



**“It’s the closest thing to a John Grisham
novel, but it’s the real thing”**

The
**Paradise
CONSPIRACY**

Ian Wishart

From the shady cover of a tropical tax haven, they hatched
a billion dollar plan to raid the treasuries of the world,
robbing the poor to give to the rich

The
bestselling
true story that
inspired the movie
SPOOKED



A death, missing computer disks, a winebox full of secret files, a tax haven, alleged extortion, arms dealing, corruption, coverups and criminal fraud, billion dollar deals, kidnap attempts, espionage, secret military operations, death threats, break-ins, a maverick politician...and an investigative television team's battle to expose the truth

"It is the closest thing to a John Grisham novel, but it is the real thing"

– *Waikato Times*

"A Watergate-type tale"

– *NZ Listener*

"...sensational stuff and hard to fault. Wishart is a professional"

– *Bruce Jesson*

"Wishart presents facts he can totally substantiate, and leaves readers to draw some obvious conclusions...compelling, revealing and worrying reading"

– *Bay of Plenty Times*

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ABOUT THE AUTHOR

The Paradise Conspiracy was investigative journalist Ian Wishart's first book, a #1 bestseller with more than 40,000 copies in print and inspiring the movie "Spooked". *The Paradise Conspiracy* formed part of a tetralogy that included 1997's *Lawyers, Guns & Money*, 1999's *The Paradise Conspiracy 2* and which culminated in 2001's *Daylight Robbery*. Wishart and his wife Heidi own and manage the Howling At The Moon Publishing group with interests in book, magazine and online media.

WARNING

All references to alleged fraud or fraud in this book must be considered in the light of the fact that no criminal charges have been brought against anyone in the European Pacific affair or the bloodstock and film partnership investigations referred to within.

The reader should not assume that a person is guilty of any crime until that person has been convicted in a Court of Law. What you read here may be elements of a possible prosecution case, were one ever to be brought, but please bear in mind that you have not heard the defence submission.

THE PARADISE CONSPIRACY

Ian Wishart

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Introduction

Every so often, a story comes along that cries out to be told. This is one of those stories. It has not been easy. Three years ago I began this journey, aided along the way by bankers, lawyers, investigators – an entire zoo of diverse characters. Some require anonymity in this book – the price of disclosure, they argue, would be broken careers and retribution. But they all tell a similar tale, and they tell it only because they learnt to trust an investigative journalist who became swept up in their maelstrom.

The Paradise Conspiracy had its genesis in an investigation by two New Zealand business newspapers into claims of tax cheating. It quickly ballooned into something much bigger, a three year long hunt for the truth that culminated in a television documentary costing nearly a million dollars to air, and ultimately a Commission of Inquiry into the activities uncovered by the television team and whether some of the law enforcement agencies had acted lawfully or competently in their own probes into the alleged crimes.

The lessons learnt apply not just to the people of New Zealand, but equally to those in the rest of the industrialised world. This is a story from the cutting edge of capitalism, the final frontier of finance. What happened here will happen again. And again...

In journeying through this book, the reader should be aware of a number of factors regarding the author's methodology. Firstly, because of European Pacific's desperate efforts to discover the identities of our many informants – in order to gag them with huge writs – I have in many cases altered the names of those people and, where necessary, altered the locations where they were spoken to. Sometimes, to confuse the enemy, nothing has been changed.

Those whose identities have been fudged are referred to in the text by a first name only. To protect those whose information was so sensitive that even a name change won't fool their former colleagues, I have created amalgam characters – a mixture of perhaps two or three individuals whose testimony in this book will be delivered by a single mouthpiece.

What has not been altered, however, is what those people said. In the vast majority of cases the conversations were recorded on audio tape for accuracy's sake and appear in the book verbatim, in the remainder notes

were transcribed immediately after each interview with a time and date noted. In those cases, the quotes are as close to verbatim as has been possible, and where possible or appropriate the quotes have been reconfirmed with those who made them.

Where possible, all external source material is noted in the main body of the text, with the most significant material reprinted in the appendices at the back of this publication. A mentor of mine once exhorted his reporters to remember where they came from and why they were there – “the objective is pursuit of truth,” he admonished, “and sometimes the truth may conflict with your own or your company’s commercial objectives. Do not lose sight of the truth – it is the reason you are journalists, first and foremost.”

It is with a bitter sense of irony, then, that I write this. The truth I am pursuing has caused me to pause several times, caused me to confront the certain knowledge that what is contained within these pages will create enemies where I had none – it may even cost me my career. To fail to reveal what I know, however, would be a betrayal of those who risked their reputations and careers to help me, and a betrayal of the public’s right to know and make up their own minds.

The truth, as defined by New Zealand’s defamation laws, is what a jury believes to be true “in the balance of probabilities” – in other words, is there more than a 50 percent chance that this story is true? You, the reader, are my jury. These are my submissions. It is time to cast the dice into the air; let them fall where they will.

Ian Wishart

Prologue

The Dream Police

“Cause they’re waiting for me,
They’re looking for me,
The dream police they’re coming to arrest me.”
– Rick Nielsen, from the album by Cheap Trick, 1979

The tip had come – as they often had recently – late in the evening, a sleep-shattering phone call with a voice speaking in hushed tones down the line.

“The Serious Fraud Office will rendezvous with one of your contacts, 9:00am tomorrow morning, Aotea Square. Be there.”

I’d caught sight of my quarry a little after nine – the familiar visage of Spook, a source of mine, standing near the middle of the Square and, with him, senior SFO investigator Gib Beattie and another officer, both looking like they’d been tailored by the FBI.

Retreating from my vantage point I slunk back to the car. The camera was on the back seat. All I needed to do was load the film. Please God, I muttered frantically as I slumped into the driver’s seat and swapped the 400mm long lens for a more manageable 210mm zoom, please give me time to roll off a few shots.

I knew Beattie had been talking to Spook for months. I also knew what had been discussed in those conversations. With a Commission of Inquiry underway, a photo of my contact meeting these SFO guys could prove relevant down the line. I hadn’t figured on Murphy’s Law.

“Look,” Spook was repeating to Beattie back in the Square, “I’m not happy about you bringing this guy Steve Drain down here. I don’t know him, and I don’t want to talk in front of him. Besides, I’m worried my car might get a parking ticket. Can we go back down there by the street where I can keep an eye on it?”

And so it was that just as I unpacked the film, Spook walked around the corner with the SFO's Gib Beattie and Steve Drain. My worst stakeout nightmare had just come true. I may as well have hung out a sign saying "Here I Am, Come And Get Me".

Beattie and Drain took a half-step past my car and stopped dead in their tracks. While they couldn't see my face, that could tell that someone in the driver's seat had a camera in his lap. Drain, in one fluid movement, whirled around and opened my passenger door, leaning in as he did so.

"What the hell are you doing here?," he demanded. I clutched vainly at a straw, hoping that Drain was taking a wild guess, that he wasn't an avid watcher of TV news bulletins which have featured my face every week for five years, and that even if he did know who Ian Wishart was, he wouldn't recognise me behind the Ray-Ban Aviators. Fat bloody chance!

"Haven't we met before, somewhere?," he sneered, before adding "I know who you are, now tell me what you are doing down here!"

"None of your business," I retorted, giving up the play-dumb ruse.

Gib Beattie couldn't make up his mind whether to gloat or snarl, so he mixed the two expressions, his ears and nose appearing to twitch in the battle for facial control. His eyes, however, glittered with hate.

"Wishart, you bastard. You bastard! We've got you now!"

I barely had time to react – Serious Fraud Office investigator Steve Drain, a former cop, chose that moment to lunge across the seat in a bid to grab the camera and rip the film out. We fought briefly as I lashed out to stop him gaining a secure grip on the Olympus.

"Back off pal!," I warned as menacingly as I could muster, "You don't have any authority down here." Perhaps realising that entering my vehicle and attempting to snatch the camera had overstepped the mark, Drain beat a retreat from the interior. Beattie, too, was backing away by now, the sneer appearing permanently etched on his face.

"We've got you, you bastard. Your day is coming soon, boy!," he threatened.



It was war on the streets of New Zealand, and the public never knew. Like the plot of a Cold War spy novel, it was a clandestine campaign of dirty tricks, international intrigue, kidnap attempts, death threats, beatings, buggings and break-ins.

In recent weeks I'd become aware that two groups, including a private investigation agency, were shaking every tree they could find to get hold of

a draft of this book. Money was being talked about.

“Would half a million shut you up?,” queried my security adviser after fending off another inquisitive investigator. “If you play it real cunning, you can sell these guys the book rights, and then go and write the movie script behind their backs.”

“Half a mil’s tempting,” I grinned, “but I don’t know whether I’d be able to sleep with myself afterwards. Nah, what the hell, the story’s gotta be told. I’d rather publish and be damned.”

Chapter One

A Cornered Animal

"The TV business is uglier than most things. It is normally perceived as some kind of cruel and shallow money trench through the heart of the journalism industry, a long plastic hallway where thieves and pimps run free and good men die like dogs, for no good reason. Which is more or less true. For the most part, they are dirty little animals with huge brains and no pulse...You can't get away from TV. It is everywhere. The hog is in the tunnel."

— Hunter S. Thompson, 1985

In a television newsroom, adrenalin-pumping deadline-beating tub-thumping breaking news stories don't come along every day. When they do, it's like a feeding frenzy of gremlins in a morgue; duck the flying body parts as each cynical hardnose journalist goes snout-first for the jugular.

Thus it was when New Zealand's most popular politician, a man named Winston Peters, strode purposefully into the country's Parliament on the afternoon of June 10, 1992. Inside his briefcase, a fresh corpse for the media pack to feed on.

Peters had carved a name as a maverick, an unguided missile with a penchant for trouble. Named for British wartime leader Sir Winston Churchill, the Maori boy from the far north of New Zealand spent much of his childhood enduring the nickname Winnie the Pooh. The moniker had obviously taken its toll: to his parliamentary colleagues that afternoon, Winston was the teddy bear from hell.

For years he'd been a kind of political Jiminy Cricket, a carryover from the bad old days prior to New Zealand's great economic experiment of 1984. Peters' National Party, then led by a benevolent dictator in the form of Sir Robert Muldoon, had been tossed from power as voters turned instead to an invigorated Labour Party led by the charismatic David Lange.

As part and parcel of jettisoning the baggage of the Muldoon years, the Labour administration moved swiftly to deregulate the economy – left, right and centre. Farmers – traditional supporters of the blue ribbon National Party – lost their taxpayer funded production subsidies, financial markets were thrown open with no restrictions, overseas investors were invited to browse and shop in “supermarket New Zealand”, where anything, even citizenship, was up for sale.

Such no-holds-barred tariff reduction and openness were brave/foolhardy, considering that no other Western nations had taken such drastic steps. Not to worry, said the Labour Government, we’ll be an example to the rest of the world and lead the way in new right economics. Pretty soon everyone will be doing it.

As a whole, the NZ population fell for it, although a small group, notably people like Peters, cynically compared it to a rather obese, middle-aged individual striding down a beach towards a group of tanned and slim beauties, whilst throwing off every item of clothing in the expectation that the other sexy young things on the beach will do likewise.

In the international game of truth-or-dare, New Zealand was exposing its bloomers to the rest of the world. Unfortunately, other countries misinterpreted this act of magnanimous generosity as a hostile act, and instead, we took an economic hiding in the decade that followed.

Among the few winners in New Zealand: some of the major corporates who took advantage of financial deregulation to act, in some cases almost simultaneously, as advisers to the Government on which state corporations should be sold, and also as purchasers of those same state assets.

New Zealand in the 1980’s was regarded by many as the “Dodge City” of the entire western world. Nowhere, not even Wall Street at its worst, came close to the unregulated corporate gunslinging that took place downunder.

It was against some of their nastier excesses that people like Peters railed, often to little avail. After all, the new right lobby group, the Business Roundtable, was largely responsible for the spirit of a lot of the Labour and, post-1990, National Government policy and legislation.

On this particular June day, Winston Peters had the Business Roundtable firmly in his sights.

As he stood in the chamber, using the protective cloak of parliamentary privilege that prevents MPs from being sued over anything they say in the House, Peters talked of members of the Roundtable asking him to swing in behind the right-wing economic policies of fellow National MP Ruth Richardson. Richardson was the party’s finance spokeswoman, and a sup-

porter of the freemarket policies begun by Labour's Roger Douglas.

Peters claimed the request had come at a meeting way back in October 1989, shortly after David Lange's resignation as Prime Minister. With an election looming, and Peters the country's most popular politician, the business community was keen to see Peters and Richardson bury their differences.

To waiting parliamentarians and the media, all this was old news. What they had all gathered to hear was the name of a prominent businessman alleged to have offered Peters large sums of money.

We had all gathered around the radio in the newsroom. "Give us the name Winston," snapped a producer beside me, "give us the bloody name!"

"He is, Sir, Mr Selwyn J. Cushing, of Brierley Investments Ltd."

It was a bombshell. Speculation had been building for days after Peters appeared on an Australian current affairs show, *Four Corners*, and talked of his dealings with the Business Roundtable, a gathering of the top business leaders in the country and an influential Government lobby group; commercial knights of the realm.

The politician was today informing Parliament what he had told *Four Corners* – that he'd been asked before the 1990 election to visit "...a certain group in the Roundtable."

"I was pretty certain as to what the conversation would be about, and it was about that. It was about my swinging in behind a certain economic philosophy"

The programme continued, Peters explained, with his own claim that after his meeting, he'd been approached with an offer of help.

"And, further, I just as a matter of curiosity said: 'Well, what do you mean by help? Do you mean money?'. And he said 'Yes'. And I said: 'Well, how much?'

"And I nominated a few figures and each figure was agreed to. And I said: 'Well, look, I'm not prepared to sell out the people I represent in either my constituency or nationwide'."

The *Four Corners* documentary had played on Australia's state-owned ABC Network on Monday, June 1. In the intervening days, the government MP had been ripped apart by his National Party colleagues over the claims, and his refusal to name names, Prime Minister Jim Bolger telling his rebel backbencher to "Put up or shut up!"

Finance Minister Ruth Richardson, a longtime foe of Peters', swung in behind Bolger, saying the allegations were so serious that Peters was "morally bound" to produce evidence.

Backed into a corner by his own comments on Australian TV and the

reaction of his colleagues, Winston Peters glanced up at the TV cameras in the parliamentary press gallery overhead, gulped once and unleashed the rest of his speech.

“What was important to me then, as it is now, is how I would have felt about it. The three sums of money that go with the answers to the transcript [of the *Four Corners* programme] are \$20,000, \$30,000, and \$50,000 – not in addition, but alternatively.

“Had I taken the money for my campaign I would have felt no longer free – that there would have been a new element in my mind when considering important economic matters.”

Winston savoured his next line, rolling it out like a *pièce de résistance*.

“I would personally have felt bought. Remember Sir, that the offer of financial assistance was direct: it was a departure from the conventional method of funding for political parties. The man belonged to a company associated with the Roundtable.

“And the man, even if his offer was genuine – and I leave that open and believe it is possible – even if the offer was genuine, was a significant shareholder in a company associated with the Roundtable, and the political tactics of some members of that group had caused me grave disquiet.”

In the Auckland newsroom of *3 National News*, producer Mike Brockie called his gremlins to their battle stations. The Wellington bureau would handle the lead story, a straight report on Peters’ revelations in Parliament. Auckland would do the reaction, reporters Steve Christensen and I had our orders: Find Selwyn Cushing.

Cushing was rich. Personally worth an estimated 25 million dollars, he was a senior executive of corporate highflyer Brierley Investments Limited.

A company directorship check showed Cushing was on the board of 408 companies; even after eliminating some of the double entries on that list he was still obviously a busy and sought-after man.

Like dozens of other journalists around the country, Steve and I hit the phones.

“Good Afternoon, Brierley Investments.”

“Yes hello, Ian Wishart here from TV3 News. We’re looking for Selwyn Cushing please.”

“You and everybody else. He’s out of the office at the moment, can anybody else help?”

“Could you put me through to his secretary please?”

It’s at times like this that the heart sinks, the chance of an easy “kill” diminishes and the prospect of locking horns with that most feared of

beasts – the fractious, suspicious, protective corporate secretary – grows in inverse proportions.

Luckily, Selwyn Cushing's secretary was not one of these creatures. Although obviously tired of picking up the phone every three minutes to hear a reporter grunting at her, she kept her cool and in my case gave me a bonus.

"If you must know, he's in Tahiti on leave, but that's all I can tell you."

There's an advantage to being last cab off the rank, sometimes. As events unfolded, it became clear she hadn't told anyone else that particular snippet of information.

"Tahiti?," queried Christensen, his nose quivering as he adopted a particularly dubious air.

"Why would a multi-millionaire and one of New Zealand's most powerful businessmen go for a holiday in Tahiti?"

"Club Med?," I joked. I was only half joking, actually. Club Mediteranee Moorea was the only resort I could name in the French territory, and then only because my folks had stayed on the island a couple of years previously. What the hell – this close to deadline we had nothing to lose by trying Club Med.

We raced to the recording suite – I manned the phone while Christensen stood by the mic, ready to start interviewing.

"Allo, Club Méditeranee Moorea."

"Bonjour mademoiselle," I blurted in my best schoolboy French, "Je voudrais parler à Monsieur Selwyn Cushing, s'il vous plaît."

"Ah, oui, Monsieur Cushing. Un moment, Monsieur."

When Cushing actually answered the phone, Christensen and I almost let out a big "Oui!" in unison.

The gamble, small though it had been, had paid off, and we had ourselves a scoop. While other media were reporting that Cushing "is currently holidaying overseas at an undisclosed location and can't be reached for comment," we had the Brierley boss in his tropical lair veritably hissing his reaction to Peters' claims.

Describing it as "a disgraceful travesty of the truth", Cushing angrily denied ever attempting to bribe the National MP. As he would later repeat to newspapers and other media, Cushing said he couldn't understand why Peters had singled him out, and he found the allegations "nasty and totally false."

Others sprang to the millionaire's side, including Peters' former researcher Michael Laws, now an MP in his own right in the National Party seat of Hawkes Bay. Cushing was a friend of Laws, and it had been Michael Laws who introduced him to Peters.

It was, said Laws, “a tragic misunderstanding” on Winston’s part, and he added that Selwyn Cushing had been one of the few top businessmen to attack the new right economic policies of Roger Douglas between 1984 and ’87.

Cushing later issued defamation proceedings against Peters – those proceedings are still before the court.

But in the TV3 newsroom on the evening of June 10, 1992, issues of truth didn’t necessarily enter the equation. All we saw were two powerful individuals squaring off against each other – the symbolism was more important than the players, for it reflected a boiling to the surface of tensions that had been building for so long.

After months of watching quietly from the sidelines, we had tasted first blood. I found myself transfixed by the implications, standing in a kind of Aladdin’s Cave of Journalistic Wonders. Somewhere, I knew, we would find the Genie.



On Valentine’s Day 1992, the *National Business Review* published a fairy tale. But it wasn’t the hearts and flowers variety.

“Once upon a time, in a land far, far away...”, teased the headline. So far so good – in newsrooms and corporate office towers right around the country we all grabbed a gulp of coffee and read on, entranced.

“Were there any such place, Wogistani public affairs would be carried out in a manner not altogether dissimilar to those in this green and pleasant isle. Readers will please keep in mind, as a patriotic article of faith, the fact that Kiwi officials are, and forever shall be, incorruptible.

“In Wogistan dwelt Ali Baba, a man well-known among the republic’s pleaders. Ali and his band had friends in high places – in particular a leading legal Vasir ever so grateful to Ali for his help in filling pre-election coffers.

“Ali was a particularly adept tax lawyer – so apt [sic] he could, it was said, get bulldust – if not camel dung – through the eye of a regulatory needle.

“Dozens of well-heeled merchants trod the dusty path to Ali’s door in search of a bit of income protection. Ali and his band devised schemes so cunning they did baffle the fiscal fiend until, one fateful day, Ali and his band overstepped the bounds of what we self-righteous Kiwis would call moral rectitude and, in a rash moment, not only dodged the taxman but defrauded their clients as well.

“As was the fashion of the time, Ali’s colleagues were in the habit of

forming special partnerships for favoured clients and often steered such people towards bloodstock – not ordinary bloodstock, mind, but racing camel bloodstock. But Ali wasn't especially fond of horses. An urbane and sophisticated man, he liked movies.

“So it came to pass that dozens of Wogistani punters were pulled into film partnerships, including one starring the Thin White Duke, who was making part of the movie in Southern Wogistan.

“But unbeknown to the special partners, Ali and his colleagues had persuaded the film commission in a neighbouring country to sink money into the enterprise. Ali was loathe to trouble his clients with this small detail. Their worries, after all, were great enough as it was. It would be so much simpler just to park the money – several million sheckels, it is understood – into his firm's trust account in a tiny tax haven far from the shores of Southern Wogistan.

“But as the years passed it became crystal clear to the Wogistani counterpoint of our fiscal fiend that mischief was afoot. Within his department was a man with more balls than political reticence, who vowed to take Ali and his band to the cleaners.”

Get the picture so far? We did.

“Quietly he began to probe – firstly the partnership itself, and then the partners' trust account tucked away in that far-off tax haven. The harder he probed, the more excited he became.

“Ali and his partners had been to the best schools. They had friends in high places and dined with the most powerful of the vasirs, from whence many favours came. The man from infernal revenue was also growing fearful. How would the Wogistani establishment react to fraud charges against its favourite sons?

“But as it came to pass he worried in vain. It reached the ears of one of the top – and, as it happened, one of the silliest – vasirs that Ali and his band were under investigation. Naturally, the Vasir wasn't pleased. A scandal, especially within the patrician classes, was the last thing he needed. A by-election was nigh, and who was to say how the common herd might react and, even more frightening, who could say where his probing might lead?

“There was nothing for it, the Vasir decided. The man from infernal revenue must be stopped. And so, using loyal lackeys so it could never be traced to him, the Vasir nipped the investigation in the bud.

“Such are the politics of Southern Wogistan. It could never happen in New Zealand.”

Wrapped as it was in Middle-Eastern allegory, it wasn't difficult to spot

the camelprints of one Warren Berryman, or “Wog” to those who knew him well. An irascible, hard-drinking American, Berryman had taken to journalism late in his career – the proverbial jack-of-all-trades. While his stories were sometimes described as a sub-editor’s nightmare, a general rule of thumb was that if Wog was digging somewhere, he’d probably found oil. He had a nose for business news that would have made Pinocchio proud.¹

Around town, word got out about Southern Wogistan. Ears pricked up, eyes darted and claws were sharpened. The fox was heading for the hen house, and the forecast was blood and feathers on the floor.

We didn’t have to wait long. Seven thousand miles and 10 time zones away from Wogistan, the New Zealand Commissioner of Inland Revenue, David Henry, wrote to *NBR* with a reassurance for readers that “investigations into the affairs of taxpayers in this country are a matter for the Commissioner of Inland Revenue. They are carried out without external influences being exerted on the process. While investigations might be ‘nipped in the bud’ for nefarious purposes in Wogistan, that is not so in New Zealand.”

Ouch! Also writing in defence of his realm, the Minister of Justice, Doug Graham.

“Shoeshine’s column of February 14, 1992, describing events that occurred in Wogistan, by innuendo at least, implies some improper coercion during Labour’s era. I am happy to be able to reassure your readers that to the best of my knowledge no such action, if it ever occurred at all, has been repeated since the election of the National Government.”

Ouch! again. This conspiracy theory in Wogistan had me licking my lips in anticipation. The only problem? I had no idea in the slightest what Berryman was on about. While the plot was obvious we had no leads on the players – if they existed – and no real idea where to find them. That defeatist attitude was soon beaten out of us, however, as Winston Peters opened fire in Parliament.

On August 4, 1992, he named Robin Congreve, Geoff Ricketts and Paul Carran – all lawyers associated with the country’s biggest lawfirm, Russell McVeagh McKenzie Bartleet and Co. He accused them of “massive, criminal, fraudulent activity” in the arranging of finance for the movie *Merry Christmas Mr Lawrence*, a film that starred rock performer David Bowie – the “Thin White Duke”. He tabled documentation in the House showing investors who put in a dollar would get more than two dollars back – not

¹ Berryman had left the *NBR* in December 1991, but his colleague, Jenni McManus, still worked there. The article was written one afternoon on Jenni’s back porch, over several beers and the remains of a curry. It was submitted under Jenni’s name. She subsequently left the *NBR* to join Berryman on his new venture, *The Independent*.

from profits but by allegedly raiding the revenue in the form of tax savings. Peters calculated the New Zealand IRD had been “defrauded” of nearly \$11.5 million. He also tabled an Inland Revenue letter dated April 7, 1987, which referred to part of the movie’s financing as a “sham”, and disallowed claimed spending of \$4.6 million by the film partnership.

In particular, the IRD letter advised investors that the claimed expenditure “which represents proceeds from the loan from Charlesbay Ltd is to be disallowed...”

“The loan from Charlesbay Ltd is considered to be a sham, and the purported payments thereto are to be disregarded accordingly.”

Later, the IRD warned each investor.

“Finally, in view of the discrepancies disclosed, it appears that an offence against Section 416 of the Income Tax Act 1976 may have been committed. Please let me have, in writing, your personal explanation of the discrepancies and any reason why you consider that penal action should not be taken against you.”

Peters, of course, went to town on it.

“What immunity from prosecution do those perpetrators of fraud have?” he asked his fellow MPs.

Even former Prime Minister David Lange waded in to back Peters up, telling Parliament “There is a very clear body of evidence that indicates a clear conspiracy amongst those people to produce from the taxpayer more than they ever hoped to get through artistic endeavour.”

By the following day, Inland Revenue Commissioner David Henry had rejected the claims of fraud, telling the Herald the film partnership had been thoroughly investigated by his department.

“I am not alleging that any tax offences have been committed by the promoters or any of the 300 investors in that film,” he told the newspaper. He also backed away from the 1987 IRD letter describing the financing as a sham, saying the letter had later been withdrawn. “By the end of our investigation we were not alleging that the transactions were a sham.” David Henry repeated what would become an oft-heard refrain over the next two years: the public can have complete confidence in the department’s investigations.

Two of the men named by Peters – Congreve and Ricketts – were current directors of the Bank of New Zealand and Fay Richwhite.

Peters had only weeks earlier turned his guns on the Bank of New Zealand bailouts back in 1989 and 1990. The 1989 restructuring saw the Crown sell a 30 percent stake in the bank to Fay Richwhite’s Capital Markets Ltd, for \$300 million, in a bid to stave off a cashflow crisis. The following year, the

incoming National Government had to plug \$620 million into saving the bank a second time.

He criticised the Government decision to buy \$60 million worth of BNZ shares off Fay Richwhite, who might otherwise have struggled to meet their \$160 million share of the restructuring cost. He criticised the subsequent payment of fees to Fay Richwhite and Co for advice to the BNZ on the restructuring, and he questioned Fay Richwhite's own restructuring in August 1990, when it merged with its public listed company, Capital Markets, in a highly controversial deal.

By implicating Congreve and Ricketts in his parliamentary claims of fraud in the film deals, the rampaging MP was attempting to tar and feather both the BNZ and Fay Richwhite. Reaction from Russell McVeagh McKenzie Bartleet and Co was swift, as was the response from Congreve, Ricketts and Carran. All parties denied any fraudulent dealings, and pointed to the IRD's assertion that nothing untoward had taken place. Russell McVeagh also defended Congreve and Ricketts, saying they were simply ordinary investors in the schemes, and being unfairly targeted.

But certainly the denials of any wrongdoing, put forward by the IRD's David Henry, failed to halt the Peters steamroller. Within a fortnight of his first claims about Merry Christmas, Winston Peters was back in the debating chamber and back on the attack. He accused the IRD of withdrawing its claims that the deal was a sham, only after unlawful pressure from Russell McVeagh.

"The Inland Revenue Department was told to lift the claim, to change it, otherwise the company would bring every Inland Revenue Department case it had and would paralyse the department; it would paralyse that department's operation. Either the department was to change its '87 view that there was a sham or the firm would paralyse the department's operations."

Peters then raked over the old *NBR* article on "Wogistan", asking whether the Vasir in mythological Wogistan, who nipped the investigation in the bud, had an allegorical counterpart in New Zealand.

"Who was the Minister involved, and why did he do it?," he posed. The wily MP also turned up the heat on Inland Revenue Commissioner David Henry.

"For 4 years the Inland Revenue Department had the view that this was a sham. I want to know what happened to change the mind of the Commissioner of Inland Revenue. Why for 4 years did he assert that there had been a sham: fraudulent behaviour – in fact, criminal behaviour?"

"If he could substantiate that allegation, why for 4 years did he keep up

that assertion, then suddenly in December 1991 change his mind?”

Peters then questioned why, if the scheme wasn't a sham, investors in the partnership were being stung for tax payments by the IRD – a process he alleged began in 1987 – while partners in Russell McVeagh were “able to obtain a no-prosecution arrangement”.

In a farcical follow-up the next day, the Prime Minister, Jim Bolger, asked all his Ministers to fess up and resign if they had in any way pressured the IRD over the film deal. None confessed.

Again, retaliation from Russell McVeagh and the named partners also came swiftly. While MP's can use parliamentary privilege to say anything they like in the House without fear of being sued, Winston Peters, they claimed, had made some comments at a news conference afterward. The lawfirm pounced, issuing writs claiming \$4.25 million in damages on behalf of the firm, as well as Congreve, Ricketts and Carran.

There is an old piece of advice that hunters sometimes give each other – never corner a wounded animal. It would become a lesson that New Zealand's business and political establishment would learn at great cost over the next three years. Nothing drives a person to keep digging as much as the threat of a lawsuit hanging over them.

Chapter Two

The Citibank Diversion

"In public discussion 'conspiracy' was made into a pejorative word, so that those who dared to mention it were themselves 'paranoid' or 'left wing', the contributors of 'theories' and 'scuttlebutt'. This was an odd attitude. That conspiracies by definition provide predominantly circumstantial evidence and are difficult to prove in a legal sense does not make them less true or less likely to happen."

- John Pilger, *A Secret Country*, 1989

Throughout the previous three months, the media pack circling around Peters and his allegations had, in reality, little to go on. His revelations under parliamentary privilege had so far caused a lot of smoke, but the flame was noticeably absent.

While some had speculated on the source of the MP's information about the Bank of New Zealand, Fay Richwhite and other corporate wheeling and dealing, Peters hadn't revealed his sources and no one else had discovered them. One of them, however, died in mysterious circumstances on September 5, 1992. His links with the popular politician, prior to his death, made him headline news.

In June 1992 a 26 year old second hand computer dealer named Paul White received a phone call. On the line was David Palmer, the owner of a surplus goods company who'd just purchased a shipment of old furniture from Citibank Auckland. Palmer told White that the shipment included some old computer gear – he knew of White's interest in computers and invited him around to look at it.

White offered \$550 for the computer hardware, which included a box of floppy disks. After making his purchase and shipping the gear to his office, Paul White made a discovery: banking data was still present on the floppy

disks. Floppy disks are like cassette tapes. They magnetically record information – in this case computer data – to be recalled at the touch of a button. There were 90 of these disks,² discarded by Citibank during a refurbishment of its office. Also included in the haul, 10 paper files of banking information and correspondence.

It took White some days to work through the information, not all of it could be read on his older computer system. But what he found astounded him. He told friends he'd discovered information on the disks linking politicians to big business.

Realising the significance of the data – at the very least it was commercially sensitive client information belonging to Citibank – White hired a lawyer on July 2, 1992, to act as an intermediary with the bank.

High Court records show he asked the lawyer, Mark Blomkamp, “to negotiate the return of the diskettes and literature to Citibank in return for a finder’s fee or reward”.

Earlier in the day White had phoned a colleague at Growth Computers in Sydney, Australia. As White wrote in his court affidavit, he told his friend about the Citibank diskettes, and the information on them.

“His immediate reaction was that of concern, as he was aware of similar situations in Australia and the aggressive tactics taken in some instances. He pointed out that contacting the bank itself might not be wise, they might become somewhat aggressive, and he suggested that I should contact the bank – but through a lawyer. He also brought to my attention a case in Australia of a somewhat similar occurrence, and underlined the fact that large multi-national corporations often use whatever means possible to protect themselves.”

Mark Blomkamp took the case. A South African by birth, he'd grown up in New Zealand. Former schoolfriends described him as arrogant and tough, traits that would serve him well in the cutthroat world of law.

After meeting White, and getting a printout of the information on one disk to illustrate the general nature of the data, he contacted Citibank executive Mike Farland by phone five days later, on the morning of Tuesday, July 7. Farland later told the court what transpired.

“He spoke to me about a client of his whom he refused to name. He advised me that his client had recently purchased some computer hardware, which I now know had been sold through Office Clearance Company Ltd.

“Mark Blomkamp advised me that when his client took delivery of the

² White testified on oath to the High Court that he had taken possession of 90 disks.

hardware he discovered that there was also some software which contained confidential information from Citibank's records. Initially I acknowledged my gratitude to Mr Blomkamp for bringing this to my attention, and sought to make arrangements for the return of the information. At that time he advised me that his client required a 'gratuity' before the goods would be returned.

"He also advised me that if the gratuity was not paid, his client would be providing the confidential information to the *Herald, National Business Review*, or another 'interested' journalist."

Citibank Auckland normally followed the same data protection rules as other Citibank branches throughout the world. Diskettes with sensitive information requiring disposal would always be "magnetically cleared and then physically destroyed – they would never be sold in any circumstances."

A "stunned" Mike Farland says at that stage he didn't really believe the confidential information existed, so he asked Blomkamp to send him some examples. When that was done, Citibank realised there had indeed been a security breach, and bank officials agreed to meet Blomkamp on the Thursday morning.

Brushing off suggestions from Citibank executives and lawyers that he was trying to extort money, Mark Blomkamp said his client was seeking \$50,000 as a finder's fee for the return of the information. To back up his position, he cited an Australian court decision involving the Brambles company, which was ordered to pay \$62,000 to secure the return of computer data it had accidentally sold.

Citibank knew it had a major problem. Failure to pay the money asked meant the disks could fall into the hands of "investigative journalists", and yet the bank felt it was being blackmailed. Farland decided to stall for time, telling White's lawyer it would take seven days to get approval from the United States to pay the \$50,000.

Blomkamp agreed to hold off for a week, and gave an assurance that he would instruct his client not to disseminate the disks or information for seven days. Despite repeated questioning, the lawyer refused to divulge his client's identity.

As soon as Blomkamp left, the bank went into overdrive. Phone calls to the Office Clearance Company's David Palmer revealed Paul White was the purchaser of the disks and computer gear. Armed with that information, Citibank's lawyers went to the High Court on July 10 seeking an injunction forcing White and Blomkamp to hand back the booty. In support of the application, Citibank NZ Vice-President Mike Farland told the court that

the printouts Blomkamp had supplied him with contained “very sensitive information”, and, apart from the impact on the bank’s relationship with its clients, “I cannot begin to estimate what damage could also be done to the clients themselves by disclosure of this information.”

It is important to remember that Citibank was approaching the issue out of concern for its customers. The bank dealt largely with corporate clients who wouldn’t appreciate having their financial transactions publicly scrutinised. The classification of such data as “very sensitive” applies to its nature as a commercial transaction, not to the legality of the deals which Citibank, as simply a banking facility, is unlikely to be aware of.

They didn’t get an order for the immediate return of the disks, but Citibank did succeed in getting an injunction. Justice Tompkins instructed White, his solicitor and any associates not to disseminate, sell or otherwise deal with the software and information held on 10 document files. The battle lines had been drawn.

Citibank now moved onto the attack, seeking legal advice on whether it could lay criminal charges against White or his lawyer. The police files on the case show that on July 16, Citibank made a formal complaint to the Auckland police fraud squad, alleging theft by conversion and/or demanding with menaces.

The complaint followed discussions between Citibank lawyer, Sheila McCabe, and the Deputy Director of the Serious Fraud Office, Denis Pain, a former District Court Judge. According to McCabe’s written comments she didn’t tell Pain the identities of any of the parties involved, only the scenario.

“He advised us of the procedures to follow should Citibank wish the Serious Fraud Office to consider the case formally. However, he advised that it was unlikely that the Serious Fraud Office would be in a position to investigate and suggested that Citibank should contact the police,” McCabe wrote in a letter to Citibank.

The fact that Citibank had even discussed the case with the Serious Fraud Office (SFO), however, seemed to impress the police when the bank contacted them. Fraud Squad Detective Sergeant Mark Churches later reported to his bosses “Mr Payne [sic], a former District Court Judge, obviously considered that there was sufficient evidence to warrant a criminal investigation as he suggested that the matter be referred to the Police.”

The police swung into action. Despite the fact that civil proceedings between White and Citibank were now in train in the High Court to determine the ownership of the disks and the information, the police decided not to wait for the Court’s decision on those points.

“Having read the various affidavits and correspondence supplied by Citibank, I was of the opinion,” wrote Churches, “that an offence had been committed and therefore that a criminal investigation should be undertaken.”

The Police Legal Section would later recommend: “Neither WHITE nor BLOMKAMP have committed any criminal offence and the investigation into their actions should now cease,” but by the time his name was cleared, Paul White would be dead. Instead, at this early stage in the police inquiry, it was full steam ahead. Detectives began making preparations to get search warrants.

Paul White, meanwhile, wasn't exactly taking it easy. Publicity in the news media since the injunction was granted had given his case a certain notoriety, coming as it did in the midst of Winston Peters' parliamentary crusade against alleged big business/political corruption. With 90 disks to peruse, some on different formats to his own computer, he sought help, and the man he went to was another computer dealer.

Chris Cotton, a quietly spoken and essentially private individual, made a small fortune from his computer business, a shop in downtown Auckland called Dr Floppy. Paul White told his parents that Cotton helped him examine the disks, that he saw the information.

Interviewed after White's death by Television New Zealand's *Holmes* programme, Cotton said he'd been told by White that the disks showed a US\$50,000 payment by a multi-national company to a member of Parliament. The money, he said, had been deposited in the Bahamas. Discoveries like this frightened White.

“He just saw it as perhaps corruption,” Cotton told TVNZ, before he added the only comment to date that comes close to an admission that he too saw the disks. Chris Cotton said White appeared to be an opportunistic businessman, and he didn't trust him until he had checked everything himself. It was Cotton who told Paul White to contact Winston Peters.

“I offered the name of Winston Peters, who had been using parliamentary privilege on other matters...I believe he spoke to Winston Peters.”

In fact, they spoke on a number of occasions, in a number of places, and they were seen by a large number of people. It was an odd pairing. The popular politico with the penchant for conspiracy theories, and the 26 year old who was later likened by one police witness to the TV comedy character Mr Bean – an awkward, gangly and somewhat naive creation portrayed by Rowan Atkinson.

One rendezvous took place after dark in the office of Peters' lawyer,

Auckland barrister Brian Henry, and they were worried they might have been under surveillance.

It's not yet known what was revealed in those first discussions. Winston Peters has never publicly admitted meeting Paul White, but it's clear that information was being passed to the MP. He and White were seen at Auckland pubs like the Chelsea Park Inn during the weekend of the National Party's annual conference in the city. The bar manager, Barry Collard, stumbled across Peters and White in a shadowy corner of the hotel closed off to the public. They were locked in discussion, speaking in hushed tones.

The manager didn't know who White was at the time, but he instantly recognised the prominent visage of National's most outspoken MP.

Others saw Peters and White drinking at central city pubs like the Birdcage and nightclubs like the trendy "Grapes". Not all the eyes watching were friendly. Police files show Detective Sergeant Churches received a phone call on Wednesday, July 29, shortly before 4:00pm. The call was from Citibank's Mike Farland. Churches took a note of what he said.

"He stated that he had received information from an anonymous person that a Member of Parliament, namely Winston Peters, was interested in what information White was holding and they had dinner together at Hammerheads on Monday night."

The chances of that tip being the result of a random sighting by a member of the public are about as high as the chances of finding an ice cream in Hell, but I don't for a moment believe that Citibank had White under surveillance. The expense of keeping physical tabs on a person for two months is huge, and certainly not justified for such a minor matter as a squabble over the disks.

At \$50 an hour, private investigators watching Paul White 24 hours a day would have clocked up nearly \$76,000 per person in fees – far in excess of the \$50,000 White was seeking from Citibank. It would be patently obvious to a 10 year old with a calculator, let alone a major bank, which one of those options would have been the most economic with the least hassle.

No, if anyone was watching White, I'd place good money on the fact that it wasn't Citibank.

Despite the publicity over the court case, no media organisation had published Paul White's photograph at this stage. How would the "anonymous person" realise who Paul White was, to know that he was Winston Peters' dinner guest? How would that person know to contact Citibank? The issue is an important one, however, because Paul White told a number of people that he was being watched.

White's neighbours had noticed a white van with tinted windows often parked across the road from White's North Shore apartment. The van was seen a number of times in the weeks leading up to his death. A similar white van with tinted windows was parked outside journalist Fran O'Sullivan's central Auckland apartment during a 1993 meeting with a key source on the BNZ's dealings with Fay Richwhite. They took a note of the registration number, NE 9118, which came back on the motor registration computer as a white Toyota van belonging to a woman from Gore, in New Zealand's South Island, 1300 kilometres away..

Ann Meikle thought someone was pulling her leg when a journalist rang in October 1993 and asked where her van was?

"It's right here on my front lawn. I'm looking at it out the window now. Why?"

"A white Toyota Hiace van with tinted windows and the registration number was seen in Auckland yesterday in suspicious circumstances. Its registration was NE9118," I explained.

"Well, my van is a Hiace, and it is white, but it doesn't have tinted windows. Instead it's got bullbars and a mesh shield running around the bottom of the windscreen. But my registration is NE 9118, yes."

"Is there any chance," I ventured, already knowing the answer, that your van was in Auckland yesterday?

"No way. It's been here with me."

Apart from the obvious similarities between the van outside Paul White's place and the van outside O'Sullivan's, there's also another factor that tends to rule out private investigators in this instance. The registration plate on the van was obviously false, yet based on a real Toyota van. Using false number plates is illegal in New Zealand and difficult, unless, of course, you're with an agency of some kind that has a big budget and access to a number plate factory. The private security firms I know of may use vehicles registered to Acme Dynamite Company or other similar noms-de-plume, but they're still real registrations, not copies of someone else's.

Winston Peters says somebody phoned the computer dealer up just after he'd arranged to meet him, and the anonymous caller told White that meeting Peters would "not be such a good idea". Figments of White's paranoid imagination? Perhaps, but the circumstantial evidence tends to suggest otherwise.

On the night of Tuesday, July 21st, Paul White received a visitor. In fact the caller knocked at the door of a graphic design office below White's apartment. Designer Geoff Rowe answered it.

“It was about 7:00pm, pouring with rain, and there was this guy standing there, dressed in a suit and coat. He wouldn’t come in, but he asked to see Paul. When Paul came down the two of them went for a walk in the rain, I watched them go up the road.

“The guy never came back, but Paul did and he was shaking like a leaf. He said the guy claimed he was with the SIS, and he told Paul that if he didn’t hand over the disks to them, there’d be a search warrant executed on the flat in two days time by the police.”

At this point in the discussion White’s landlord, architect Paul Higgins, returned to the office he shared with Rowe, and the story was briefly recounted for Higgins’ benefit. He recalls White appeared “unnerved” at the course events were taking. White did not hand over the disks and, exactly two days later as predicted, the police marched in with search warrants.

Higgins and Rowe have little doubt that whoever White talked to in the rain that night, he must have been someone in a position of authority. The two men are adamant that they knew two days in advance exactly when the police were planning to raid – information that was only known to a handful of people.

Was it someone from the Security Intelligence Service, as claimed? If he wasn’t SIS, who was he and how did he know the date that police would search White’s apartment? It was unlikely to be a police officer, as they had no reason to impersonate an intelligence operative, and even less reason to blow their own operation by tipping off White in advance. Could it have been an SIS agent who’d followed White to his dinner with Winston Peters at Hammerheads restaurant the following week – the man who then made an anonymous phone call to Citibank warning executives there that White was meeting Peters.

Lieutenant General Don McIver, the Director of the SIS, reportedly laughed when the allegation that White met an SIS agent was first raised on television after the accident.

“I can’t confirm anything. I don’t know what you’re talking about. No, I’ve got no idea what you’re talking about. It’s the first I’ve heard of it,” McIver told *The Dominion*.

“I remember the story about the fellow who drove into the harbour bridge or had an accident, yeah. I know no more than that. I’ve read that in the newspapers.”

But rumours of SIS involvement wouldn’t die so easily. It was already known that White was meeting Winston Peters, and Peters’ barrister, Brian Henry, believes his office was already under some kind of surveillance because

of a high profile criminal trial he was working on involving executives of the collapsed investment company, Equiticorp. A computer disk relating to the case was stolen from Henry's office but there was no sign of a forced break-in. The only spare key had been in the care of a security firm. The key was discovered missing the morning after the disk was stolen.

It's my belief that the security company employed former SIS agents and soldiers from the elite Special Air Service – the army's commando force. The Justice Department's security licensing division did confirm a military connection but refused to comment further. Brian Henry didn't discover this claim until the start of 1993, the night before a crucial court hearing where Peters' was challenging the National Party over moves to expel him. That night, the lawyer decided to get his office swept for bugs – the eavesdropping kind not the ones with hordes of legs. Henry brought in a firm of private investigators.

They were partway through the procedure when a security guard burst into the office without knocking. Henry told the man to leave, and after the guard did so one of the security staff conducting the electronic sweep pulled himself back out from under a desk he'd been examining.

"You may as well forget about doing this sweep, because that guy's SIS! You'll never detect any bugs if they're behind it!"

The security man, himself a former intelligence operative, revealed that a large number of upper echelon security firms now have former spooks and troops on staff, and he knew personally the man behind this particular company. He also explained the "symbiotic" nature of relationships between former intelligence staff and their previous employers – favours done and returned on a regular basis; spy-catching back-scratching.

The next day, the day of the Peters vs National Party court hearing, staff in Henry's office saw what appeared to be a boom microphone or a large telephoto camera lens pointing at the office from a room in an adjacent hotel. Hotel staff put it down to a camera-happy tourist. Henry put it down to staff jitters. He hoped.

The intrusions didn't stop, however. On another occasion the computer system in Henry's office crashed. A computer expert brought in to trouble-shoot discovered that the system had crashed during the previous weekend as well and, at the time, someone had been using it.

If computers "crash" while in use they usually automatically save the current file in use. The expert discovered one of these backup files, and Brian Henry instantly sensed that he was again the victim of espionage of some kind. The file that had been saved by the computer was a sensitive one

relating to Winston Peters' and his anti-corruption crusade. It had not been stored on the computer previously, but instead was on a floppy disk kept elsewhere in the office. Someone had inserted that disk into the computer and was viewing it when the system collapsed.

It was a "Goldlocks and the Three Bears" scenario – who's been sitting in my chair? Whoever the spy was, they obviously didn't realise they'd left electronic micro-footprints behind.

Paul White meanwhile was also continuing to attract unwelcome attention, or so he claimed. He was also starting to become unsettled. His father Peter recalls being phoned by Paul at 1:30am on the morning of July 24th, to be told of a mysterious phone call he'd received earlier in the evening.

"He stated he'd been told to meet a flight at Auckland airport, arriving at 4:20pm on the 24th. He said he was supposed to meet a representative from the Prime Minister's office³ to be escorted to a meeting of importance on a national basis.

"Now I wrote this down verbatim as he talked to me. There were certain things when he rang he wanted me to write down. He was becoming paranoid, there's no two ways about it, but he was very upset. The airport was fogbound the next day however, and the flight was cancelled."

Peter White was woken four days later by another early morning call – this one at 2:15am on the 28th of July. Paul talked of how he'd been to dinner with Winston Peters the previous evening – the 27th – at a restaurant down on Tamaki Drive named Hammerheads. It was the same restaurant where the pair were spotted by an anonymous informer, and obviously the same occasion.

"While we were speaking he was using his cellphone, and we were cut off. He went out and used a phone box down the road and rang me, and I said 'What the hell's going on?'

"He said 'well, during the conversation on the cellphone, someone came across the line and used one word: DESIST. That's all they said, 'desist.'" The interruption had come during a discussion about dinner with the MP.⁴ "Winston had been blowing his top off about Paul flying to Wellington and presenting all these disks within parliamentary privilege, which wouldn't apply to Paul. But the way Paul got it, Winston was definitely inferring that Paul would have that privilege also. We're not quite that stupid!"

Peter White continued reading through the notes he'd taken at the time

3 White may have meant Prime Minister's Department, which has certain intelligence responsibilities.

4 There is no evidence of cellphone interference beyond the anecdote itself. It may be significant however that other evidence already exists that White was under surveillance of some kind that night, which brings White's claim further into the realms of possibility.

of the conversation. “What else have we got here?...Winston, SIS – I can’t remember what the reference to SIS is about – barrister, phone tap, house under surveillance, great danger, phone number on receipt.” An interesting collection of subject headings.

When the self-proclaimed SIS agent told White on the 21st that his apartment was about to be searched, the decision to do so had only just been made by the police. Records show the officer heading the inquiry, Mark Churches, consulted police lawyers on the 18th over whether to apply for search warrants against White.

“The result of our discussion,” wrote Churches in a report to his superiors, “was that there was sufficient evidence to make application for a search warrant. The matter of the interim injunction (which had been granted at that time) was discussed and our advice was that the existence of the injunction was not a bar to obtaining a search warrant.”

On July 23rd, the search warrant was executed, citing theft as the alleged crime. Detectives didn’t find the disks or files, but White did eventually tell them he’d stored the disks at Brambles Record Management using a security guard as his agent. There was a certain touch of irony to this: Brambles was the Australian company ordered to pay \$62,000 after it accidentally sold some of its computer records at an auction. Police found the storage receipt, and began making their own enquiries.

The question of police powers in the face of a High Court civil injunction would later become a bone of contention, but for the police it was a minor hurdle at this stage.

Alarmed at the raid, White’s new solicitor John Carter rang the police and spoke to Detective Sgt Churches’ offsider, Peter Preece, telling him that the theft allegation simply would not stand up in a court of law, because White had ample evidence that he had paid for and purchased the computer disks openly and in good faith. Carter even sent witness affidavits to the police to back up his point. His arguments fell on deaf ears.

Using the storage receipt for the disks, detectives tracked down Thomas Cotter, a security agent at New Zealand Guard Services. It was Cotter who had deposited the disks with Brambles on Paul White’s behalf, on July 7th. He told police that he’d uplifted the disks only a few days later without White’s knowledge. The reason? Newspaper publicity surrounding Citibank’s injunction against White alerted Brambles to the possibility they were storing disputed property. They also felt it was an extortion attempt.

Cotter was contacted and asked to remove the disks. Amid much protest he did so, taking the black briefcase-full of trouble to another security

company, Armourguard. Just after getting off the phone to Tom Cotter, Mark Churches got a phone call from Citibank's Mike Farland. He asked Farland what he should do about the disks.

"I advised him of the location of the disks and asked him to consult with Sheila McCabe [Citibank's solicitor] as to whether we should take possession of the property. He will get back to me on that," diarised Churches on July 29.

Presumably Citibank's answer to the police came through loud and clear; on August 6, 1992, detectives executed a search warrant on the Armourguard premises, once again listing "theft" as the reason for the warrant on the application to the District Court. Eighty-six of the computer floppy disks purchased and paid for by White were now in the hands of police, called in by Citibank to investigate a complaint of theft and demanding with menaces.

White's lawyer was outraged.

"We would like to go on record and say that we are amazed that a second search warrant should have been executed by the Police against Mr White after I spoke to you by phone and after you had Mr White's affidavit to the High Court supplied to you," began Carter's letter to Peter Preece, in prose that almost sizzled on the page. "Over the telephone you mentioned that you were still investigating the matter with particular regard to section 239 of the Crimes Act. That section says:

'Everyone is liable to imprisonment for a term not exceeding seven years who, with menaces, demands from any person, either for himself or for any other person, anything capable of being stolen, with intent to steal it.'

"We understand that Citibank's solicitors may have referred you to the case of R V Hare. That was a case of theft by finding. That defendant had formed the intention of permanently depriving the true owner of the letter which he had found. That case is clearly irrelevant to the situation here where Mr White bought the disks and the literature. Applying section 239 to the facts we have here:

1. Mr White has made no demand nor made any menaces.
2. Even if Citibank's view of the interview with Mr Blomkamp is correct then MrBlomkamp could only be said to have 'demanded' money. He was not demanding the disks and the literature or the information thereon. Nor could he possibly have any intent to steal the money he was asking for. He was there to endeavour to transact a commercial arrangement. Nor could he have any intent to steal the disks or the literature. His client at the time, Mr White, had already purchased that.

"We hereby require you to return all the materials seized from Mr White to him in the same order and condition it was when uplifted under the

search warrant. In the meantime we require your written undertaking that you will not allow any other persons access to it or the computer information stored on it.”

John Carter’s letter was written on August 11, 1992, five days after the disks had been seized. He didn’t know it then, but the police had already opened the stable door and chased the horse out in relation to his final request.

On August 7, the day after the seizure, Detective Sergeant Churches contacted Farland again, advising him that police had retrieved the disks under warrant.

“He requested permission to inspect the disks and make a copy of each one,” Churches wrote. “To that end he attended my office with a bank solicitor, Mark Fitzgerald, a computer technician whose name I do not recall, and Louise Perkins, solicitor from McElroy Milne [Citibank’s lawyers]. I remained in their presence while the copying was completed.

“Prior to any copying being done we discussed what the implications were in terms of the High Court injunction. It was generally considered that we would not be breaching the injunction because it applied to White and Blomkamp only.”

As I reviewed this information on a wintry Sunday night, with torrential rain pelting on the roof and a crisp draught curling around my feet, I found myself continually coming back to what I believe are two very important points.

Firstly, the police have decided to grant Citibank – a litigant in a highly sensitive civil court case – access to evidence seized under a criminal warrant. The warrant had specified a criminal charge, theft, and – in my experience as a crime reporter – the disks would likely have played a key role in Paul White’s defence had he come to trial on the matter. The disks, and the information on them, could have been crucial.

Regardless of the morality of the situation, regardless of whether you sympathise with Citibank or White, under any objective analysis of the criminal justice system, granting outsiders physical access to what is essentially the Queen’s Evidence could be seen to prejudice the possibility of a fair trial on a serious criminal matter.⁵ When the evidence is as delicate as a floppy

⁵ Another high profile extortion case foundered in 1995, also in the wake of allegations that the police had lost evidence crucial to the defence. British private investigator Bryan Cooper was accused of trying to extort US\$4 million from NZ millionaire Alexander van Heeren. In Court, Cooper’s lawyers claimed that police had given a prosecution witness access to a file seized as evidence, a file that allegedly went missing for a number of weeks. Police documents produced in Court revealed police could not vouch for the integrity of the evidence. Weighing up this and a number of other factors, the Crown legal team abandoned the prosecution of Cooper four days into the preliminary hearing and, in a deal between Crown and Defence, Cooper walked free following conviction and a fine on a restricted weapon charge, and an admission of the intimidation charge with an apology to van Heeren.

computer disk, where files can be erased at the touch of a button, the need for justice to be seen to be even handed is even greater.

This issue is just as important for Citibank's case as well. The last thing the bank would have wanted was seeing legal action founder on a technicality over the handling of evidence.

Secondly, Detective Sergeant Churches – at least on the face of the police file – did not contact the police legal section at this point over his obligations under the terms of the High Court injunction. Instead he appeared to take advice solely from the two Citibank lawyers present. I am certain that, had he been aware of the controversy that was to follow, Mark Churches would have clarified the police legal position before proceeding further. However, hindsight is always 20/20.

The fact of the matter is that Churches appears not to have made that call, and instead has relied on Citibank's advice. The breach – even if unintentional – of a High Court order, which was issued to preserve the status quo pending a full hearing to determine ownership of the disks and the information they contained, could amount to contempt of court, should a Judge or another party to the proceedings choose to take umbrage. Not only did police apparently fail to seek their own legal advice, they also failed to notify Paul White or his solicitor of the plan to let Citibank physically copy all the disks.

When *3 National News* interviewed Auckland Police Superintendent Norman Stanhope on these points, he rode out the criticism.

“First of all, Citibank came into the police station at their request. We had to identify that the disks were in fact the property of Citibank. The only way they could actually identify them was, of course, by examining the disks in the first place, otherwise they could have been any disks.”

While they could have been, the disks appear at this stage to have been clearly labelled, and for purposes of identification it would have been sufficient for police to simply call up each disk on screen, without letting the bank physically handle and copy the disks.

“As far as we are concerned the information on the disks is the property of Citibank, so I can see no objection to allowing the owner of the information to have a copy of it,” Stanhope continued.

Again, another area where police had unilaterally pre-empted the High Court. At the time police decided the data belonged to Citibank, the High Court still had not issued a ruling on the question of ownership. Again, the potential for a contempt of court accusation to be levelled against police by White's lawyer.

3 *National News* continued to press, interviewer Chris Harrington asking whether police could guarantee that the disks weren't tampered with or even erased. Norman Stanhope didn't bat an eyelid.

"During the time that Citibank personnel were actually viewing the disks and copying the information we had two members of the CIB present at all times, so we're quite confident that it could not be tampered with, and I see no reason why in fact Citibank would want to tamper with it in the first place."

Harrington countered. "Well, allegedly this is sensitive information, so there possibly was a reason."

"It's information which Citibank have always held," Stanhope replied, looking slightly annoyed, "has always been in their possession, so I don't see why they should suddenly want to tamper with it. They had no reason to tamper with it, and we had no reason to suspect they would tamper with it."

The possibility that Citibank might not have wanted the police to be in possession of the sensitive information either appears to whizzed right over the top of Stanhope's head.

Detective Sergeant Mark Churches appears to have reached similar justifications for letting the bank have copies of the data.

"The request by the bank seemed a reasonable one in the circumstances. It became apparent that there were literally hundreds of files contained on the disks and to go through each file would take hours. It also seemed to me to be entirely proper and appropriate for the bank to have a copy of the information contained on the disks, as it was after all their information to start with.

"It was not as if they were copying something which was foreign to them and I believe they had a right to know what it was Blomkamp and White were threatening to disclose to the media if the demand was not met. Any suggestion that files were deleted is spurious."

Again, the police decided that, despite High Court orders preventing the disclosure or use of any information from the Citibank files, White and Blomkamp still posed a threat to Citibank publicity-wise and this was a justification for supplying the bank with the disputed information.

Sensitive to the criticism levelled by White's lawyer, Mark Churches reported to his bosses about the discussion he'd had with John Carter.

"During the course of that conversation I raised the matter of Citibank taking a copy of the discs. I assumed that he [Carter] already was aware of this but obviously he was not. He assumes that this somehow confirms some sort of conspiracy between the bank and the police, namely myself, and refers to 'ulterior motive and an abuse of process'.

“Nothing could be further from the truth and my actions were, I believe, in the interests of natural justice and fairness. Citibank’s complaint was treated and attended to no differently from that of any other dealt with by Fraud Squad.

“As with all complaints I deal with I take a dispassionate view of the complaint and evidence in support of same. It is my duty to investigate any complaint made if I have good cause to suspect an offence has been committed. Any suggestion to the contrary is spurious and patently untrue.”

Churches’ report to his superiors contained other interesting observations about the events of August 7, 1992. He indicated that there may not always have been two police officers in the room, and he also gave his explanation on why the copying didn’t breach rules governing protection of evidence.

“Allowing Citibank to copy the disks did not breach Section 199(1) Summary Proceedings Act 1957 because the property remained in the custody of the police.”

Custody, yes. In police control? It is open for debate whether police took sufficient care. There’s evidence in the police files that control of the disks and the information they contained passed effectively, even if only temporarily, to Citibank. Firstly, police apparently failed to keep an accurate record of exactly who was in the room. Churches mentions Citibank’s “computer technician, whose name I do not recall”. This “nameless” individual was the person who would physically handle the controversial computer disks on Citibank’s behalf – the man who would operate the computers to copy the files. Police don’t know who he was.

As any computer expert would tell you, the person who’s pushing the keys is the person who’s in control of the computer. In this case, it wasn’t police officers pushing the keys.

Secondly, and even more importantly, the police closed ranks during parliamentary questioning on the issue from Winston Peters. Peters had asked, for example, how many laptops were used in the copying process, what was the capacity of those laptop computers, and were the files transferred into compressed or uncompressed state – computer terminology relating to the size of the files being transferred. The police answer was fulsome and technically correct.

“Two laptop computers were used to copy the disks seized by police under search warrant. One laptop computer had a 40 megabyte hard drive capacity and the other had a 20 megabyte hard drive capacity.

“Approximately 90% of the files were uncompressed when copied and the remaining 10% of files were in backup format in a compressed state and

were uncompressed at a later time by Citibank officials. All the files were merely backup word processing files.”

The answer, like the rest written by the police, certainly sounded authoritative, but the draft response to that question was nowhere near as complete. “Two laptop computers were used,” it stated. “Further information will be obtained from Citibank.”

Four more parliamentary questions to police on the specifics of the copying process had the same draft answer. The most important question of all, which police should have been able to answer if they’d been in control of the copying process, was Question For Written Answer No. 434.

In it, Peters asked whether the disks were copied, and if so how were they copied, and what was the software used to copy them? The draft answer to Question 434: “Further information coming from Citibank.” The answer to Question 434, by the time it got to Winston Peters, read: “The disks seized by police were copied onto a combination of hard disks and floppy disks using two external disk drives. The software used to copy them was a standard DOS command called XCOPY which ensures all files, directories and sub-directories are copied.”

There was no reference to the fact that the information, which Peters had assumed was coming from police computer experts, was in fact being supplied by Citibank itself. The person sitting at the keyboard could equally have used a much more upmarket copying programme capable of erasing selected files as it went, the police may never have known. And yet when Peters also asked whether the police staff in attendance were “competent in the knowledge of computer operations?,” the response was reassuring: Yes.

None of this is to say that Citibank’s nameless computer expert did erase or alter any files as he copied off the disks. There’s no evidence to suggest that he did, and in truth the question of tampering with the evidence is irrelevant to my main point, which is this: it is fundamental to the New Zealand justice system that evidence in criminal prosecutions is kept, and seen to be kept, sacrosanct.

If a mere journalist can find fault with the process, imagine the field day a team of lawyers could have! It doesn’t matter to a Court that you can swear on a Bible that nothing was altered – if you can’t prove that the exhibits of evidence are OK then you’ve got big problems. The police files released under the Official Information Act show the police supervision of the copying process contained potential loopholes.

The questions that police could not answer without Citibank’s help related to – in addition to those already outlined – the total megabyte size of all

the White disks together, whether the files were copied onto hard or floppy disks by Citibank, and whether the disks were physically placed in Citibank's laptop computers – if so were they “write-protected” so as to prevent erasure.

In all of those questions, police could not provide the answers. In regard to the last question, police added that they didn't know whether the disks had been write-protected. This answer in itself indicates that police took no precautions to prevent the disks from being wiped.

Police also revealed that Citibank had brought in extra floppy disks to do the copying, but there's no indication in the police file that police kept a record of how many floppy disks were brought in, or whether any had surreptitiously been swapped with some of Paul White's disks. Again, there's no suggestion that Citibank did try to swap any, but police have no way of proving that they didn't – a dismal state of affairs if they'd had to stand up in court at a later date and testify to the integrity of the Queen's Evidence.

Still smarting over both raids, Paul White turned up the heat on Citibank. Lawyer John Carter filed a \$350,000 lawsuit against the bank. The statement of claim said White had been “exposed to adverse publicity, shame and indignity at being the subject of a search warrant, and was exposed to the possibility of conviction, based on false or misleading evidence,” a claim based on legal opinion that the theft complaint wouldn't stack up in court because White had legitimately purchased the computer disks.

Already the alleged victim of anonymous phone calls, Paul White found his own position getting hotter at the same time. Close friend Richard Poore remembers being told of one call in particular, early in August.

“Yeah, that was really weird. He got a phone from someone who said ‘If you ever get the money from this extortion thing that you're trying to pull, you won't live to spend it’. About a couple of days later he arrived home, got beaten up upstairs, once he got up the stairs, basically thrown down the stairs by two guys that quote ‘were in ski masks’. I didn't see him after that, so I don't know if it was true or not.”

In fact something did happen to White on that occasion. On the morning of August 9, White was dropped home by Winston Peters. Constable Callum Blair filed a police report on the events that followed.

“We were directed to the address to attend to a complaint of assault. On our arrival the complainant White was spoken to. He was in a very intoxicated state and appeared to be mentally unstable,” wrote Constable Blair. The reason for the suggestion of mental instability – White claimed he'd been nightclubbing with the country's most popular politician.

“White alleges that that evening he had been to several licensed prem-

ises with the politician Winston Peters. On being driven home by Peters, an unsighted person pulled his arm through his front door window as he attempted to enter his flat. He further stated that whilst walking up the interior stairs he was pulled by the leg, again by this unsighted person, causing him to knock his head.”

In White’s own words at the time: “I have been out with the right honourable Winston Peters. I am involved in a huge international political situation – look, here’s all the media coverage. I drove home sober – I have got this drunk since all this happened – and I was opening my front door when somehow I was grabbed and shoved through the pane of glass.”

Blair checked for evidence of a struggle.

“The window in the front door to the flat had been smashed consistent with the complainant’s story. There was no apparent forced entry into the premises allowing the alleged offender to have been inside the premises as the complainant has outlined.”

Constable Blair noted White had a small cut to his right wrist, but concluded that he was both drunk and mentally ill. His report notes that at one stage the police patrol considered taking him in to see “if in fact a S19 committal would be appropriate.”

No one knows for sure what happened that night. White was sober enough to remember the incident, and it wasn’t the only break-in. Four weeks later, on the night after Paul White died, landlord Paul Higgins recalls locking the internal door separating his office from White’s hallway. It was a conscious and deliberate move – the previous evening he’d caught a man on the balcony of White’s apartment. Feeling jittery, Higgins made certain that all the doors were locked.

The next morning, on Monday September 7, 1992, when he returned to the office, the door was unlocked and slightly ajar, but there was no sign of a forced entry anywhere in the building. Higgins immediately rang the police to report the break-in, but the police never came. In fact, they didn’t turn up until the following day, Tuesday September 8.

Police had known since Saturday afternoon that \$15,000 was missing, but they didn’t turn up to search his flat until the Tuesday morning. They paid no attention to the landlord’s claim of a break-in – apparently deciding that because there was no sign of forced entry, no break-in had taken place. Higgins still wonders whether New Zealand police have any experience at all in dealing with professional crime.

The police file on this last break-in was censored by police before being released under the Official Information Act.

Chapter Three

Working On Something Big

“And it wasn't no way to carry on, it wasn't no way to live,
But he could put up with it for a little while,
he was working on something big.”

— Tom Petty, *The Waiting*, 1981

During August, 1992, events in the Paul White/Citibank spat were gathering momentum. The bank's injunction hearing was adjourned until September 4, and in the interim attempts had been made to settle. On July 23, the day of the first police raid, White had offered to return all the disks and literature to Citibank if legal action was dropped and his \$5,000 legal bill paid. Citibank turned him down, coming back with a counter-offer of \$2,500. It was White's turn to stick his nose in the air and sniff haughtily.

Detective Sergeant Mark Churches replied to John Carter's earlier complaint over the search warrants with a missive of his own on August 12. He declined to mention that police had already let Citibank view and copy the 86 seized disks, but did hint that such a situation was possible.

“I will give no undertaking to deny other interested parties access to the disks seized, or the information contained thereon.” Churches also included a dig at Carter's earlier letter requesting the immediate return of the disks. “It is not my practice to take instructions from Counsel acting for a person who is under investigation by this office.”

The jousting continued, Carter firing back by fax: “We note that you will not take ‘instructions’ from us. That is entirely appropriate and we respect your position. We sincerely hope that you are not taking instructions from Citibank or its solicitor,” wrote Carter, before taking a swing at the “undertaking” comment. “You are no doubt aware of the High Court injunction. We presume therefore that the police will not allow third parties access to

the information on the disks. Accordingly we construe your letter as meaning that you regard yourself free to provide Citibank access to the disks and the information. If we should take any other meaning from your letter, we would be pleased to know just exactly what that meaning is.”

John Carter was still unaware that Citibank had been given access five days earlier and, despite his hopes to the contrary, the police were asking Citibank for advice, an example being the July 29 conversation between Churches and Citibank’s Mike Farland, where the police officer says he asked Farland “to consult with Sheila McCabe [Citibank’s solicitor] as to whether we should take possession of the property [disks stored by White]. He will get back to me on that,” Churches had diarised.

White’s disintegration, meanwhile, was accelerating. He began staying up all night in his apartment, and kept a loaded air pistol beside him. He slept during the days, comforted by the knowledge that five or six people were working in the various offices on the floor below him. His nocturnal activities included ringing people at all hours.

On the morning when White was allegedly thrown down his stairs by some intruders, his phone records show he rang Winston Peters at home 3 times. The first call went through at 3:04 am, 18 minutes before White rang the police to complain about the assault. That call lasted 4 minutes and 16 seconds. After the police had left, White rang Peters again. Once at 4:32 am, and again at 4:40am – both calls lasted only 1 minute. Who he spoke to is not known; if Peters had in fact been with White only a couple of hours earlier, it is unlikely that he would have been home in Tauranga. Peters would be the beneficiary of another wake-up call on August 21, at 1:30am.

Living like a night owl, becoming manic and paranoid, White also developed a nervous twitch as the pressure took its toll. Something, or someone, was scaring the 26 year old, and friends noticed the changes.

“The house was a total mess. It was a real pigsty. He was drinking extremely heavily – he drank a lot of wine, and at one stage when he had money he had quite a nice little collection of wine bottles, but he sort of reverted to drinking four litre casks each night by the end of it. He was drinking a lot,” remembers Richard Poore.

At the same time, he was furiously printing off paper copies of everything on the disks – he told friends it was his insurance policy.

“What he’d done, basically when he had the disks, was he’d run his printer overtime and just printed everything that was on them, because he wanted a hard copy of everything. Which is quite interesting because that’s never turned up, has it?” said Poore. “I mean he just had stacks and stacks of stuff.”

Other friends remember Paul claiming to have made several copies of the 90 disks, but all Richard Poore saw were the printouts. Some of the information, he says, related to Cook Islands tax dodges.

“The Cook Islands, yes, that was quite a thing in Paul’s bonnet. Some of the stuff I saw, at this stage I wasn’t really interested – he was just saying ‘Hey, look what I’ve got’, and we sort of read through it and I remember seeing some pretty huge figures and thinking ‘My God, that’s a lot of money.’

“The clients were all doing the same thing, channelling the money off in the endeavour not to pay tax. And that was around the time, you remember, the Government was saying ‘We’re going to clamp down on people that aren’t paying tax!’”

But even to his mates, Paul White was the boy who cried wolf. Poore and others remember him as something of a maverick, craving attention and willing to showboat to get it. It was a personality trait White maintained to the end.

It is the final 24 hours of White’s life that is, understandably, the most well documented period in police files. On the afternoon of September 4, Citibank’s injunction proceedings against White were coming to a close in the High Court at Auckland. It was clear the Judge would make a “King Solomon” ruling – the physical diskettes belonged to Paul White, but the information on them belonged to Citibank.

“The injunction against Mr White should remain in force,” decided Justice Blanchard, “pending further order of the Court. Citibank would appear to have an almost unanswerable case against Mr White, perhaps not for permanent return to them of the tapes [disks], but certainly for temporary return so that the confidential information can be recovered from them and erased from the tapes.

“I am prepared to assume for present purposes that Mr White has legitimately become the owner of the tapes themselves, but I cannot see how he can establish any right to the confidential information which is on them.”

During an afternoon recess in the case, however, there was a significant new development. Citibank already knew that 86 of the original 90 disks were in police custody, and it knew that the Court was likely to continue the injunction against White preventing further disclosure of the confidential information. In addition, Citibank had already turned down one offer by Paul White to return everything if the bank paid his \$5,000 legal fee.

The bank had White’s balls in the crusher, and they knew it, so why – with all this in mind – did Citibank turn around and offer to pay Paul White \$15,000? From the police files now available it appears the 26 year

old computer broker played what he believed was a trump card, suddenly “discovering” two more computer disks that afternoon.

His attorney Tracey McLeod – John Carter’s offsider – passed that information on to Citibank’s lawyer Sheila McCabe. While the legal beagles were doing battle in court, Citibank’s Mike Farland made an out-of-court approach to Paul White. In return for the two disks and a bank security manual, and a promise to accept a permanent injunction preventing him from discussing the disks, Citibank would pay him \$15,000.

White couldn’t believe it. All of a sudden he was being offered money: six times more than Citibank had ever offered him before. Naturally enough, he accepted. Tracey McLeod remembers being surprised at the suddenness.

“When I came out of Court at about 4:00pm I was advised by White that an out-of-Court settlement had been reached. Mr White offered me a ride into town, we went to Citibank. I got the impression that the settlement was to take place at the Park Royal. They (officials of Citibank) pointed several times at the Park Royal.”

The deal was done in a private lounge of the Park Royal Hotel in downtown Auckland, a room rented to Citibank from 3:30 pm to 4:30 pm.

During the subsequent police investigation of White’s death, Mike Farland told detectives he’d sent a staff member, Michelle Lonerjan, down to a nearby branch of the National Bank at 3:30 pm with a bank cheque for \$15,000. She was given two wads of cash, the first a sum of \$10,000 and the second \$5,000, all in \$100 bills.

The cash-for-computer disks swap took place, according to Farland between 4:00pm and 10 past, and he noted Paul White was sober and reasonable, with a nervous twitch.

The agreement recording the settlement for posterity was drafted on the back of an envelope. It was dated September 4, and named the parties as Citibank N.A. and Citicorp New Zealand Ltd, and Paul White. “It is hereby agreed between the parties that:

1. Citibank shall pay Mr White \$15,000 as a contribution to his legal costs and in full and final settlement of the counterclaim, today 4 September.
2. Mr White acknowledges that he or any related party has no proprietary interest in the information contained on the computer software.
3. The terms of this settlement shall remain confidential.
4. Any information that Mr White has or may obtain in the future that is relevant to the action against Citibank shall be returned forthwith.
5. Mr White shall not disseminate or discuss any of the information contained on the computer discs with any party.”

The signatories were Paul White and Michael Farland.

There are differing explanations on why Citibank suddenly decided to pay such a huge sum of money to settle. Citibank says it was to avoid further pointless legal expense, but it could equally have reached that decision much more cheaply back at the end of July when White offered to settle on the same terms for only \$5,000.

White, naturally enough, had a different explanation for the bank's change of heart, telling the *New Zealand Herald* the evening before his death that the extra files, which he had deposited with his lawyer on Thursday evening, were a key factor in what he said was the out-of-court settlement.

White's associates remember him commenting that 95 percent of the matters he was concerned about were on those two disks. Even so, the two "new" disks only brought the total to 88, not the 90 Paul White talked about in his earlier affidavits. Where were the missing two disks he had referred to, and why was Citibank "satisfied" that no other disks were outstanding. Citibank's PR consultant, David Peach, offered one explanation.

"We have a written undertaking from Mr White that the two discs that he handed back to us on that Friday outside court were all that were in his hands," Peach told the *Herald*. "He assured us they were the only ones outstanding." If such a written undertaking exists, it was certainly not handed to police investigating the death. In fact, evidence would emerge later that several disks were indeed outstanding, presumably much to the consternation of the bank.

Certainly there is no evidence that the paper printouts that Richard Poore saw were ever handed back, and the copies of the disks that White claims he'd made were never found either.

White's movements after receiving the cash were very well documented. He was back at his lawyer's office by 5:00pm to crack open the champagne. It appears certain that he did not bank any of the cash that afternoon, telling his lawyers he "wanted to hold the cash until Monday," when he would come back and pay his \$10,000 legal bill. Tracey McLeod told detectives she didn't think White had been to a bank.

"Given the time sequence he wouldn't have had time and the banks would have been closed."

There is some confusion over his movements between 6:00 pm and 8:00 pm. Both McLeod and John Carter say White stayed at their office for several hours, Carter saying White was there at least up to 7:00 pm when the lawyer went home, and McLeod adding she was with him until around 8:30 pm.

White must, however, have slipped out briefly. Centra Hotel Assistant

Manager Carl Jones was on duty that Friday evening, and told police he remembers seeing White around 6:00 pm.

“A man there wanted someone in authority to count some money. The man was by himself. He was fairly scruffily dressed with beige sports trousers and an off-white business shirt with the shirt tail hanging out. He said he’d just come from a court case where he’d won some money and he wanted it counted.”

Jones remembers counting the bigger of the two bundles White had with him. It was \$10,000, and he wrote the figure on the back of his business card and signed it before giving the money and the card back to White. The computer dealer said he had \$16,000, and he was planning to go out and spend it.

Other hotel employees also recall seeing White there at the same time, from 6:00pm to 7:00pm, and one, Kelly Enoko, told police she’d first seen him there between 4:00pm and 5:00pm. They all remembered White as arrogant, and getting drunker as the night wore on. Some time after 8:00pm he was joined by a friend, Alan Wisnewsky. White had earlier phoned Wisnewsky from the lawyers’ office, around 4:00pm. “At that stage he confirmed he had bought a bottle of champagne and was enjoying a few drinks with his lawyer.”

White phoned him again later, and they arranged to meet at the Centra Hotel. Wisnewsky says he arrived there around 8:10pm. White was on the phone but, apparently relishing his role as the big-noting big-spender, nonchalantly flipped open his briefcase – giving his buddy an eyeful of the loot.

“I was really shocked. Paul just left the briefcase open while he carried on talking. I felt uncomfortable with it open so I shut the briefcase.”

When White got off the phone, they went to the bar.

“He said to me that was not all the cash he had,” Wisnewsky later told police. “He confirmed that he had banked \$5,000 with the ASB hole-in-the-wall, I think between the time he left the lawyer’s office and arriving at the Centra. He made a joke that he hoped it didn’t get robbed.

“He said to me that there are similar bundles of cash at different locations. About an hour later, when Sharon had arrived, he told me how much he’d actually got. He wrote it down on a piece of paper and showed me. It said \$75,000.”

It would appear at this stage that Paul White was exaggerating to impress his friends. There is no evidence in the police files to suggest that he received \$75,000. Staff at the National Bank reported cashing a \$15,000 cheque for Citibank, and in earlier conversations with his lawyers and Carl Jones he hadn’t mentioned the larger figure.

Wisnewsy's partner, Sharon Young, arrived at the Centra about 9:30 pm to join the celebrations. She immediately noticed two men standing near Paul and Alan as they talked. When White was called away to talk to TVNZ producer Phil Corkery, one of the men came over to Alan and Sharon and "asked me what I was drinking, which I thought was a bit strange, I told him a martini and left it at that, but they remained there," Young stated to police. When White and the producer returned they asked the two men to move away, but according to Young they stayed close.

At around 10:20 pm, White met another reporter, Tony Berends from the *Herald*. Berends would later describe how White boasted of the settlement "that has left me a wealthy man." The idea that within 11 hours White would be dead, and the money missing, was the farthest thing from their minds.

Berends left the hotel after White fell onto a glass table in the hotel lobby, smashing a number of cups in the process. Whether drunk with the elixir of success or just plain alcohol remains unclear – the effect was the same.

"I heard a loud crash, sounded like glass breaking, and I saw Paul sprawled on the floor," Sharon Young wrote in her police statement. In the interim she noted, the two men who'd been hanging around had slipped away.

Paul White meanwhile had picked himself up off the floor and began rearranging his clothes, asking a waiter for a glass of soda to help remove bloodstains on his shirt.

Carl Jones told police that while White didn't appear "falling down drunk," he was beginning to become a nuisance, and Jones told his staff not to serve him any more alcohol. This only provoked White, who then threw \$4,000 on the bar with the words "Will that do?" An argument began, with White at one point asking Jones "Don't you know who I am?"

Without waiting for an answer, and obviously annoyed at the display, one man in a group at the end of the bar piped up – "Yeah, we know who you are, you're a fuckwit!" To the accompanying laughter Paul White, Sharon Young and Alan Wisnewsy left the hotel. The barman told police the incident attracted more than a passing interest from the group at the bar.

"One of the group of two men and two women said 'We should follow him out and roll him for his money', in a joking manner." They didn't follow him out, but many of the hotel staff noted White had made no secret of the fact he was carrying a large amount of cash, and many people knew about it.

"His whole attitude was one of being someone of importance, and he came across as arrogant and impolite," wrote one bartender, while a waitress was struck by his nervous tic.

"To me he didn't appear to be all there. He had a twitch which always

caused his head to twitch back and forth, which was pretty distracting and really made him stand out. He gave me the impression of a person who I wouldn't trust as far as I could throw him. I don't know why, he just did."

It was a similar story at other establishments White visited that night. He and his friends arrived at the Regent Hotel just after 11:00 pm, but managed to secure a meal in the brasserie. The party ended when White knocked a glass of red wine over Sharon Young – she and her partner left.

Curiously, someone may have followed White to the Regent. Hotel security staff told detectives that the drivers of two different cars had asked if a "weedy" guy with a briefcase had come into the hotel. Wisnewsky and Young had driven to the Regent with White, and they had no reason to ask security if he'd arrived yet. One of the questioners was driving a white Honda Prelude. The other, a little later, was driving a red Honda Civic, and used exactly the same question: "Has a weedy guy with a briefcase come into the hotel?". There is another curious factor involving White at the Regent. A waitress at the Regent Brasserie said White had been dining not just with Wisnewsky and Young, but in the company of two other men also.

Later White left the Regent, arriving at Grapes Nightclub sometime after 1:00am to continue his celebrations. Nightclub manager Sean Peters remembers talking to White on several occasions, and he told police that the computer dealer "wasn't, or didn't appear drunk, when he came in [to Peters' office]. He was coherent and knew what he was about."

White spoke to a number of staff, including chef Simon Tabuteau, telling him he'd won a court case.

"This is the first instalment," White allegedly boasted, "I've got 3 or 4 more lots coming."

When Tabuteau pressed the point, White told him each of the instalments would be worth \$15,000. It was during this time that White caught the attention of an off-duty bouncer. The bouncer and White left sometime between 3:00am and 4:00am, heading for the Customhouse Bar. While they were there, Paul White made a comment about how the lights above the bar were looking strange. Moving on, they arrived at the Galatos Bar a short time later. White dropped some cash on the floor.

"It was embarrassing," the bouncer told police later. "Someone asked me 'where was that from?'. I assumed he was talking about the money and I said 'I wouldn't have a clue'. I didn't like the idea of getting into a conversation about it with anybody. I suppose the situation was nerve wracking."

After putting the loot back in a plastic bag, White and his new friend left the bar. They headed back to Grapes, arriving around 4:15am. Theoretically,

Once again confusion arises among police witnesses about the exact whereabouts of Mr Paul Gordon Edward White. One staff member interviewed by police says he left Grapes at 4:15am and White was still inside at the time having drinks with other staff. Other staff report White and the bouncer arriving back around 4:30am.

Whatever the exact time, all witnesses agree that the bouncer was out in the carpark trying to convince Paul White not to drive himself home. A waitress leaving the club to go home was watching the discussion.

“I remember seeing two guys walk up and stand behind them, a few paces away, for a minute or so,” she told police. “I turned away for about three minutes and when I looked back they had gone. I had no idea where they went.”

It was just a passing observation, but it echoed Sharon Young’s earlier comment about two men standing close to White at the Centra Hotel several hours earlier.

One police witness says he saw Paul drag a wad of money from one of his pockets and wave it around at one point in the carpark, this would be the last documented sighting of a significant amount of cash on White. Eventually however, sometime just before 5:00am, only White and the bouncer were left. Within half an hour Paul White would be deep in a coma and dying. His money would be missing. The last thing he saw was probably a concrete wall...

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