

# The Firm of Marc M. Harris

## MEMO

To: Marc M. Harris, Robin Baily, Larry Abraham

Date: January 16, 1997

From: Carl Dilley

Re: The legal status of our current operations

Dear Sirs,

As a person in a purely operations position within the firm it has been brought to the attention of myself and many others in the firm that we are operating illegally according to the opinion of Mr. Baily & Mr. Sambrook based upon their experience and qualifications in Trust and International law. The resignation of one of members of the board without formal announcement or explanation has fostered further the rumors that there are very serious disagreements at the highest levels. Despite whatever attempts at secrecy that normally may be employed you may rest assured that these type of events are public information only a few moments after their occurrence. In the void left by not making any official communication these events are subject to any and all interpretations that may be imagined, no matter how far from reality that may be.

The illegality is specifically in reference to the commingling of and unauthorized loaning of trusteed funds to "The Firm" and third parties. You are the group that comprise the ownership of the Firm and by virtue of that fact set operating and procedural policy to be executed by the operating personnel.

Myself and virtually the rest of the entire staff with the exception of Gilberto Boutin and Anthony Smith do not purport to be experts on the legal and trust issues that have arisen, and are in a position of simply executing the policies of the owners and do not have the requisite facility required to make any intelligent assessment of these issues.

The overt and very public confrontation amongst the senior executives concerning this issue has caused a great deal of anxiety among the staff. They are firstly concerned with a potential liability of doing anything that may be considered illegal, and secondly concerned about the viability of the Firm and ultimately their own personal well-being and jobs.

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In my experience in Latin America I have learned that one of the gravest errors that anyone can make is to assume that the legal issues may be interpreted here as they may be in Britain, the US or anywhere else. We are operating in an independent republic where the laws and regulatory environment and the interpretation of same by local authorities bears little resemblance to what an ex-pat may be accustomed to. For these reasons I would urge you to seek competent and recognized legal advice from local council qualified to write an informed opinion on these issues. I am not personally satisfied that there is anyone within the firm that is in that position due to the International complexities presented in this matter.

It is, in my opinion most urgently required that a policy statement expressing a clear position by the ownership of the company be presented together with explicit and concise instructions regarding the handling of trustee funds to myself and the other departments involved in the management of trust and foundation accounts.

I believe it would go along way toward enhancing team spirit and dissolving the anxiety if this would be accompanied by the legal opinion that supports the policies implemented.

There have also been recent problems in meeting short term financial obligations. A clear policy document and control procedures for treasury operations and management of banking and brokerage accounts based upon recognized strategies for matching short , medium and long term investment and debt obligations would alleviate many of these problems in the future. This should be accompanied by an official appointment and authorization for one department reporting to management to be charged with carrying out the policies established by the you, the owners.

The liquidity problem has caused many people in the organization to call into question the financial viability of The Firm. At present there at least 30 people in the organization that are privy to various pieces of the financial puzzle that make up the corporate and client positioning. Much of this information is subject to interpretation and misunderstanding by personnel unqualified in financial analysis. For these reasons, I believe it incumbent on the owners to present a unified opinion and if not a detailed explanation, some sort of public statement to quell the fears that the firm is imminent financial danger.

It is my intent that this letter provide some insight into the interpretation of recent events by the employees, and that it may serve to aid you in relieving anxieties amongst the staff and help to stop the rumors that can be so damaging.

This letter does not require any official response and is not meant to add to an already burdensome event. If I can be of help in any way in this difficult time please let me know.

Thank you,