

**PREPARED REMARKS OF AMY G. ELLIOTT  
DELIVERED TO THE UNITED STATES SENATE PERMANENT  
SUBCOMMITTEE ON INVESTIGATIONS OF THE COMMITTEE ON  
GOVERNMENTAL AFFAIRS ON NOVEMBER 9,1999**

Good morning. My name is Amy Elliott. I work at Citibank's Private Bank and have been an employee of the Bank for the last 32 years.

This hearing will explore how banks might be vulnerable to money laundering and what banks can do to avoid unknowingly accepting money from drug dealers or other criminals. I view this as a very important topic. I share the Subcommittee's concern about money laundering. I appreciate my responsibilities in this matter -- both my fiduciary responsibility and as a citizen. As a banker, I have always tried to be alert to the risks of money laundering and to the possibility that a client might be trying to deposit tainted money.

### **I. Who I Am**

Before discussing Mr. Salinas' accounts, I would like to provide a little personal background. I was born in Cuba and emigrated alone to this country in 1961 when I was 17 years old. My parents were not able to leave Cuba until a few years later. My grandparents were never able to leave Cuba, and their property and wealth were confiscated by the Castro government.

When I came to America, I ended up in Nebraska where I went to college. I joined Citibank in 1967 and worked in a variety of positions until 1983, when I joined the Private Bank.

In 1992, when Raul Salinas became a client of Citibank and I became his relationship manager, I was the Mexico Team Leader in New York.

### **II. The Salinas Account**

When I first met Raul Salinas in early 1992, his brother, Carlos Salinas, was the President of Mexico. President Salinas was a hero both in his own country and abroad. President Salinas was a Harvard-educated reformer who had pledged to revive Mexico's economy, combat drug dealing, and stamp out corruption. He was a guest of President Bush at the White House, and both Presidents Bush and Clinton worked with him in passing NAFTA to increase trade between Mexico and the United States. In Mexico in the early 1990's, the Salinas family was known as an old, distinguished family that had wealth going back generations.

By 1992, I had been working with Mexican clients for about eight years, and my clients spoke glowingly about the Salinas family.

Raul Salinas was referred to me by one of our most valued clients who personally brought him to the Bank in New York. At the time, the referring client had maintained accounts at Citibank for at least 10 years, and I had been managing those accounts for almost four. Long before referring

Raul Salinas to Citibank, this client had told me that he had been close friends with Raul Salinas since childhood and that he had worked with him on business projects.

My supervisor in New York and I met with them and discussed the possibility of Mr. Salinas opening an account. Mr. Salinas confirmed to us at that time some of the background information the referring client had previously given me.

Mr. Salinas requested that his accounts be structured in the same manner as the accounts of the client who referred him to the Bank. Mr. Salinas established a personal investment company, or "PIC," to hold his investments, and the shares of that PIC were owned by a trust. This was a very standard account structure in the private banking industry, including Citibank. Such an account structure provides for confidentiality and also allows for efficient tax and estate planning. Many wealthy Mexicans have a heightened sensitivity to confidentiality of financial information because they are frequently the targets of kidnappings and other violent crimes in Mexico.

Mr. Salinas initially deposited \$2 million dollars -- money, in fact, that was being returned to him by the referring client as a result of a joint venture that did not go through. In mid-1993 Mr. Salinas started to deposit larger amounts of money at Citibank. By this time, I believed that his wealth had grown from a number of sources. First, I believed he had sold his construction company. Second, I knew that Mr. Salinas was a member one of Mexico's wealthy families. In Mexico, children often receive their inheritance, called patrimonio, while their parents are still alive. Third, I knew that the Mexican stock market had been doing very well, and I believed that his investments and the patrimonio had grown considerably. Fourth, Mr. Salinas married Paulina Castafion in June of 1993, and I learned that she had received a substantial divorce settlement.

For all of these reasons, I felt completely comfortable accepting his additional deposits in mid-1993 and thereafter. Mr. Salinas' deposits also made sense because Citibank's investment managers had done a good job investing the money he had deposited with us up to that point. It is for this reason he decided to deposit a larger percentage of his total assets with Citibank. The activity in the account never appeared suspicious to me in any way; in fact, quite the opposite. It seemed entirely consistent with what I knew about Raul Salinas and his family.

The public's perception of the Salinas name today, however, is very different than it was when I first met Raul Salinas. In 1992, when I accepted Raul Salinas as a client of Citibank, there were simply no questions about the integrity of Raul Salinas or the Salinas family name. Now, Carlos Salinas is in self-imposed exile. After he left office at the end of 1994, his successor devalued the peso, and that was the beginning of the end of his sterling reputation.

### **III. The Context of the Salinas Relationship**

There is more context. The account relationship with Raul Salinas was one of seven or eight that I personally managed. Today, the spotlight shines on this account. At the time, however, Raul Salinas' account was not the largest, the most profitable, or most important account I managed. In fact, it was one of the smallest accounts, and one of the least active. As large as the amounts

seem to us in personal terms, they were not unusual in the context of the wealthy Mexican business people who are clients of the Private Bank.

Finally, Mr. Salinas' decision to transfer money out of Mexico and from Mexican pesos into U.S. dollars in 1993 -- which was the year before the Mexican Presidential election -- is exactly what many other wealthy Mexicans, including my clients, were doing at the time. This is, sadly, a tradition in Mexico because of the political and economic instability that occurs in the country around Presidential elections. The value of the peso and the Mexican stock markets usually drop preceding Presidential elections. And, there seems to be a fear that, with political transition, one could suddenly find oneself under enormous political attack. So, there were large amounts of money leaving Mexico in the 1993-94 time frame, including the funds of Raul Salinas. That, in the context of Mexican politics, was not surprising and it was certainly not illegal; rather it was prudent and happened like clockwork every Presidential election year.

Of course, this idea is quite foreign to many Americans who since birth have enjoyed living in this very stable country.

#### **IV. Conclusion**

It is easy to ignore the context I have described and instead to focus on isolated details in this matter and make them seem questionable. The world in which I operated as a private banker in the early nineties was different from the private banking environment today. Procedures, technology, and safeguards are very different today at Citibank. Today, given all the changes that have taken place at the Bank, there is much more I would be required to do to accept a new private banking client such as Raul Salinas.

I am ready to answer your questions. I only ask you, with all due respect, to keep in your mind the broader picture I have described as you frame your inquiry of me. Thank you.