

## Caldera orders expropriation of Venezuelan 'banking mafia'

by David Ramonet

In an action without precedent in recent Venezuelan history, the Rafael Caldera government decreed on July 18 the confiscation of assets belonging to several former owners of the Banco Latino, the number-two bank in the country, which was taken over by the government in January. Caldera's decree is precisely what was proposed last February by Venezuelan Labor Party (PLV) leader Alejandro Peña Esclusa, and represents a declaration of total war against the criminal "banking mafia" which had been sucking the life-blood out of the Venezuelan economy.

Caldera's move has stunned the international banking elites, who correctly perceive Caldera's actions as a demonstration of independence from them and from their "gendarme," the International Monetary Fund. But beyond the implications of his actions for Venezuela, which had been converted by these elites into a premier dirty money laundry for the international drug trade, Caldera's decree provides a model for action for the rest of the continent. And this is what has the world financial elites quaking.

### Seizing the assets

On July 18, representatives of the Attorney General's office, accompanied by agents of the National Guard, occupied a luxury hotel in the tourist center of Puerto La Cruz, along with two other properties in Caracas, all owned by individuals and/or companies linked to the former owners of Banco Latino. The expropriations are intended as preventive measures toward recovering the debts that these individuals and/or companies have with Banco Latino.

On Feb. 9, *El Diario de Caracas* had published a PLV statement calling for confiscating assets of the Diego Cisneros Organization (ODC), including the supermarket chain CADA and the Maxys stores (formerly Sears). "They must

be confiscated before they are sold off and the money taken abroad," warned Peña.

One week later, Peña was interviewed by journalist Damhelys Diaz on a popular television show on Channel 2, "Lo de hoy es noticia." In that interview, Peña emphasized: "One of the things the PLV proposes is the preventive seizure of all the personal assets, of all the patrimony of the ODC . . . simply to protect the depositor, because I truly believe that the direct responsibility that the Banco Latino directors have for this fraud must be investigated. Should the media claims prove to be the case, that there was an illegal operation here, that accounts were handled incorrectly, including of the National Armed Forces, of the oil workers. . . . In other words, our leading institutions are affected. We have here a problem of national security."

Because of this call, the Cisneros organization, through an employee, accused the PLV leader of "inciting crime" against his properties. Now the Caldera government is not only proposing, but implementing, expropriations.

*Ultimas Noticias* reported on July 19 that on the Attorney General's list is a mansion owned by fugitive Ricardo Cisneros Rendiles, which was "sold," just before Cisneros fled the country, to an employee whose annual salary could not begin to pay for the luxurious estate.

The seizures ordered by Attorney General Jesús Petit da Costa are being carried out at the request of the Banco Latino Intervention Council, headed by former Petroleos de Venezuela President Gustavo Roosen. Roosen told the press the same day that he has also asked the Attorney General to embargo the assets of more than 40 companies which either directly or indirectly received loans from Banco Latino. According to the list of companies released by *Ultimas Noticias*, the majority are related to the Cisneros group, which in turn

was an important partner of the Banco Latino on whose board sat Ricardo Cisneros. Roosen is trying to recover some 80 billion bolívares, before Latino's debtors carry out some "financial engineering" to transfer their assets to others. Toward this end, the foreign properties of Banco Latino debtors are also currently under investigation.

Attorney General Petit da Costa explained in detail the mechanisms by which the former owners of Banco Latino gave unsecured multimillion-bolívar loans to individuals who were afterwards unable to assume legal responsibility for their debts. For example, the company that built the Mare Mare Hotel received 11 billion bolívares (more than \$100 million at the time), but neither the hotel nor the land it is built on is in the name of that company. Instead, it is held by other companies which have no direct obligation to the lending bank. "This kind of behavior shows that the Banco Latino operated like a mafia—as President Caldera has said—which appropriated billions from its depositors."

### **The usury mafia responds**

Such actions are intolerable for the international financial mafiosi from whom Banco Latino's former stockholders learned their tricks. In fact, even before President Caldera ordered the confiscations, the London *Financial Times* had dedicated nearly an article a day since late June attacking Caldera's nationalist measures to protect the economy. The day after the *Financial Times* would publish its protests, the *Washington Post* would follow suit, whether by editorial or by "news coverage." Then the international news agencies would distribute these commentaries throughout Venezuela and the rest of the continent, with the intention of creating an aversive climate against Caldera.

One mid-level official at the World Bank was most direct, in a private conversation, about what the international creditors are thinking: "It doesn't matter if Rafael Caldera is honest or not, Venezuela was much better off with Carlos Andrés Pérez." Reminded that Pérez is in jail on corruption charges, and has a long history of dirty business deals, the official responded that this has always been the case and always will be the case. What could not be permitted, however, was that his free trade economic policies be annulled. "It is not a question of honesty, but a practical matter," he said.

The creditors are just as hysterical over the strict exchange controls which the Venezuelan government is applying, which are being regulated "the same way a common credit card is monitored," according to Ivan Pulido Mora, a member of the Exchange Council. Those who need to buy dollars are registered in a computerized system overseen by technicians of the state oil company PDVSA. In that computer system will be a profile of every dollar purchaser, including any bank accounts abroad—just as a bank maintains a credit history of its card holders—such that only those who need dollars and don't hold any will be allowed to purchase them. Those who request dollars, but are holding dollar accounts abroad, will be obliged to use their own reserves.

### **Debt moratorium?**

What the creditors most fear is that Caldera will find himself forced to suspend payment on Venezuela's foreign debt. Although the President has repeatedly rejected such a possibility, the creditors fear that the very circumstances of the crisis facing Venezuela will leave him no alternative. When new Planning Minister Werner Corrales was asked by a journalist from *El Globo* on July 18 about the possibility of declaring a debt moratorium, he responded that, "within the range of options, moratorium is obviously not among the preferred, but no alternative has been rejected."

The truth is that Caldera has always been sincere in his proposals, including to the Venezuelan bankers. Since March, his government has sought to achieve currency stability, a reduction in interest rates, and a reduction of inflation, through a Solidarity Pact. It was the bankers which violently rejected his efforts, and unleashed fierce financial warfare against the bolívar, which led to an unprecedented inflationary process. For this reason, Caldera's emergency measures were taken.

This is exactly what Caldera explained to the business community at the 50th Annual Assembly of Fedecamaras on July 12: "Economic progress, for the countries which have achieved such, has been obtained by means of harmony between the public and private sectors. Neither Japan nor the four Asian tigers achieved economic progress solely through the private sector. Freedom yes, and we feel obliged to guarantee it and are prepared to guarantee it. But if no agreement for harmony exists, if the will to adopt the indispensable measures required for success does not exist, all efforts will fail."

### **Threats of coups, civil war**

The followers of Carlos Andrés Pérez within the AD party, the Social Christian party which Caldera founded and which threw him out, together with the targeted bankers, continue to up the pressure by threatening the government with a coup d'état. At the same time, ultraleftists who back former Army colonel Hugo Chávez, leader of the failed coup attempt of Feb. 4, 1992, also denounced Caldera's measures.

In a press conference, Chávez stressed that "a coup d'état of the political, economic, or military elites could occur here, or a new insurrection by the middle-level and non-com officers, who continue to be very unhappy with what is occurring." Chávez has attempted to blackmail President Caldera, demanding that he dissolve Congress and convoke a National Constituent Assembly.

If Caldera does not agree, insists Chávez, the consequence will be street riots of all kinds. If the government represses these, warns Chávez, "I am certain that the division in the Armed Forces will become evident. One military group will go out to kill an unarmed and hungry population, but there is another, not very small group, which will refuse and will go out instead and overthrow the government, or at least will prevent the destruction of the Venezuelan people, and this will be a setting for civil war."