

1964, when he invited the then rather obscure Harvard professor for his first lectures in Brazil. The "special relationship" Kissinger formally established in February 1976, between the United States and Brazil coincided with the founding of Brasilinvest and gave the impression that the U.S. government itself sponsored the operation.

The promised \$20 billion in direct foreign investment never materialized, but eager bankers bloated Brazil with loans. This process was helped by "free enterprise" ideologue William Simon, who used his position as Treasury Secretary under Gerald Ford to rig U.S. tax code enforcement so that U.S. banks were able to get tax credits, rather than pay U.S. capital gains taxes on profits made on their Brazilian operations.

Volcker's 1979 interest hike drove Brazil into bankruptcy in 1982. Then, for the grand slam, Henry Kissinger invited Garnero to his secret Vail, Colorado, "World Futures" meeting in August 1982, where plans were concocted for transforming the mass of unpayable debt paper into equity ownership of the immense resources of the debtor countries. It was Garnero who carried the "debt-for-equity" concept back to Brazil and who led the campaign for handing over valuable state enterprises and natural resources to creditors ever since.

### Stripping assets

Garnero was bestowed the "Man of the Year Award" on May 17, 1984 by the Rockefeller-dominated Brazil-American Chamber of Commerce. Such honors, and his continuing partnership with Shultz and Simon in the United States, Jacques Chirac and President François Mitterrand in France, and the whole nest of the dirty German, British, Swiss, and French oligarchy, kept up Brasilinvest's ability to borrow money and raise funds with illegal unsecured bonds at the same time the company was stripping its own assets.

Six days later, Brasilinvest created the first of 10 fictitious entities in Zurich, Liechtenstein, and Panama. The indictment added, "One of the causes of the Brasilinvest bankruptcy is the fact that it remitted one trillion cruzeiros abroad, which is more than the 1985 budgets for health, agriculture and justice ministries."

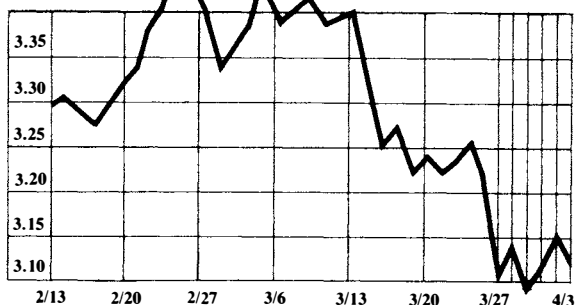
When the job was almost done, Brasilinvest and the equally bankrupt Banco Sulbrasileiro "took in each other's dirty laundry," issuing debt papers to each other to cover up a bit longer. The idea was that their private-sector creditors would be potent enough to force the government to pay for the broken dishes.

But, President-elect Tancredo Neves refused the bailout. Neves did not become President, and rumors are that he was shot in the stomach. But his nephew, Francisco Dornelles, the new finance minister, immediately mopped up Brasilinvest. If Dornelles has his way, Garnero will soon be under "preventive detention." But, will his international sponsors get away scot free? And, once the market has been cleansed of Brasilinvest, will the "debt-for-equity" buy-up of Brazil continue?

## Currency Rates

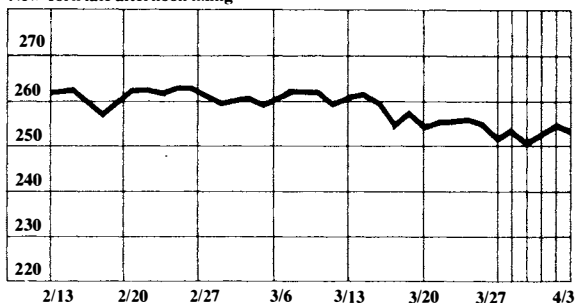
The dollar in deutschemarks

New York late afternoon fixing



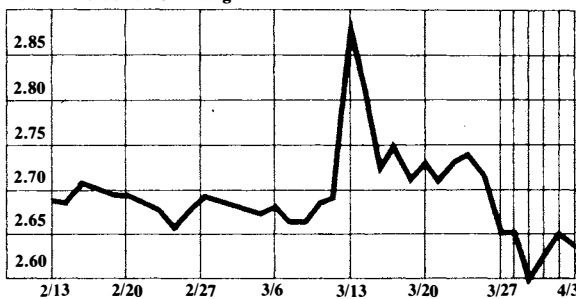
The dollar in yen

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing

