

Mitt Romney's 'Blood Money'

The U.S. press corps has been solicitous toward Mitt Romney's work at Bain Capital with "fact-checkers" even insisting that Romney isn't accountable for its actions while he was still the CEO. But almost completely out of the frame is how Romney raised the original money from right-wing Salvadorans, writes William Boardman.

By William Boardman

The essence of the widely unreported story is simple enough: when Mitt Romney was having difficulty raising money to start Bain Capital in 1984, he ended up raising a major share of his company's initial \$37 million investment from Salvadoran millionaires with indirect links to death squads in El Salvador.

Even though it appeared in muted form in the Los Angeles Times on July 19 this year, reported by Joseph Tofani, Melanie Mason and Matea Gold, the rest of what is loosely characterized as the mainstream media appears to have ignored the story altogether.

In their report, focused on how Bain Capital got started with the help of offshore investors, the three Times reporters devoted only three sentences to the El Salvador connection:

"About \$9 million came from rich Latin Americans, including powerful Salvadoran families living in Miami during their country's brutal civil war. At the time, U.S. officials were publicly accusing some exiles in Miami of funding right-wing death squads in El Salvador. Some family members of the first Bain Capital investors were later linked to groups responsible for killings, though no evidence indicates those relatives invested in Bain or benefited from it."

At The Nation, Jon Weiner summarized the Times story on his blog the day it came out, but there is little evidence of any other follow-up in July. Weiner links to an earlier report by Justin Elliott in Salon.com, headlined: "The Roots of Bain Capital in El Salvador's Civil War," published Jan. 20, 2012.

Pebbles In a Pond

The Salon.com story made even less of a splash than the L.A. Times version is making now. This piece focuses on the difficulty reporters have penetrating Bain Capital's secrecy, starting with the continuing anonymity, 28 years later, of some of the original investors in 1984 in the midst Salvadoran civil war (1979-1992) which prompted about a million Salvadorans to come to the United States. Among these was a small community of avowedly right-wing oligarchs who

settled in Miami.

Often discussed in Cold War terms, El Salvador was never in much danger of anything like a communist take over. In October 1979, El Salvador's traditional military dictatorship was overthrown by a mixed junta of colonels and civilians who initiated some land reform and nationalized some aspects of Salvadoran business, including the coffee trade (not the industry itself). These changes were fought bitterly by the Salvadoran right who went to war against their government.

By 1984, the horrors of El Salvador, including the 1980 the right-wing assassination of Archbishop Oscar Romero while celebrating mass, were well known to the people at Bain and they were leery of getting too close to what could be considered blood money.

As Romney told the Boston Globe in 1994, he was careful about investors, checking names with the Reagan administration and "we investigated the individuals' integrity and looked for any obvious signs of illegal activity and problems in their background, and found none. We did not investigate in-laws and relatives." Bain Capital has yet to reveal all the names of its original investors.

Some Stories Drown Out Others

In January 2012, the El Salvador connection to Bain Capital got no traction in the midst of the furor provoked by a 28-minute attack ad running in South Carolina, a quasi-documentary called "When Mitt Romney Came to Town."

The ad described how Bain Capital took over four different companies and wreaked havoc on the lives of their workers. The catchphrase of the ad: "for tens of thousands of Americans, the suffering began when Mitt Romney came to town."

Produced by Winning Our Future, a Super PAC supporting Newt Gingrich, the ad met with widespread criticism for inaccuracy and misrepresentation. Under pressure, Newt Gingrich called for the PAC to correct the ad or withdraw it. It was withdrawn.

Romney's links to Salvadoran death squads surfaced again on Aug. 8, in a Huffington Post piece by Ryan Grim titled, "Mitt Romney Started Bain Capital With Money From Families Tied To Death Squads." The story's essence is unchanged, the basic assertion remains both true and tenuous money from Salvadoran coffee barons funded both death squads and Bain Capital, but the details remain secret almost 30 years later.

Who's Credible?

Appearing on "Democracy Now" two days later, reporter Ryan Grim said that when he asked the Romney campaign for comment, their only response was to send him a paragraph from the Salt Lake Tribune in 1999: "As was Bain's policy with any big investor, they had the families checked out as diligently as possible. They uncovered no unsavory links to drugs or other criminal activity."

"Now, that's simply impossible to believe. These families were certainly connected to death squads," Grim said, "There's no possible way that anybody in 1984 could check out these families, which is the term they use, these families, and come away convinced that this money was clean."

Although the story still hasn't been widely covered in mainstream media, it has appeared in recent weeks on a variety of other online news and opinion sites including Daily Kos, AlterNet, Buzzflash at Truthout, Crooks and Liars, and others.

The Story Stands Unshaken, Ambiguity Intact

Pushback on the story has been limited to non-existent. Rush Limbaugh did a next-day mockery takedown and Jim Hoft blogged similarly two days later, wondering when the story would make it into an Obama campaign ad. Limbaugh commented,

"The 'Huffing-and-puffing-ton Post' reported today that Bain Capital was seeded from money with Hispanic families, by the way, with ties to right-wing death squads in El Salvador and other Latin American countries. No, no, no, no, not talking about the Kennedys. They don't talk about that aspect of the Kennedys, no, no. Don't you find it interesting – yesterday, Romney essentially killed a guy's wife, and today Bain Capital was seeded with money from death squads? ... This is stuff we do parodies over. . It is depressing to know this stuff works."

Then he raised the ante: "Lemme ask you a question. What's the difference in that and the Democrats being underwritten by Planned Parenthood and NAARL? If they're not death squads, I don't know what is."

Human Events on Aug. 21 put out the closest thing to a rebuttal so far. Although David Harsanyi misrepresents some peripheral details to make his point, he does not disturb the essential story. His main point is to make a kind of equivalency between Romney's fundraising for Bain Capital in 1984 and Obama administration officials meeting with some of the same Salvadorans in 2012.

He writes, "If we concede the [Romney] story has legs, it is also fair to ask: Why would the Obama Administration meet with leaders of right-wing hit squads?"

Is There Any Serious Policy Issue Here?

It's hard to imagine the Obama campaign trying to make an issue of a story as unfinished as Romney's link to Salvadoran death squads and that's not because Obama's people met with the same rich people who are connected to Bain Capital. That's just government as usual.

A stronger reason for the Obama campaign to steer clear of the death squad story is Obama's own vulnerability on the issue. That vulnerability is not Planned Parenthood, despite Rush Limbaugh's black humor. Obama's vulnerability is his administration's use of drones and his own personal control of the "kill list."

It's not that Romney or others would make an issue of assassination-by-drone, which is most likely a policy they support. But it would still be obvious to anyone who thought about it that an Obama attack on Salvadoran death squads would seem pretty hypocritical coming from a president using high tech, remote controlled death squad equivalents.

Then there's Honduras, where the Obama administration continues to support the military dictatorship that overthrew the elected government in 2009, and where death squad activities are on the increase.

But there seems to be another, unexamined story lurking in the reportage to date. Mitt Romney started Bain Capital with an initial investment of \$37 million from an unknown number of investors, an unknown number of whom remain anonymous. Today Bain Capital is worth about \$60 billion, a decent return on investment. And what do we know now about the original investors?

-\$1 million from Jack Hanley, former head of Monsanto Co.

-\$2 million came from Robert Maxwell, a British publisher who stole hundreds of millions of dollars from his company's pension funds.

-\$1.25 million, the first Bain investment in June 1984, was in the name of Jean Overseas Ltd., a Panama shell corporation. Jean Overseas later added another \$1.25 million. The backer of this corporation was apparently Sir Jack Lyons, who was later convicted in an unrelated stock fraud.

-\$4.8 million came from the Crocker Family Trust in California.

-About \$9 million came from Latin Americans from El Salvador, Ecuador, Colombia, and Guatemala.

-About half the money came from people at Bain, whoever they were.

At the Miami-Dade Lincoln Day Dinner on March 9, 2007, Romney spoke about his early experience with Bain Capital: "I owe a great deal to Americans of Latin American descent. When I was starting my business, I came to Miami to find

partners that would believe in me, and that would finance my enterprise. My partners were Ricardo Poma, Miguel Duenas, Pancho Soler, Frank Kardonski, and Diego Ribandinarea.

“These friends didn’t just help me, they taught me. Ricardo’s brother had been tortured and murdered by rebel terrorists in El Salvador. Miguel himself had been chained to a floor in Guatemala for weeks, and tortured. And their torturers were financed by Fidel Castro. I learned from these friends about the human cost when Castro has money.”

People on all sides in El Salvador suffered terribly from more than a decade of violence, but most of it was perpetrated by the right wing, according to the postwar Truth Commission.

While there’s no direct evidence that Bain Capital investors gave money to death squads, those rich Salvadorans who spent the civil war years in Miami surely preferred to invest it with people sympathetic to their interests.

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