

Jack Blum: In the early 1990s I was approached by a guy who was a businessman who worked in the Caribbean. He would sell a variety of things to local merchants and he travelled through the Caribbean and he himself was a citizen, a dual national, the U.S. and St. Kitts. He approached me and he said, would I talk to a group of businessmen on the island of St. Martin who wanted help because they needed to get the guy who had been the top elected official in the Dutch side of St. Martin out of office because he and his family were completely corrupt and had essentially run the island corruptly and it was ruining business, it was ruining the environment and they wanted him out. And would I come down to St. Martin and take a look at what the situation was and see what issues could be put on the table in the coming election?

Naomi Fowler: This is the Corruption Diaries from the Tax Justice Network. I'm Naomi Fowler.

Jack Blum: So I took them up on it and I went to St. Martin. And what I discovered was that a Sicilian by the name of Rosario Spadaro who had come from Sicily, who then had a gambling casino in Nigeria, who then came up to St. Martin and bought a hotel and had casino operations in St. Martin, was kind of ruling the roost. The family in charge of St. Martin, the top elected official, the man who was the top dog was Claude Wathey. And he was Senator in what was then the Netherlands Antilles Senate.

And the casino business was pretty interesting, there were, there were a half dozen casinos. And I went to the casinos and there was nobody there. The staff was there and I, you know, wander in and I go like, what am I doing here? The place is open, the lights are on, but nobody's much gambling. When you see that in casino operations and you look hard and you realize there are no customers, you realize the purpose of the casino is not to get business from people who are gambling, but rather to provide cover for dirty money which can be deposited in the bank as gambling winnings.

The visit to the casinos took me in turn to the airport. And here is an island that had on the Dutch side maybe 20,000 people. And there was an armored car company that had three trucks. I thought that was rather unusual. It might have been appropriate for a grocery store or a bakery or whatever, but not for carrying money around. And instead of going to the casinos, the armored cars were coming to the airport, and they would meet incoming American Airlines flights from San Juan. And mail bags would come flying off, or duffel bags would come flying off the American Airlines flights into the armored cars and over to the local branch of Barclays Bank.

Well, it was obvious to me that what was happening was the casinos were covering cash that was coming in in these duffel bags from San Juan and that was going to be the way they laundered the money and accounted for the fact that the money... allowed them to say the money was legitimate.

Then we came to a, a second adventure, which was that the government announced, and this was just before the real run up to the election, announced that they were going, going to rebuild the airport. And Whathey established an airport commission that was supposed to

build the new airport, handle the contracting, and do all the things necessary to make this airport a go.

Wathey's son began negotiations, and the negotiations turned out to be with a previously unknown Sicilian construction company. And the negotiations were kind of unique in which the people on the airport commission side said your price isn't high enough. So instead of negotiating down, they were negotiating up. And the negotiation *up* was to cover the charge to a consulting firm that would get a fee for the airport project.

The contract that was ultimately signed was pretty straightforward. It said, we'll build you a nice airport. Give us 14 million dollars to begin the project, and everything will be beautiful. Now, normally, in a big construction project it's based on specifications, blueprints, plans and that contract was outrageous, on its face, outrageous.

So now, the guys that hired me said we got to do something about this, maybe you can go to Holland and talk to the people in the Netherlands about what's happening here because this is just off the wall. So, I travelled to the Netherlands and I talked to both the people who were in charge of Netherlands overseas territories and, and here there was this arrangement where it was under the Dutch crown, but self governing, one of these situations not unlike the British have. And I talked to them, and fortunately, while I was in the process of discussing all of this with the Dutch, it emerged that there was a wiretap run by the anti-mafia prosecutors in Sicily, in which there was a discussion of the airport project in St. Martin. And as a result of all of that, the Justice Minister in St. Martin said no, we're not going to allow a Mafioso to be running anything under the Dutch Crown and as far as we're concerned, this contract is junk and they really began to pay attention and crack down.

I also went to the D.A. and I said, have you guys paid any attention to this money laundering problem in St. Martin? They said, no, that's not our problem. I said, what do you mean? It's in the Caribbean, you're the director of operations in the Caribbean. Why isn't it...? Oh, but, but that's handled by our European division. Because it's Dutch. I didn't know whether to laugh or cry, but anyway after a little bit of noise making and string pulling, the guys decided, yeah, it was part of the Caribbean and yeah, they ought to look at it pretty carefully.

We managed to get a lot of the damage undone. And a new government came in and I'm proud to say that one of the consequences is that Rosario Spadaro left behind his casino and moved on to other precincts.

Naomi Fowler: The Corruption Diaries is a production of The Tax Justice Network, made by Naomi Fowler and Jo Barratt. Interviews with Jack Blum were recorded over several days at Jack's home in Maryland by Zoe Sullivan.