

Swiss secrets: Richo's mystery Beirut connection

It was three days before Christmas 1994 and Graham Richardson's Swiss bank account needed some fast money. He had just over a week to raise \$1 million — that's how much Richardson had told his Swiss banker to transfer out of his secret Zurich bank account at the end of the month.

The money was bound for an account in Beirut in the name of a mystery man, Dennis Jamil Lattous.

The curtain was coming up on



New bank records reveal the Tax Office may not have the full story regarding Graham Richardson's offshore millions. **Shraga Elam** and **Neil Chenoweth** report.

Australia's most notorious corporate whodunnit, the Offset Alpine Printing Swiss share scandal, as the Beirut money transfer triggered a chain of unforeseen and catastrophic consequences that would

end tragically five months later on a clifftop in Sydney.

New Swiss bank records obtained by *The Australian Financial Review* show that much larger sums of money than previously revealed flowed

through Richardson's Zurich accounts.

Richardson, a former Labor cabinet minister and party powerbroker, wasn't commenting this week on the \$4.6 million the *AFR* has tracked flowing through the bank accounts from secret shareholdings in Offset Alpine and Abednego Nickel.

Nor would Richardson comment on how he knew Lattous or why he wanted to pay him \$1 million.

Back on December 22, 1994,

Richardson had a pressing problem: his Swiss account had no money in it to make the cash transfer. Actually it was \$525,000 in the red. It would take \$1.5 million to clear the debt and make the payment to Lattous's account in the Dora branch of the Arab Bank in Beirut.

Richardson's close friend, stockbroker Rene Rivkin, would solve this with some slick share sales.

Continued page 54

Swiss secrets : Richo's mystery

From page 1

Such slick trades would eventually deliver Richardson's accounts more than \$4.6 million over four years. The sums involved are far higher than the \$1.44 million payment at the heart of a tax dispute that Richardson settled two months ago, raising the prospect of further tax problems.

That \$1.44 million was the amount the *AFR* revealed five years ago Richardson had received from a \$26 million payout from shares in Offset Alpine Printing Group that were owned by Rivkin, Richardson and businessman Trevor Kennedy.

The *AFR* revealed that Richardson's money was paid into a sub-account called Cheshire that Richardson operated from November 1997 at Bank Leumi le-Israel as part of a larger Rivkin account called Laira.

The new *AFR* documents show that Richardson held a second, previously unreported, Swiss bank account called Streeton Foundation at finance company EBC Zurich and that he received far more of the proceeds from Offset Alpine than previously realised, of which a major part would go to Lattous.

Richardson has repeatedly denied holding any Swiss accounts, including in sworn testimony to Australian Securities and Investments Commission investigators, who questioned the high-profile lobbyist after the *AFR*'s revelations in October 2003.

Those denials by Richardson made in December 2003 are the basis of an ongoing five-year perjury investigation by ASIC, which is also focused on testimony by Kennedy in 1995.

Richardson is reportedly dismissive of the prospect of any further action being taken against him. "The chances of me ever being charged with a [criminal] offence over this is nought," Richardson said in a media interview recently.

Richardson still maintains, as he told the *AFR* in 2004, that while he may have received gifts or loans from Rivkin, "I never owned the shares, I never owned the bank account. I did an interview with ASIC. I was, as they say, full and frank".

The reality, as shown by the new *AFR* documents, seems nothing like the detached version of events that Richardson recounts. And the signed documents suggest that Richardson might have further opportunities to be "full and frank" with regulators.

They show Richardson repeatedly handwriting and signing instructions that he faxed from Australia or London to Swiss finance company EBC Zurich, which sent large sums of money to mystery locations around the world. It's believed he has told ASIC that he was only following Rivkin's instructions, that it remained Rivkin's money.

For Rivkin, Richardson and Kennedy, such transfers were routine.

But the transfer to Lattous in Beirut in December 1994 would be different. One tiny trading mistake by Rivkin as the money was raised for Richardson would attract the attention of Jim Berry, the man who ran the Australian Stock Exchange's surveillance department.

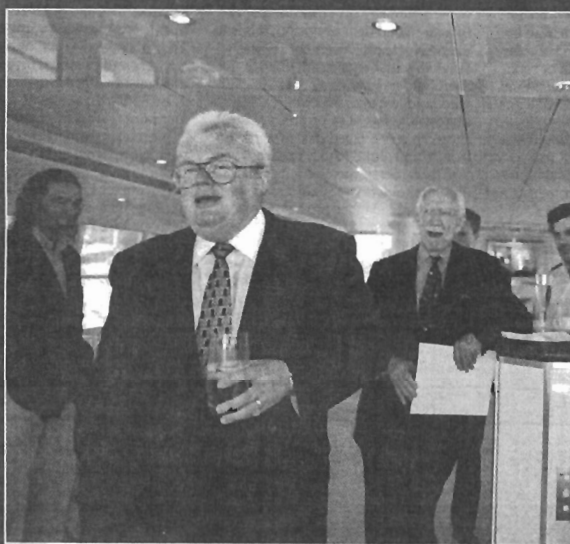
What began as a routine ASX inquiry quickly escalated. Five months later in May 1995, Rivkin, Richardson and Kennedy would be facing financial and personal disaster as Australian Securities Commission investigators threatened to unmask their Swiss holdings in Offset Alpine.

Before it was over something horrible had happened. On June 7, 1995, the day after Rivkin and his personal assistant Gordon Wood had given perjured evidence to the ASIC, swearing they knew nothing about Offset Alpine shares in Swiss bank accounts, something snapped in Wood's head.

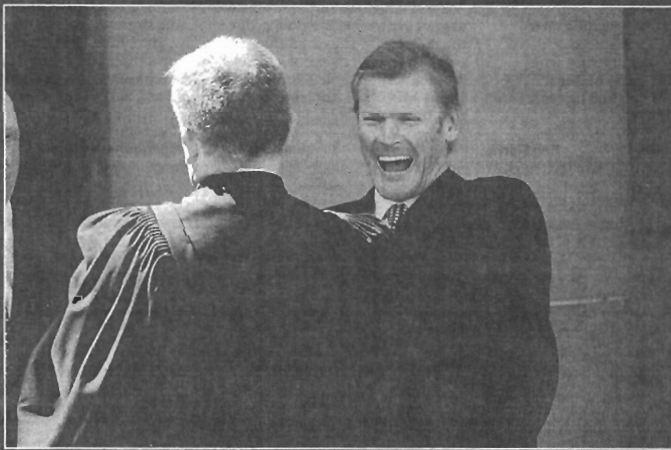
The pressures from the risk of discovery by investigators, adding to the heat of an acrimonious break-up with his fiancée, model Caroline Byrne, produced a murderous rage. Just before midnight on June 7 Wood threw Caroline from the cliffs at Sydney's South Head, in company with a second man who has never been identified.

The tragic chain of consequences had begun with the \$1 million transfer to Lattous. But why was Richardson sending money to Beirut? This was money raised entirely from the proceeds of Offset Alpine shares, paid for

WHO'S WHO



Clockwise from top, Graham Richardson, left, and Rene Rivkin on Rivkin's boat in 1997. Gordon Wood's fiancée, Caroline Byrne, who was murdered in 1995. Gordon Wood pictured earlier this year during his trial for Caroline's murder. Businessman Trevor Kennedy
Photos: MICHELE MOSSOP, LEE BESFORD, ROB HOMER



by a \$53 million insurance payout after a fire 12 months before. What was the driving need to pay Offset Alpine money to Lebanon? What service had Lattous provided in return? And who is he? The *AFR* has been unable to locate Dennis Jamil Lattous. The branch of the Arab Bank into which the money was deposited is part of St Jacques Centre on the Dora highway in East Beirut.

It's possible the name on the cash transfer was mis-transcribed. The building is also head office for a string of freight forwarding and shipping services companies as part of the Lattouf Group, which is run by members of the Lattouf family. However, there is no sign

of a Dennis Jamil Lattouf there either.

Or was Lattous merely an account name, a straw man standing for someone else with an interest in Offset Alpine?

While the *AFR* has held Richardson's Swiss banking records showing his Beirut cash trail to Lattous for some time, for legal reasons they could not be revealed during Gordon Wood's trial, where Richardson appeared as a witness.

ASIC received copies of the documents from Swiss authorities in 2006, but under conditions that prevent ASIC sharing the documents with the Australian Taxation Office.

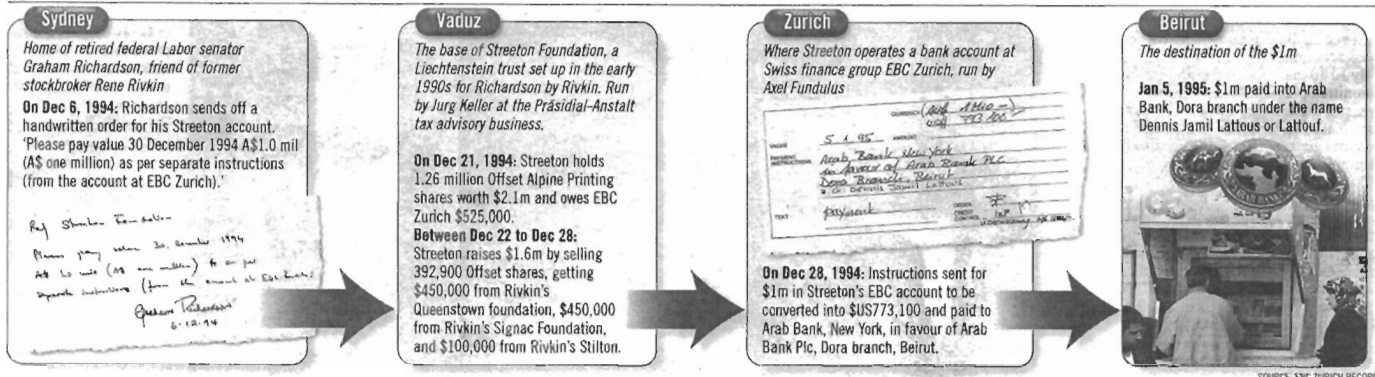
The documents also raise questions about how much Gordon Wood knew of the identities of Rivkin's partners in the Swiss accounts — and who he may be protecting — as he begins a 13-year sentence for Caroline Byrne's murder. Zurich legal circles have been bemused by the failure of Australian authorities to ask for records relating to Rivkin's former assistant.

While Rivkin took his secrets with him when he took his own life in 2005, the new documents obtained by the *AFR* show he made new financial arrangements in the days before Caroline's murder, during and after a trip he took to Zurich with Wood.

Beirut connection

Money-go-round

How \$1m went from a Graham Richardson account to Beirut



These included a \$20,000 payment to an unknown party that Rivkin ordered by telephone on the night of June 6, 1995, the date that he and Wood had been questioned by the ASC, and the day before Byrne died.

The Offset Alpine saga began in late 1992 when Richardson's Labor Right ally, Eddie Obeid, who had interests in printing, approached him about buying a printing business called Offset Alpine from Kerry Packer's Australian Consolidated Press. Richardson flicked the deal to Rivkin, whose sharemarket-listed company Stroika bought the Offset Alpine printing business from ACP in late 1992 for \$15 million and took its name.

Obeid later reportedly said he had an option to buy 20 per cent of Offset, but could not raise the money to do so. His son was a director of Offset Alpine until August 1994. On Christmas Eve 1993, the deal turned into a real windfall when a fire destroyed part of the printing plant, located in the Sydney suburb of Silverwater.

By July 1994, Offset Alpine's insurers had paid out \$53 million in replacement insurance and business disruption costs on old presses that were in Offset's books at \$3 million.

According to testimony presented in Gordon Wood's murder trial in October, in early 1994 Wood had told members of Caroline Byrne's family and a business associate that the fire at Offset Alpine was a "set up" for the insurance and that he himself would receive a large bonus from Rivkin when a major deal went through. The judge, Graham Barr, told jurors there was no evidence to support these claims by Wood.

The insurance payout was a spectacular gain for Offset's shareholders. But who were they?

Rivkin's Australian companies and the Rodney Adler-controlled FAI Insurances both held stakes in Offset Alpine. But another 51 per cent of its stock at the time of the fire was secretly held through Swiss accounts held by EBC Zurich and Bank Leumi.

While in Australia Rivkin maintained he never knew who owned the Swiss accounts, he was more frank when he testified in Switzerland in December 2002 before Zurich District Attorney Nathan Landshut, obviously confident it would never be revealed to Australian authorities — until the AFR lifted the lid in articles published in October 2003.

He told Landshut: "The shares of Offset Alpine which this was originally all about, were for the most part, let's say 81 per cent mine, and about 7 per cent Richardson's. Twelve per cent were held by Kennedy."

"I have explained to you that Mr Richardson had a specific slice of the [Offset Alpine] shares. He held those via the bank August Roth within his own account. I remember I gave Mr Richardson one of my inactive accounts at the Bank August Roth."

Rivkin had set his friend up in the early 1990s with a Liechtenstein foundation, or corporate trust, called Streecon. It was run out of Vaduz in Liechtenstein by Jurg Keller at the Präsidiar-Anstalt tax advisory business.

Streecon Foundation operated a bank account at EBC Zurich (a Swiss finance institution that later worked in a personal union with Bank August Roth, as it did not

have a licence to operate as a bank), run by Axel Fundulus.

Richardson's signature on document after document made it clear he had day to day power over the funds in his two accounts. In March 1997 when one of the transfers he ordered, to Omron Holdings Ltd in Hong Kong, was sent to the wrong account number, it was Richardson who stayed up through the night making calls to fix the problem. The Streecon records from EBC are littered with reference to "Mr Streecon — Graham" or just Richardson.

While Rivkin nominated himself, Richardson and Kennedy as the Swiss shareholders in Offset Alpine, the new banking records obtained by the AFR show there had been earlier payouts from the Swiss accounts, and others who shared in the cash that originated in funds from Offset shares.

The largest of these payouts began on Tuesday, December 6, 1994, nearly a year after the fire, when Richardson sent off a handwritten order to Jurg Keller for his Streecon account:

"Ref. Streecon Foundation
"Please pay value 30 December 1994 A\$ 1.0 mil (A\$ one million) as per separate instructions (from the account at EBC Zurich)
"Graham Richardson 6.12.94."

The payment instructions were not submitted until December 28. The \$1 million was to be converted into \$US773,100, and paid to "Arab Bank, New York, in favour of Arab Bank Plc, Dora Branch, Beirut".

Then two of Rivkin's other EBC accounts, Queenstown and Signac, each transferred \$250,000 to Streecon.

The following day Streecon sold 92,900 shares into the buyback scheme for \$145,000 as the flow of Swiss shares into the buyback picked up.

On December 28, Rivkin was holidaying at the Royal Hawaiian Hotel in Honolulu with Wood and others from the circle of young men at Joe's Cafe in Kings Cross, when EBC Zurich exec Farooq Haq faxed him:

"Dear Mr Rivkin,
"The payment discussed today with Dr A Fundulus is all right [sic] without any further sales of shares. We wish you a Happy New Year!"

Two days later Streecon received another \$500,000 from Rivkin's Queenstown, Signac and Stilton accounts. Richardson's EBC account had now received \$1.617 million.

But the transfer to Dennis Jamil Lattous did not take place until January 5 (it was already January 6 in Australia) just as the share buyback by Offset Alpine hit \$1 million. And the shares sold into it came from the Swiss accounts.

So whoever the mysterious Lattous is, their \$1 million came entirely from Swiss accounts in a neat round robin of events orchestrated by Rivkin.

In addition to the shares held in Streecon that were sold, Rivkin had sold shares to his own Swiss accounts, which then sold them into the buyback, and passed the proceeds to

began worrying that the bonus he had been promised by Rivkin would not eventuate. Caroline Byrne told her father Tony that Rivkin was worried about how much she knew about his affairs.

Wood had travelled to Zurich with Rivkin and a former Rivkin assistant, George Freris, seven months before in August 1994, Swiss sources told the AFR. Rivkin hand-wrote a remarkable bequest there, ordering Bank Leumi's client manager, Ernst Imfeld, to pay Freris \$500,000 in the event of Rivkin's death, noting, "I do not wish my family to know about this bequest".

It's believed that Rivkin agreed to set up a similar bequest and bank account for Wood at EBC Zurich. But as the ASX investigation geared up in early 1995, Wood began to worry that he would lose his job.

When Berry passed his findings to the Australian Securities Commission on April 5, it was clear that Rivkin was the chief suspect as the mystery man behind the Swiss accounts.

On May 3, the ASC rushed to the Federal Court in Sydney to freeze the remaining Swiss shares, worth \$26 million. Four days later Rivkin flew to Zurich with Wood. His first move there was to sign a \$3 million personal guarantee to cover the debt on his EBC Zurich accounts, and almost certainly another guarantee for Bank Leumi, where he owed \$2.3 million.

A source who met Wood in Zurich said he bragged about how much he knew about Rivkin's affairs. It wasn't just talk. When

Windfall: The Offset Alpine building in Sydney after the fire on Christmas Eve 1993. Offset Alpine's insurers paid out \$53 million in replacement insurance and business disruption costs on old presses that were in Offset's books at \$3 million.



But Streecon did not have the cash. It held 1.26 million Offset Alpine shares worth \$2.1 million in December 1994, and it had a \$525,000 margin loan.

Rivkin already had a plan to get Richardson the money. On November 29, 1994, Offset Alpine shareholders had approved a share buyback scheme, under which the company would use cash from the insurance payout to buy up its own shares on the sharemarket.

Two weeks after Richardson wrote his instruction, Rivkin's new broking business, Rivkin Croll Smith (RCS), began buying Offset Alpine shares for the buyback on December 21. By a circuitous route involving Adler's FAI, almost all the shares acquired would come from the Swiss accounts — they would pay for Richardson's Beirut cash trail.

It went like clockwork. On December 22, with the end of the month looming, Streecon sold 300,000 Offset shares to FAI for \$471,000.

Streecon. By January 1995 the deal was done, and Rivkin was enjoying himself with Wood and the others in the swish Bel-Air Hotel in Los Angeles. But unknown to Rivkin, there was a glitch.

In the flurry of trading for the buyback, the Offset share price had moved 1c higher than the range allowed for a buyback. That was all it took to ring an alarm bell in the software that monitors all ASX share trading.

That alarm prompted ASX Surveillance chief Jim Berry to take a look at Offset Alpine trading, where he saw something much more serious.

Over the next three months he traced a circular pattern of share trades between Rivkin's Australian shareholdings, EBC Zurich, Bank Leumi and Rodney Adler's FAI Insurances. Part of this may have been Rivkin, who had owed FAI more than \$10 million in the early 1990s, paying off some debt.

In March 1995, as Berry began asking questions of Rivkin's broking arm, Wood

Imfeld was questioned by Zurich DA Landshut in Rivkin's presence in December 2002. Imfeld referred to a \$41,500 payment that he believed Rivkin had ordered him to make to Wood when he came to Zurich in 1998.

"Rene, you instructed me to hand over this sum to a person, who would visit me... That person may be Gordon Wood."

Rivkin denied this, prompting Imfeld to ask: "Where should I know Gordon Wood from?"

"Because I was with him in Zurich," Rivkin responded.

The least that can be concluded is that Wood had at least a basic understanding of Rivkin's Swiss holdings, and that he made a significant impression on those he met in Zurich. Imfeld could recall him by name seven years later.

But when Wood returned to Sydney he gave sworn testimony to the ASC on June 6, 1995,

Continued next page
FBA 055

Richo's mystery connection

From previous page

that he knew nothing of Rivkin's business in Switzerland at EBC Zurich, that he was there merely to carry the bags. Rivkin also gave evidence he did not know who owned the Swiss accounts.

By 10.30 that morning both men had committed perjury. To do otherwise would have put the \$26 million share fortune in Zurich at risk, on top of Rivkin's \$5 million in personal guarantees. Now they also faced criminal charges if their perjury was revealed.

Prosecutor Mark Tedeschi, QC, told the jury in Wood's murder trial that on the evening of June 7, the day after the ASC interrogation, at the end of a long and bitter argument, Wood knocked Caroline Byrne unconscious or dazed; he removed her watch, her telephone and her purse; and he threw her to her death from the cliffs of South Head, while a second man stood by.

Tedeschi said Wood did it because Caroline was about to leave him, and also because he feared what she might reveal about Rivkin's financial affairs.

Justice Barr was sceptical. In pre-sentencing remarks this month after a jury convicted Wood he said: "I am not satisfied beyond reasonable doubt that the offender's motive was financial."

His reasoning seems extraordinarily naive, though he was restricted to the evidence he had ruled could be put before him.

He appeared to minimise the breaches of Corporations Law relating to disclosure and to takeover provisions that formed the basis of the ASX referral to ASIC. He referred only to ASX officials being concerned that "there might have been breaches of the Stock Exchange rules" in the way Offset Alpine's share buyback was conducted.

Rivkin had no reason to be concerned about the ASC inquiry, Justice Barr concluded, merely because he had said as much in a police interview that he finally agreed to give five years later in August 2000, on board his boat, the Dajoshadita.

The AFR holds Swiss banking records showing Rivkin paid \$4.6 million for the boat in three tranches from his Leumi and EBC Zurich accounts in late 1996 as soon as he received the Offset Alpine proceeds.

During the trial, Justice Barr ruled that Rivkin's 2003 prison sentence for insider trading on an unrelated matter was inadmissible to the jury.

He appears not to have taken this into consideration for his sentencing remarks either, when he accepted at face value Rivkin's denial of insider trading to police.

While Wood went with Rivkin to Zurich, "I am not satisfied that the offender acted other than as an assistant", Justice Barr concluded. "I do not think that he took part in any meetings or even knew whom Mr Rivkin was meeting. I do not think that he knew what Mr Rivkin's meetings were about."

Justice Barr did not read Rivkin's testimony in Zurich — or any of the Swiss documents held by ASIC, which is barred from sharing them with other government bodies.

But Ernst Imfeld's question lingers: how did Rivkin's key Swiss banker get to know Gordon Wood so well?

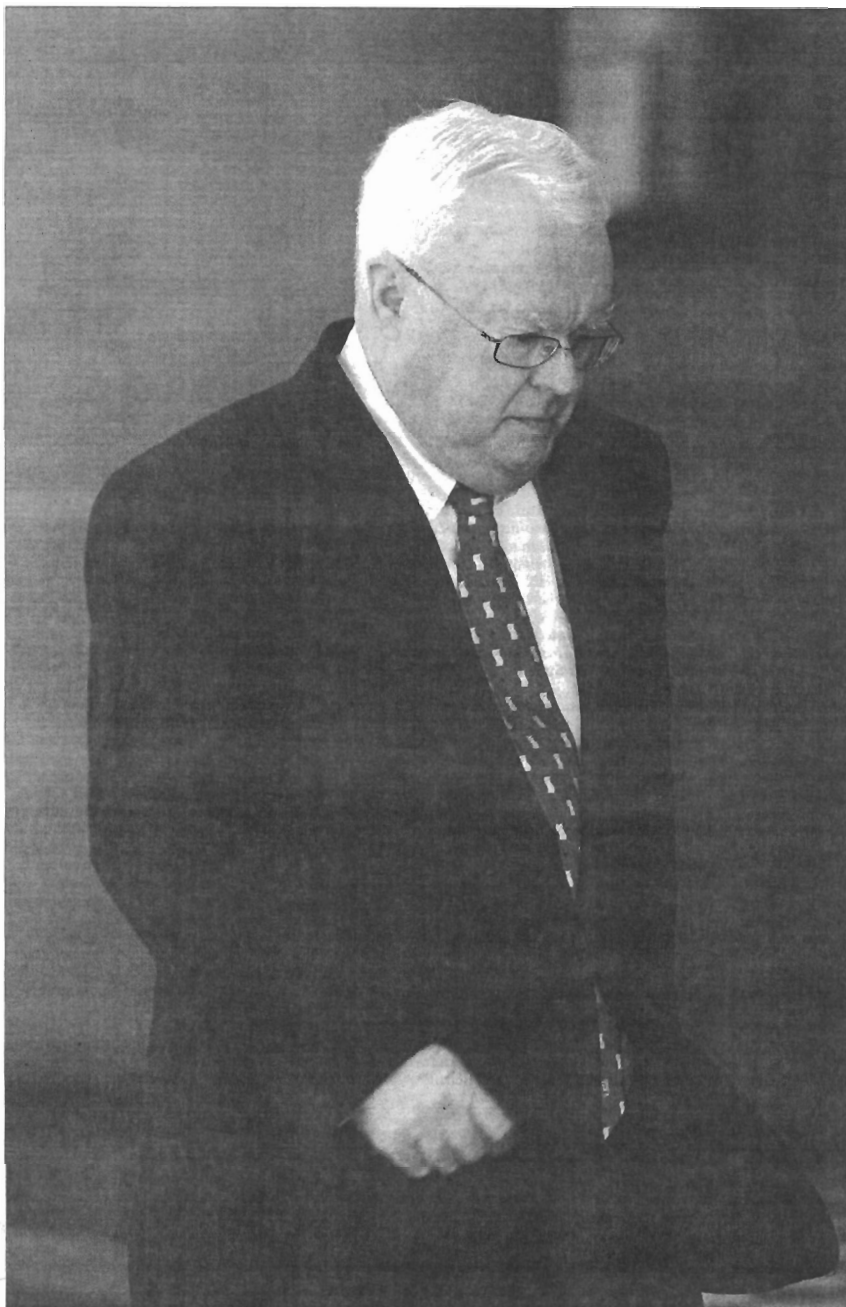
The trial heard repeated references to Wood being seen together with Caroline that day at the Gap with a second man, though whether this was a series of different men or the same person in each instance isn't clear. While the Crown case was that a second man was present when Caroline died, there was "no shred of evidence", Tedeschi said, that Rivkin was involved in the murder.

The Crown case was that the crime was one of passion and was not premeditated.

But if the secret Swiss accounts were a factor in Wood's state of mind that led him to murder, that information could be critical to the long-running murder investigation.

Rivkin did everything he could to hide his secret Swiss accounts from police, refusing to be interviewed by police in 1996, the year after Caroline's death, and lying outrageously when he finally spoke to them four years later, dismissing any concerns over the ASC investigation.

Meanwhile, in December 1995, the ASC investigation hit a brick wall after judge Ronald Sackville ruled that there was no need for the Swiss banks to identify their clients after the Offset shares were sold into a



Former Labor cabinet minister Graham Richardson pictured outside a Sydney court in September. He had been giving evidence in Gordon Wood's murder trial. Richardson has repeatedly denied holding any Swiss accounts.

Photo: LEE BESFORD

The question remains: two months ago when the ATO signed off on its settlement with Richardson, did it know about the second account? And just how high was the settlement?

takeover bid for Offset by another printing group for \$26 million, reflecting his confidence in the integrity of EBC's Axel Fundulus and Leumi's Ernst Imfeld, and their assurances that their mystery clients were based all around the world. Both men would later be convicted of embezzling client funds in unrelated proceedings.

Richardson's Streton Foundation, after receiving \$1.6 million cash in December 1994, disposed of more Offset shares in the buyback for an estimated \$300,000. When Offset was taken over in 1995, Streton's final sale proceeds were a further \$2.1 million.

Action by the ATO in late 1996 kept \$983,000 of this frozen but \$550,000 of this was later released.

In December 1996 Streton invested in Rivkin's new play, Morgan's Gold, later renamed Abednego Nickel, an investment that later realised a further \$1 million profit.

In all, \$3.6 million cash had passed through Streton, with \$1 million going to Lattous in that December 1994 transaction.

Another \$433,000 had ended up with the taxman without reaching Streton.

In addition to this \$3.6 million there was another \$1 million in share trading profits in

Abednego shares that would be realised in Richardson's other Swiss account, Cheshire.

In fact Cheshire was actually a sub-account that Richardson opened in November 1997 when he moved his Streton funds, including a \$1.44 million cheque to Bank Leumi.

The new sub-account was disguised as part of a larger account called Laura that Rivkin had set up. In 2003 when the AFR revealed Richardson had \$1.44 million in undeclared income in Cheshire, he ended up with a \$2.3 million tax bill. Now Streton's total income looks more like \$4.6 million, which could push any tax bill from undeclared income into the stratosphere.

The AFR asked Richardson this week about his role with Streton Foundation, the reason for the \$1 million payment to Lattous, and the flow of funds through the account. But after taking legal advice he declined to comment.

He also declined to discuss his settlement with the Tax Office.

The question remains: two months ago when the ATO signed off on its settlement with Richardson, did it know about the second account? And just how high was the settlement?

nchenoweth@afrr.com.au