

## Andean Report by Gretchen Small

### Of bankers, debt, and drugs

*Lima's bankers are not the only ones sweating over the upcoming trial of banker Luis Bertello.*

**W**ill the investigation of Luis Bertello's financial misdoings lead back to Rockefeller's man in Peru, Manuel Ulloa? And will that trail lead back to Peru's creditor banks in New York and Boston?

These are the questions now buzzing about Lima, after "Don Lucho" Bertello was extradited back to Peru from Costa Rica Oct. 22, to finally face charges of embezzlement and fraud against stockholders and the Banco de la Nación, stemming from the 1983 collapse of his Banco Comercial de Peru (Bancoper).

The case could set a crucial precedent for the continent, providing an opportunity to prove—in court—how the foreign debt scams of the 1970s and 1980s worked. Trying bankers for the crime of financial misdealings on the debt, if successful in one country, could become contagious to other countries.

An even dirtier side of international finance may also emerge from this case: the links between the foreign debt scam and the narcotics trade. And that has made Don Lucho's Wall Street friends very nervous, indeed.

Before its collapse, Bancoper was Peru's third-largest private commercial bank, and Don Lucho was the president of the national bankers association. One London newsletter praised him at the time as "a blue-eyed establishment boy," and "intimate friend" of foreign bankers' favorite Peruvian, Ulloa.

Tipped off by friends that a Lima judge had issued arrest orders against him and 17 other Bancoper executives or directors, Bertello and crew fled

Peru in April 1983, to find new homes variously in Miami, London, Vienna, and Costa Rica.

Bertello's bank was not the first bank to go under during the Belaúnde administration. In 1981, the Banco de la Industria de la Construcción collapsed in the wake of similar charges of financial mismanagement. Its chief executive, Luis León Rupp, also chose to resolve his problems by fleeing.

*La República* reported Oct. 26 that Rupp has initiated legal action to clear the way for his return early next year. Whether he will actually do so, will depend on the outcome of the Bertello case.

The financial maneuverings of both banks were similar. Rupp and Bertello are accused of issuing bad loans to their own companies, and thus threatening the solvency of the banks, for their personal gain.

The maneuvers had a further wrinkle. The government bailed the banks out: Ulloa's economic team ordered that state funds cover the bank's bad debts. Ulloa called it "protecting the depositors," but the money was sent to the banks' foreign creditors.

Bancoper was a great scam. The bank issued 85% of its loans to its own stockholders, mostly Bertello's industrial empire. Lacking sufficient capital base for this, Bancoper took out dollar loans from foreign banks, and then reloaned them to its own companies.

Long before Bancoper went under, its financial problems were public knowledge in Lima. But when Bancoper was unable to meet its dollar obligations, the government began is-

suing millions, so that Bancoper could pay its foreign creditors!

Now, a new angle has emerged. Lima daily *El Nacional* reported on Oct. 21, that in the months before leaving—and while receiving government aid—Bertello had busily sold some 200 of his properties to Reynaldo Rodríguez López, the drug kingpin who owned Villa Coca!

Does the government have the "hard goods" on the international aspects of Don Lucho's schemings, or his narcotics links? *EIR* does not know; but some people in Peru are scurrying to keep more of this story from coming to light—or to court.

Costa Rica's prosecutor, Roberto Steiner, advised Peruvian authorities in early October that Bertello would arrive Oct. 9. By a combination of legal maneuvers in both Peru and Costa Rica, Bertello attempted to stall his extradition, and nullify the charges.

That worked, until Oct. 22. Now, Lima's financial establishment has launched a campaign to free Don Lucho, using *Caretas* and *Oiga* magazines as their mouthpieces. This man is no criminal, but merely a bad businessman, who risked all for his country, they argue. And they threaten that unless he is freed, that "other businessmen" may stop "risking" their capital, too.

The government, however, has stuck to its guns. Vice Interior Minister Agustín Mantilla personally went to the airport to meet the plane from Costa Rica, to insure no last-minute "escape" occurred. "This is an important step for the country," he told reporters. "With this, we demonstrate to the public that we are ensuring justice."

As García told reporters Oct. 24, "No one can avoid the law, for all the money or political power they have. The law must be equal for all Peruvians."