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NEWS

Chile Sues Four Banks Over Pinochet Ties

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By [Matt Squire](#)

The Chilean government has filed lawsuits against four banks it says either negligently or deliberately helped former dictator Augusto Pinochet hide \$26 million in stolen funds.

The civil suits filed Wednesday in a Miami federal court, seek unspecified damages that could total in the tens of million from PNC Financial Services Group Inc., Banco Santander, Espirito Santo Bank and Banco de Chile.

The lawsuits follow a March 2005 U.S. Senate investigation that found that the late Pinochet had held funds in Spain's Banco Santander, Espirito Santo Bank of Portugal, Banco de Chile and Washington D.C.-based Riggs Bank. PNC acquired Riggs in 2005, after regulators fined Riggs \$25 million in 2004 for money laundering charges.

The Senate additionally said that Pinochet held accounts with Citigroup, Banco Atlantico, Bank of America, and Miami-based institutions Coutts & Co. (USA) International, Ocean Bank, and Pinebank N.A. Chile may file similar lawsuits against these banks depending on how the other cases proceed, said David Caruso, a former compliance officer for Riggs Bank.

"Through discovery, a lot can come out," said David Caruso, managing director of Dominion Advisory Group, a consulting firm in Centreville, Va. "The public record is clear that there were more banks than just those four that were involved with Pinochet."

Last October, the Chilean State Defense Council said in the country's official gazette that it was moving to reclaim the funds once held by Pinochet in foreign banks, including the four named in the Miami lawsuits. The former dictator died in December 2006, at the age of 91.

The Chilean government may have chosen to go after the four banks specifically because the documented evidence of negligence or willful blindness was stronger, said Michael Diaz, managing partner with law firm Diaz Reus & Targ LLP in Miami, adding that the other institutions may be "on the periphery of liability."

The track record of litigants pursuing banks for negligence has been "mixed," with the majority of cases ending in settlements, said Diaz. In Chile's case, banks may counter that the South American country is to blame for some of its problems, he said.

"The Chilean government is holding itself out as being a victim, but you have to ask yourself: 'At what point did the Chilean government know or should have known what its own president was doing?'" said Diaz. The "contributory negligence" of the Chilean government could reduce any recovery, he said.

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