had offered \$749,000 worth of free and discounted trips to South American ticket agents. The company disguised the payments on its account books by improperly recording actual ticket purchases and siphoning purchase payments into a secret account.<sup>40</sup>

It is worth mentioning, however, that neither Gingery's death nor the Braniff suit ever made major front-page news. This is not all that surprising; the idea of bribing ticket agents was really quite tame and irrelevant to most Americans at the time, so the story quickly faded from the public eye. It is nonetheless an important marker in the FCPA story: The Braniff complaint marked an initial step in the direction of prosecuting foreign bribery. It was a bellwether of a changing mood in Washington toward illicit uses of offshore accounts, and by putting those bribes onto the legal radar, the complaint also succeeded in drawing the attention of the SEC.

Seven days after CAB filed its complaint against Braniff, Sporkin's team requested from the Department of Justice any information it might also have regarding illegal payments by Braniff or American Airlines, as well as other airlines, including Continental and Flying Tiger Line.<sup>41</sup> The "subterranean services" Gingery had warned of were finally beginning to see the light of day.

## *Gulf Oil's Hidden Millions*

Since its case against George Steinbrenner and American Ship Building Company in October, Sporkin's Management Fraud Program had been bringing a steady stream of cases against companies that had failed to disclose payments they had made to Nixon's reelection campaign. There was a request for information sent to Ashland Oil in January, then suits against the Minnesota Mining and Manufacturing Company (3M) in February and Phillips Petroleum Company in early March.<sup>42</sup> Around the same time as the SEC learned of the Braniff Airlines case, it had also just brought one of its biggest slush-fund cases to date: a suit alleging that Gulf Oil had falsified records to hide a \$10.3 million secret slush fund in the Bahamas.<sup>43</sup> The \$10.3 million number set new records: It was by far the largest corporate political slush fund alleged to exist by any law enforcement agency since disclosures of illegal corporate campaign contributions began a few years earlier. The size of the fund even drew the attention of other governmental agencies, including the Internal Revenue Service, which soon opened its own investigations into the company for tax evasion.<sup>44</sup>

The Gulf Oil fund also gave Stanley Sporkin and his team a first-hand, up-close look at the underbelly of corporate bribery abroad. Previously, with the Northrop case, Sporkin had only learned of bribery abroad indirectly, through the company's auditors. But with Gulf, Sporkin got to question top officials directly and learn how the bribes worked. Sporkin eventually learned how Gulf wanted to capitalize

the payments in order to avoid having to make income tax deductions in the United States. They had therefore conceived of the idea of making two secret accounts linked to a shell company in the Bahamas. The whole setup was a complicated way to bypass Gulf's outside auditors and also slip past the IRS. Sporkin later recalled this fact as "the diabolical aspect" behind these secret funds—"that they knew exactly what they were doing and that they were violating the law."<sup>45</sup>

But while Sporkin might have begun to understand some of the mechanics behind how these bribes worked, foreign bribery was still off limits. The SEC's complaint against Gulf was therefore mostly vague as to its foreign activities, preferring to focus instead on the \$5.4 million from the fund that was "returned to the United States for political contributions and related expenses, a substantial portion of which was unlawful."<sup>46</sup> As an aside, the SEC noted in its complaint that the remainder of the \$10.3 million "was distributed overseas in cash by Gulf and others," a little detail that went largely unnoticed by the general public and the press.<sup>47</sup> The SEC had given no specifics as to who handled the money abroad, what purpose it had been used for, or even whether the money had been distributed illegally. Nor did it help that Gulf, hoping to deflect attention away from itself as quickly as possible, agreed to settle the SEC suit the very same day.

Similarly, in late March, United Brands publicly filed its annual 10-K report with the SEC, intentionally leaving out any mention of its problem in Honduras. Buried deep

in an audit letter accompanying the report written by the independent accounting firm PriceWaterhouse was a description of the Panama Agreement and the Honduran tax, as well as the following statement:

Certain information has been omitted from this Annual Report on Form 10-K and is being filed separately with the Securities and Exchange Commission, together with an application to the Commission for a determination that such information be kept confidential . . . .<sup>48</sup>

It was the kind of sentence that would signify almost nothing to anyone reading it outside the company. In fact, most of Wall Street focused instead on the company's disconcerting losses that year, which totaled \$71.3 million.<sup>49</sup>

To the general public, then, the United Brands' annual report—much like the Braniff Airways suit and the SEC's complaint against Gulf Oil—gave little hint of any larger underlying problem that companies might be engaged in bribery overseas. Perhaps to the careful observer, clues were starting to appear, but no one could have predicted that in a matter of just a few more days, the whole affair would blow wide open.

### ***Journalists Connect the Dots***

On a weekend in late March, on a beach somewhere in Southern California, Stephen Sansweet, a reporter for the *Wall Street Journal's* Los Angeles office, was enjoying a

favorite pastime: flying his kite. Accompanying Sansweet was an old friend who now worked in public relations but had once been a well-established journalist in Washington, D.C. As the two watched Sansweet's kite rise higher into the sky, their conversation turned to Eli Black. Even though Sansweet wrote mostly about Hollywood and the gaming industry, he had been fascinated by Mary Bralove's article on Black's death and wondered aloud to his friend what might have driven Black to such despair.

"Well," replied the friend, "when are they going to report about the bribes?"<sup>50</sup> Sansweet, dumbfounded, was soon told what was already common gossip among many inside the D.C. beltway: Eli Black's death had led the SEC to uncover bribes to a high official in the Honduran government, and the company was seeking help from the State Department to keep the payments secret. "Holy shit!" Sansweet remembered thinking years later. After coming home from the beach, he rushed to contact an anonymous source he knew who lived in Washington, D.C., a lawyer friend who also had contacts with the State Department and the SEC. The story checked out: In late February, lawyers from United Brands had contacted the Department of State about the Honduran bribe and asked the Department to assist in persuading the SEC to keep the bribes a secret.<sup>51</sup>

Sansweet next called Mary Bralove in New York, and very quickly, the puzzle pieces began to fit together. Bralove had recently read PriceWaterhouse's letter accompanying United Brands' annual report and questioned what the company might be hiding. Together, Sansweet and Bralove

reached out to Kenneth Bacon, one of the *Journal's* most respected reporters in Washington, D.C. Bacon had people he could talk to deep within the Department of Defense and elsewhere in government, and was able, once more, to confirm the story. All three journalists had pieced together enough to know that the bribe was for \$1.25 million and had been made to one of Honduras' highest governmental officials, including possibly President and General Oswaldo López Arellano himself. They also knew that it had been paid in order to lower the banana tax. The reporters presented their findings to the *Journal's* editors, who immediately realized the story's probable significance: This was something new, something foreign, something bound to make huge headlines. They also knew that very soon, they would have to confront United Brands with what they had.

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Back in New York, United Brands' seventeen-member board of directors was still struggling to appoint Black's successor. The situation was quickly becoming dire, with the company teetering on the edge of managerial collapse. At least one board member who tried to act as a peacemaker had quit out of frustration. Another reportedly had ripped a telephone out of the wall when a third director had called into a meeting unannounced to cast a vote.<sup>52</sup> Amid the tumult, the company was wholly unprepared to answer any calls from the *Wall Street Journal*, let alone any concerning Honduras.

Largely leaderless and desperate for help, the company stonewalled the *Journal's* questions and once more reached out to the State Department. For weeks, the Department had quietly been agreeing with United Brands' lawyers: Allowing the bribes to go public *would* be too diplomatically damaging. But the Department had yet to actually go on record with the SEC on the company's behalf.<sup>53</sup> Now, the fact that the *Wall Street Journal* knew about the bribes changed everything; once the story went public, the entire reputation of the United States government in Latin America would be jeopardized. In a wire sent from Secretary of State Henry Kissinger to several State Department embassies in Latin America on March 31, Kissinger wrote:

I have reason to believe a story may break here within the next few days regarding secret seven-figure payments made or promised by United Brands to Honduran Chief of State General López . . . I also have reason to believe the story is substantially correct . . .<sup>54</sup>

The telegram went on to warn the ambassadors that they might soon be forced to explain the U.S. government's position to foreign counterparts and that they should stress that the U.S. position was "that we did not know of the payment and that we condemn such behavior utterly."<sup>55</sup> American Ambassador Phillip V. Sanchez, dismayed by the news, responded to Kissinger the following day that

the story, if published, would be played locally as yet another example of American “Dollar Diplomacy.” “We are braced and will try to pick up the pieces here,” were the Ambassador’s last words.<sup>56</sup>

A few days later, on April 3, Assistant Secretary of State William Rogers wrote United Brands’ counsel to make the separation official. Rogers told United Brands that the State Department would not only refuse to help the company conceal the payment, but that it would openly condemn such bribes as against the interests of the United States.<sup>57</sup> It was clear now, under the weight of public scrutiny, that United Brands was toxic and that no government agency would defend it.

In Washington, the SEC, equally aware of the *Journal’s* imminent story, began to view the situation with more urgency. Sporkin instructed his lawyers to start drafting a complaint against United Brands for violating the 1934 Securities and Exchange Act. Although foreign bribes in and of themselves were not illegal under U.S. securities law, the Commission could charge United Brands with failing to disclose the payments to its shareholders—the same theory Sporkin had used in the Nixon CRP cases. But before bringing any formal suit, Sporkin still needed authorization from the SEC’s commissioners. These five men remained conflicted as to what precedent the SEC might set in extending its jurisdiction into foreign activities.<sup>58</sup> “I have never seen the commission and the staff so divided over an issue,” one insider at the SEC later told a reporter.<sup>59</sup> Regardless, the *Wall Street Journal’s* scoop had

turned the issue into a ticking time bomb. Eli Black and the entire United Brands-Honduras problem was about to be splashed across the headlines of every major newspaper in the country. The SEC needed to respond, and quickly.

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On the morning of April 9, the story finally broke. In bold typeface, the *Wall Street Journal's* front-page headline read: **“Buying Favor: United Brands Paid Bribe of \$1.25 Million to Honduran Official.”**<sup>60</sup>

Authored by Bacon, Bralove, and Sansweet, the article detailed the SEC's investigation following Eli Black's death, hinted that the bribe's recipient might have been General López, and also told of the company's efforts to keep the bribe a secret. The reporters even interviewed the president of Castle & Cooke, the parent company of United Brands' rival Standard Fruit, who called the bribe “deplorable” and promised that his company had never resorted to such behavior in conducting its business abroad.

The afternoon the story went public, the SEC filed a civil complaint against United Brands. But unlike with Gulf Oil, the SEC this time made explicit its allegations of foreign bribes.<sup>61</sup> In addition to the \$1.25 million payment in Honduras, the SEC revealed an additional \$750,000 illegal payment to a foreign government in Europe, which it had discovered from United Brands' auditors.<sup>62</sup> The complaint alleged that the company had not only failed to disclose material information to its shareholders, but

also that it had engaged in substantive fraud under U.S. securities law. United Brands and PriceWaterhouse were forced to revise their previous investor filings in order to explicitly reference the Honduran payment, and the SEC took the further, more drastic step of freezing all trading action on United Brands' stock for five days in order to give the market enough time to digest the news.<sup>63</sup>

The overall result would prove a stunning blow for the company. Federal prosecutors in New York soon opened their own investigation to determine whether United Brands could be charged criminally,<sup>64</sup> and on the New York Stock Exchange, the price of United Brands' shares declined by 21 percent over the course of the next thirty days.<sup>65</sup> It did not go unnoticed that the SEC brought a suit against United Brands only after the *Wall Street Journal* had already made the story public; at least one columnist at the *Boston Globe* openly questioned how the SEC could have allowed investors to trade close to 900,000 shares of United Brands stock in March while clearly already aware of the payments.<sup>66</sup>

But nowhere did the news of United Brands' bribe have a bigger impact than in Honduras.

### ***El Pulpo***

On the morning the *Wall Street Journal* story went public, the Honduran government made its own broadcast on national radio, announcing that news reports in the United States claimed United Brands had bribed a high-ranking official in the Honduran government. By the afternoon,

local daily newspapers were running front-page headlines asking if General López had been the recipient. By that evening, Honduras' council of ministers had organized a seven-member independent commission to investigate the allegations.<sup>67</sup>

The scandal could not have come at a worse time for General López, who had assumed control of the country in 1972 but had recently begun to see his power wane. In late December 1974, a cadre of young, left-leaning lieutenant colonels began demanding changes in the government. Seeking radical agrarian reform, the young colonels viewed López as too conservative to implement the group's goals, and they began to execute a series of political maneuvers to oust older colonels from all key troop commands. By the end of March, a week before the *Wall Street Journal* published its story, López had been forced to step down as commander in chief of the armed forces, although he would be allowed to maintain his title as Head of State.<sup>68</sup>

So, in the immediate aftermath of the United Brands announcement, López was left clinging to his post and vehemently defending his innocence. Honduras's attorney general even announced that the government was prepared to sue the *Journal* for making false accusations against it.<sup>69</sup> Meanwhile, student groups and labor unions marched in the streets demanding that the government nationalize United Brands' properties. Inside the Honduras Maya Hotel in Tegucigalpa, Stephen Sansweet, who had been sent by the *Journal* to continue reporting on the United Brands story, was told to return home.

General López, for his part, tried to project the appearance of control. One *New York Times* reporter who asked a López aide if speculation about the general might further weaken his standing with the army was told defensively, “everything’s normal here. There’s no danger of anything.”<sup>70</sup> In the end, though, López’s fate would be tied to the findings of the independent commission created by Honduras’ council of ministers, which required all top members of the Honduran government to grant the commission authority to investigate their foreign bank accounts. General López’s refusal to cooperate provided all the justification needed for the army’s younger soldiers to take matters into their own hands.<sup>71</sup>

On April 22, nine hours after the commission announced that López had refused to cooperate, the army’s supreme council ordered “Operation Honesty” to depose him.<sup>72</sup> By 10:00 a.m., Honduran radio had announced that the transition had been bloodless and that Colonel Juan Alberto Melgar Castro was the new chief of state. López was allowed to remain at his country home seven miles outside of the capital city but was prohibited from leaving the country.<sup>73</sup>

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The toppling of General López in Honduras would provide a stunning counterweight to the defenestration of Eli Black: Two men, exactly the same in age, entangled in a single bribe. But even the high drama provided by the Honduran coup failed to provide closure to the larger

United Brands scandal. Instead, it only prompted further questions into the company's activities in other parts of Latin America.

News agencies soon reported that United Brands might also have been paying bribes in Costa Rica and Panama, causing Costa Rican President Daniel Oduber Quirós to threaten to ban all United Brands operations in the country permanently unless the company publicly came forward with the identity of the recipients of the bribe.<sup>74</sup> Meanwhile, the *Wall Street Journal* reported that United Brands' \$750,000 bribe in Europe—first mentioned in the SEC complaint—had been paid to someone inside the Italian government, setting off an internal crisis of confidence in that country as well.<sup>75</sup> Despite all efforts, the United Brands scandal just would not go away.

In “La United Fruit Co.,” Chilean poet Pablo Neruda wrote of a company that “attracted the dictatorship of flies.” The United Brands scandal had seemingly reawakened the mythical United Fruit of old, which had so often been referred to derisively by locals in Latin America simply as “El Pulpo”—the octopus. How many more governments were ensnared within the tight grip of El Pulpo's far-reaching tentacles was still unknown.

### ***The Road to Reform***

Back home, the United Brands scandal was sending shockwaves throughout the U.S. government. A day after the *Wall Street Journal* published its story, Senator Frank Church, a Democrat from Idaho and Chairman of the

Senate Subcommittee on Multinational Corporations, announced that his staff was exploring whether to hold closed-door sessions with officials from United Brands to study the problem of “questionable foreign payments.”<sup>76</sup> The Subcommittee also announced that it hoped to interrogate officials from Gulf Oil, whose offshore Bahamas account now appeared more ill-boding than when first discovered by the SEC in early March.<sup>77</sup> On April 18, Senator Church sent a letter to SEC Chairman Ray Garrett asking that his congressional staff be granted full access to any information the Commission had regarding United Brands and Gulf Oil.<sup>78</sup> Four days later, the Watergate Special Prosecution Office, which had closed its investigation of Gulf Oil in late 1973, announced that it too would reopen its investigation of the company.<sup>79</sup>

At the SEC, the United Brands case seemed to have cleared a path for Sporkin and his team to bring other cases involving bribery in foreign lands. On April 16, the Commission at last brought its suit against Northrop Corporation regarding the company’s offshore account.<sup>80</sup> And while the SEC upheld its earlier promise to the State Department not to reveal the countries where Northrop had paid bribes nor to make public the Ernst & Ernst report detailing those bribes, it could not resist naming the foreign consultant Northrop had used in Paris to launder its money, nor publishing the report’s table of contents, which tantalized reporters with such headings as “Special Payment to Iranian Attorney” and “Unusual Payments to Third Parties.”<sup>81</sup> Together with the fact that Northrop’s

settlement statement admitted that the company was studying its payments and sales commissions to foreign agents, most observers, including the *New York Times*, realized “that Northrop, like United Brands, against which the SEC filed a suit last week, might be accused of illegal or unethical actions in foreign countries.”<sup>82</sup>

And so it was that between United Brands, Braniff Airways, Gulf Oil, and Northrop, the American public was finally being made to take stock of a new chapter in the saga of corporate political scandals: bribery beyond America’s borders. “Investigations by the Securities and Exchange Commission into corporate political slush funds have uncovered another area of possible widespread misuse of corporate funds—payoffs to foreign government officials to secure sales or favorable business treatment abroad,” announced syndicated reporter Jack Egan in the *Los Angeles Times*.<sup>83</sup> In the spring of 1975, within the span of just a few weeks following the death of Eli Black, the narrative regarding illegal corporate campaign contributions had shifted dramatically from bribery at home to bribery on a global scale.

That shift continued over the course of the next several months and years, during which time revelations about the number of companies that had offered bribes and the number of foreign officials who had accepted them would both mushroom to dizzying proportions. Scandal begat more scandal. Investigations into Northrop by Congress unearthed even bigger bribes made by Northrop’s rival, Lockheed Corporation. Revelations about United Brands

in Italy prompted investigations into corrupt payments made there by oil giants Gulf Oil, Exxon, and Mobil. Even Castle & Cooke, United Brands' rival that was quoted in the *Wall Street Journal* deriding their behavior as "deplorable," would eventually disclose that it, too, had paid hundreds of thousands of dollars in bribes to government officials throughout Latin America.<sup>84</sup>

By the end of the summer, governments in Bolivia, Italy, Germany, Korea, and Saudi Arabia had all been entangled in accusations of accepting major bribes from U.S. corporations. Within a year, that list also included serious allegations involving the governments of the Netherlands, Sweden, Indonesia, the Philippines, and Japan, leading to embarrassing scandals for heads of government and royal families across Europe, the Middle East, and Asia.

Gingery was right: Corporate corruption was like a disease, and it had spread from the halls of the White House to the doorstep of every presidential palace in the world. In response, Congress would conduct over fifty days of public hearings pertaining to foreign bribery and introduce more than two dozen separate pieces of legislation, culminating eventually in the passage of the Foreign Corrupt Practices Act in December 1977. Those unsavory foreign agents who for decades had lived in obscurity, quietly greasing palms for corporate benefactors, would finally be drawn into the light of day. Agreements made halfway across the world that had once been confined to the privacy of corporate boardrooms and covered up by sophisticated accounting tricks were now, at long last, open to public scrutiny. In one

single leap, America's moment of reckoning with foreign corrupt practices had begun.