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First International Bank of Grenada: Old Silver Tongue is back

WMLR Newsdesk

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Van Brink, the architect of the fraud that was First International Bank of Grenada, World Investors' Stock Exchange and International Deposit Indemnity Corporation, has resurfaced with a Walter Mitty style interview in a Ugandan newspaper.

The Monitor, a Ugandan newspaper, has published the first interview with Gilbert Allan Ziegler, who changed his name to Van Brink before creating the fraud that first charged and then brought to an end Grenada's offshore banking industry ambitions.

Rather like his banking skills, his concept of time seems a little hazy - or this interview shows he was lying during the time he was involved with the bank.

The Monitor's Daniel K. Kalinaki was the first journalist to interview the man now known as Van Brink since he went to ground as the bank fell into a pit as the pyramid collapsed.

Why has the FBI not interviewed him as they have brought 140 charges against him? Only the FBI can answer that question - but the important thing so far as the US authorities are concerned is that he's out of business and not selling anything to Americans.

According to Van Brink, Fidelity was started in 1996 with a capitalisation of USD100,000 intending to serve "a select handful of clients." But he says "business grew too quickly" so in October 1997, he and his cronies decided to form First International Bank of Grenada.

Van Brink quotes figures that are, not to put too fine a point on it, surprising:

month one: deposits USD500,000.

"three months later, we were probably at USD5 million and by the end of 1998, we were pushing USD50 million." He claims that "we were topping USD100 million" when he "resigned" on 1 October 1999.

He blames the collapse and the fraud charges on commercial jealousy from other banks "we were offering term deposits at between 40% and 100%" as against somewhere between 2% and 5% from other banks. He does not

mention the rates of over 200% they offered until later in the article when he also mentions rates of as low as 2.5%: seemingly as an afterthought.

Claiming that the fantastic rates of interest were generated by "asset management" projects, he entirely omits any reference to the insolvency practitioner's reports that have failed to find any investment that generated significant profits and in most cases threw money into black holes the ownership of which is uncertain and certainly has not been evidenced by documented due diligence. He also fails to point out that the bank's small and generally inexperienced staff were unlikely to have the capacity to undertake such large scale management.

Then, he says, asset management was too little work for too little pay and so the bank switched to a joint venture basis under which assets were transferred to the bank for no cost "so that the bank owned it free and clear" and then profits from the management were divided equally. Again, he does not indicate why the liquidator has not been able to identify such assets.

Then an amazing calculation appears from Van Brink:

He assumes USD10 milliard in assets under management providing a yield of only 4% per annum generating USD400 million. That is divided equally with the previous owner so leaving the bank with USD200 million. If the bank has USD40 million in deposits paying 100% per annum, the bank is liable for USD40 million in interest. Take that 40 million from the 200 million earned on the assets and the bank has a profit of USD160 million.

There's a flaw in this: first, the liquidators have not disclosed any evidence of this fabulous asset management scheme. Of course, it may be tied into the equally fraudulent World Investors' Stock Exchange from which companies have told us they have not seen the money from their supposed flotations. Most of the companies "listed" on the "exchange" were at best bubble companies.

Secondly, there does not appear to be a differentiation between deposits and assets under management. The investigations into the bank show that new deposits were used to pay the interest on earlier deposits, not that there was any money coming in from other asset sweating activities.

Van Brink defends money laundering charges and wire fraud charges on the basis that his was an offshore bank and therefore all dealings in USD were by necessity with a US bank. He claims that property bought in Uganda were bought by the bank (the liquidators should, therefore, have first call on them but they do not expressly feature in the liquidator's reports) but that they were not purchased with proceeds of crime (that's irrelevant so far as the liquidator is concerned). But, he says "the bank later sold these properties." So where's the money gone?

Van Brink claims that he only accepted funds from the depositor's own bank - and that the bank had to add magic words to the Swift message: "The remitter is known to us and we are satisfied as to the source of funds."

So why did Van Brink scoot to Uganda? Was it to avoid extradition to the US, Kalinaki asked him. No, it was at the specific request of Lt. Gen Salaim Saleh with a view of rescuing Co-operative Bank, despite the fact that Charles Kikonyogo, Bank of Uganda governor, said Van Brink is not a fit and proper person. Van Brink claims that this was not important as it was First International Bank of Grenada (which he calls First Bank - a completely different entity) and in any case the "deal fell through" and the governor is now dead.

He claims that he remained at the request of some members of parliament to show that FIB was serious about Uganda - and for that reason the bank purchased the houses referred to above and "Cape Villa Estate" at Lake Victori some warehouses and a resort near the lake plus "a down payment" on residential housing land. Again, these assets do not appear to have been located by the liquidator.

Although Van Brink's perception of the past is cloudy, it is dreams for the future that are both amusing and scary. He claims that he is not hiding from justice but that since January 2001 (long after he claims to have resigned from the bank) he has been "developing ways to make money to repay my depositors." He says this is "mainly by finding assets from which we can make money" but that he has no documents in Uganda to prove what he is up to.

He claims that the allegations that he defrauded customers of more than USD200 million present an obvious security risk and so he keeps no documents in Uganda.

This is classic "trust me" Van Brink.

And this is where it's scary: Van Brink has already lost hundreds of millions of other people's money in two investment scams. Now he's teeing up to do it again.

What name will he use next time?

And as for laundering? Shielding criminal assets in the name of a bank is a good wheeze. What due diligence did Van Brink do in relation to those? Or in relation to the accounts where the profits were remitted? If these schemes existed, which is open to doubt, the opportunity for abuse is massive.

FIBG continues to entertain and inform long after it should have died.

(World Money Laundering Report carried a series of detailed examinations of the FIBG saga over a period of several months. See www.vortexcentrum.com/contents.htm for details



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