

Andean Report by José Restrepo

Money laundering in Venezuela

The government's unexpected offensive against money laundering threatens to expose a lot of banks.

Caracas is being shaken by a scandal of unpredictable proportions as a consequence of the launching of "Operation Sierra Carlos," Venezuela's first major offensive against money laundering, by the anti-narcotics division of the National Guard. On the morning of Oct. 5, Operation Sierra Carlos was launched simultaneously in three Venezuelan cities located along the Colombian border, and was still ongoing at press time.

The results of the operation that have been released to date are stunning. Judge Mildred Camero, whose court will be overseeing the case, announced to the media on Oct. 8 that 83 individuals have been arrested, and 26 exchange houses raided. She said that the extent of money laundering that has already been uncovered surpasses \$2 billion. "I would say that it could go higher," she added. "This money is used in various ways, but we have unofficial information that it is used in part to finance electoral campaigns both in Colombia and in Venezuela."

The likelihood that illegal dollars (in all probability, drug dollars) are feeding into the ongoing presidential campaign in neighboring Colombia holds special significance in light of the fact that the majority of Colombia's near-dozen candidates for the presidency have embraced drug legalization as a solution to the country's many ills. Some of them are even advocating a negotiated amnesty for the drug cartels, in hopes that the repatriation of billions in drug profits will somehow revive an economy that is fast disintegrating under an Interna-

tional Monetary Fund-dictated free-market policy.

Reflecting the impact of Operation Sierra Carlos inside Venezuela are the comments of economist Roberto Castillo Dupuy, in the afternoon daily *El Mundo* on Oct. 8: "The financial authorities of the country should intervene in the operations of the Caracas and Maracaibo stock exchanges, because of the irregularities that are occurring there. Is it not strange that a stock exchange listing 32 companies only shows movement in the sale and purchase of stocks of 14 of those and, through them, billions of bolivars? *The stock exchanges are centers of dollar laundering, speculation, and manipulation which exist only because of the aberrations of the economic package.*"

On Oct. 13, the Venezuelan press reported the statement of Interior Minister Carlos Delgado Chapellín. "The tentacles of the drug trade penetrate every sector of the country, *including the political world.* . . . They are vast and we will do everything we can to eliminate them," he said.

It therefore came as no surprise when the Oct. 14 issue of *El Universal* published a note entitled "Judge Mildred Camero Threatened Because of Money-Laundering Case." Judge Camero responded: "The pressures through third persons have already begun, and I have had to ask for police security." Asked by a reporter where the pressure is coming from, she answered, "From the banks themselves, the banks have begun to pressure." The reporter questioned, "Which banks, national or international?" to

which the judge replied, "National." Judge Camero clarified that the money-laundering case had implicated "some financial institutions, not only from abroad but also from Venezuela."

El Nacional shed some light on the issue on Oct. 17, when it published statements given to the press back in July (well before the launching of Operation Sierra Carlos) by the secretary general of the Venezuelan Labor Party (PLV), Alejandro Peña Esclusa: "The book *Narcotráfico, S.A. [Dope, Inc.]* has been banned in Venezuela since 1985; it documents in detail who is behind dirty money laundering and who are the financiers of the political groups."

But there is still more. In the PLV pamphlet entitled "The Truth About CAP," published as an insert last July 20 by *El Diario de Caracas*, one reads: "In recent years, the Tinoco/Cisneros-owned Banco Latino has been buying up virtually every state bank along the border with Colombia, precisely at a time when international agencies have detected feverish dollar-laundering activity. Through stock purchases, the Banco Latino has extended its control over Banco Maracaibo, Banco Barinas, Banco de Occidente, Sofitasa, and others. In this way, Banco Latino has gone from being the sixth largest bank in the country when CAP came to power for the second time in 1989, to being—together with the banks it now controls—the number one bank in deposits and profits."

It also says: "During CAP's second administration, the stock exchange carried out unrestrained expansion, whose extent is dramatically revealed in the rise in speculation and illegal money in the country. Young speculators in the service of CAP's 'apostles' seized control of the exchange."