

## To aid Peru's war on drugs: Open the Ulloa file!

by Gretchen Small

In little more than one week in office, Peru's new President, Alan García, has initiated a war on drugs which, with proper international cooperation, can bring down top leaders of that organization of worldwide filth, Dope, Inc.

On Aug. 7, Peru's Congress granted García extraordinary powers to carry out a sweeping reorganization of the country's three police forces within 90 days. Each day, the press reports new details of how, under the last two administrations, the narcotics mafia had seized control over Peru's police forces. Thirty-two of 42 generals in the Peruvian Investigative Police (PIP) are said to be implicated in narcotics trafficking, and four Civil Guard colonels have been named thus far. With more than 16 drug-runners arrested since García's inauguration 10 days ago, and many more on the wanted list, former Interior Minister Luis Percovich, the Prime Minister in the last regime, reportedly fled the country with his family after media revelations of his advisors' links to the cocaine mob.

Other "politicians above suspicion" are beginning to tremble. The name of Javier Alva Orlandini, the presidential candidate for Accion Popular, the party of the last government, has been raised, as he was the political protector of Luis Percovich. Rumors had circulated in the early 1980s that a raid on Alva Orlandini's plantation would discover more than cotton growing. Now, the names of more than one of his political associates, including his aide-de-camp, Col. Luis Rivero Castro, have been mentioned in the drug revelations.

Other big names in Peruvian finance—where international interests and the local drug traders meet—are worried. Press coverage by the media empire of Rockefeller's boy in Peru, Manuel Ulloa, would indicate that Ulloa is eager to join the hue and cry against Alva Orlandini, as long as the

investigation stops there. Some in Peru hope the old tactic of the thief who joins the crowd, yelling, "He went that-a-way," might help the drug war pass them by.

### The dollar connection

How García's war on drugs began demonstrates the connection between the worlds of drugs and finance. García inaugurated his presidency with a declaration that under his administration, national sovereignty would be reestablished over Peru's economy. For that, he announced that Peru will only channel 10% of its export earnings to international debt payments, and that his government will not negotiate with the International Monetary Fund; international banks were then advised of a six-month debt moratorium while the government sorts out the country's financial situation. García also announced that "foreign coin" would no longer be legal tender in Peru, but only the national currency, the sol.

That declaration began the war on drugs.

Under the Belaunde administration (1980-85), the sol had gradually been replaced in many day-to-day transactions by the U.S. dollar. In 1984, when the amount of dollars circulating in the country had surpassed the number of sols, the Belaunde government declared the de facto hegemony of the dollar legal, and lifted restrictions on its use.

Because Peru's legal export earnings have plummeted under the succession of IMF programs which have been implemented since 1976, the source of the dollars flooding Peru is easy to trace. The only "growth industry" in nearly 10 years has been the international drug trade; the dollar is the currency of that business.

Certain financial sectors panicked with García's new restrictions on dollar bank accounts. When police raided some 200 money-changing houses on Lima's "Wall Street" on July

30, 100 money-changers were arrested for violating the law. What was found began unraveling the drug connection.

The head of the Homicide Division of the Peruvian Investigative Police (PIP), Col. Leonel Zeballos, was immediately fired. Various of the arrested money-traders had confessed that not only was the money they were handling given them by Zeballos, but that he was a stockholder in various of the money-houses. Uncovered was a whole network within the PIP which had partial ownership of exchange houses. And the operations zones of the PIP officers involved were concentrated in the Peruvian provinces of Huallaga and Tingo Maria—the heart of Peru's coca production and transshipment zone.

The government then uncovered a multimillion-dollar flight-capital operation, as mafia members sought desperately to get their dollars out of the country, or "laundered." The official daily *La Cronica* reported on Aug. 6 that a shortage of sols has occurred in the province of San Martin, a center of coca production and traffic, as coca dealers sell their dollars at 10,000 sols each, in their hurry to "launder" their huge sums of dollars.

### **The Mexican connection**

"Money-laundering" is never distinct from that dirty underworld of production, refining, and trafficking of mind-killing drugs.

In the early hours of July 24, an explosion in one of Lima's "best" neighborhoods blew up a building, killing two of those inside. An elaborate cocaine laboratory located in the basement of the building had exploded. Reports now reaching the press reveal that the site was no minor operation, but a six-year-old drug establishment. Rumor is that the "explosion" was not an accident.

The house was part of an elaborate complex of 11 houses, all internally connected, and equipped with a complex intercom system. The inhabitants lived in luxury: 15 color televisions, 10 Betamax video players, movie projectors, and stereo equipment graced the complex, which had a huge dance room used for "frequent and elegant games and parties," and two swimming pools. Three chauffers and 22 employees serviced the drug-runners and their dozen-plus automobiles.

Owner of the house was one Reynaldo Rodriguez Lopez. Rodriguez Lopez, now hunted throughout Peru, ran a series of businesses, including a tourist agency called Seturin, a tourism training center, a foreign language school called Peru International School, a tax-consultants firm, and a real estate company.

His business was not so "respectable" in the past. Rodriguez had done time in Mexican jails in the early 1970s, after he was caught running illegals across the Mexican-U.S. border in tanker trucks. He was paid, like most such "coyotes," \$1,500 per head.

Upon his return to Peru, Rodriguez continued his traffic

in human beings, this time sending unemployed Peruvians, with or without visas, into the Mexican border towns of Tijuana, Ciudad Juarez, and Matamoros, through his travel agency. Travel was a good business, for it provided the international connections for his other "business." U.S. Drug Enforcement Administration reports have now been published in the Peruvian press which identify Rodriguez as the head of an international organization of drug runners, running dope from Peru to Canada and the United States, through Mexico, for the past eight years. Some 500 kilos of chlorhydrate, a basic ingredient of cocaine, were reportedly handled monthly by the Rodriguez organization.

His major Mexican connection, according to the DEA, is Miguel Felix Gallardo, a Mexican mafia capo believed to have been involved in the assassination of U.S. DEA agent Enrique Camarena earlier this year.

Ah, but Rodriguez had friends in high places. In 1983, Rodriguez listed as one of his telephone numbers, the number of an Advisory Office of the Interior Ministry, which controls the PIP. A picture of Rodriguez was run in the newspaper *Hoy* in the first week of August—showing him with a smiling PIP official, General Ipinze.

Found parked in the driveway of Rodriguez' house after the explosion, was an official car assigned to the Interior Ministry. Its owner was one Luis Lopez, the top personal advisor to former Prime Minister Luis Percovich.

### **The Trilateral connection**

At the top, the drug mob is but one with high finance, however. By investigating the financial interests who oversaw the transformation of Peru into a drug economy, all the pieces of the narcotics puzzle fall into place.

Inside Peru, one man heads the list of such "citizens above suspicion" to be investigated, the darling of David Rockefeller's Trilateral Commission, Manuel Ulloa.

Outgoing President Fernando Belaunde Terry has ruled Peru twice as President (during the 1960s, and again 1980-85), both regimes marked by corruption, and both shaped significantly by Manuel Ulloa. Belaunde's second administration, in fact, could well be called an "Ulloa administration." Serving first as Economics Minister and Prime Minister, and then leading Accion Popular's faction in the Senate, Ulloa was the brains and the financial power behind the administration.

The "Ulloa team," as he and his cronies were known, implemented two fundamental policy commitments while in office: the enforcement of IMF policies which wrecked the nation's industrial and productive apparatus, and the freeing of the financial sector from government restrictions, thus favoring the easy laundering of the narco-dollars entering the economy.

The result was a boom in the coca industry during the Ulloa years. Coca "keeps the whole vast region of the country east of the Andes relatively quiet politically, according to

former Prime Minister Manuel Ulloa," noted London's *Latin America Weekly Report* in March 1984.

Ulloa even openly advocated legalizing the coca trade so that it could replace the productive economy he had wrecked. "From the time of Unanue, the development of all the medical and hygienic potential of this unique plant (coca), has been discussed. . . . The economic implications are also diverse and significant," Ulloa told *Debate 24* magazine in December 1983. "It begins with the economy of the peasants, and ends, in imprecise ways, in our balance of payments. . . . This perspective opens unimagined horizons, and would permit the channeling of the majority of clandestine coca production to a legal market."

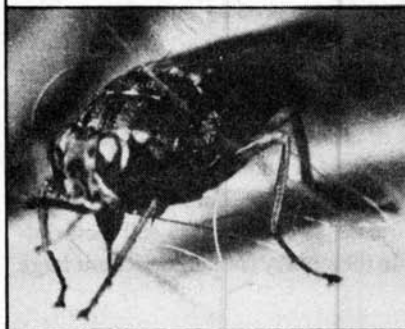
Ulloa derives his power inside Peru more from his international "business" connections into the Trilateral Commission crowd, than local interests. Ulloa began his career in the late 1940s, working for W. R. Grace and Co., whose large agricultural, chemical, and shipping empire inside Peru gave the company power similar to that maintained by the United Fruit Company in Central America. By the mid-1950s, Ulloa was director of all Grace operations in Ibero-America. His steps up the company ladder were not only vertical; Ulloa married the daughter of one of the vice-presidents of the company, but soon divorced her to marry J. Peter Grace's own personal secretary.

Those contacts served Ulloa well. By the 1960s, he had become part and parcel of the Rockefeller empire in Ibero-America, including directing Rockefeller's Deltec Banking Corporation.

Wives continued to play a major role in Ulloa's career advancement. Business investments in Argentina picked up after he married his third wife, an Argentine woman who was an intimate friend of the Paul Volcker of those days in Argentina, World Bank agent Krieger Vasena. His fourth wife, a Spaniard, aided business expansion into that country. According to *Acierto* magazine in Peru, his marriage to Isabel Zorraquin in the 1970s gained Ulloa the position as manager of the Vicuna family fortune, including their interests in the infamous "Mau-Mau Discoteque." Zorraquin was arrested in New York a few years ago, according to *Acierto*, in possession of three kilos of cocaine. Ulloa's friends managed to hush up the affair.

That the arrest was not the reason Ulloa divorced her seems clear from the woman with whom his latest nuptials have been signed. He celebrated his fifth marriage in . . . Managua, Nicaragua, during celebrations of the sixth anniversary of the July 19, 1979 victory of the Sandinistas. Pallais Debayle Checa may come from a family related to that of late dictator Somoza, but she has thrown her lot in with the cause of the Sandinistas. What business investments Ulloa might hope to gain from the Sandinistas is not yet known, but the fact that they and the Cubans are associates of the Cuba-based Robert Vesco in the Caribbean cocaine traffic may be one indication.

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