

Banking scandal shakes up Brazil

by Lorenzo Carrasco Bazúa

With the connivance of Brazilian monetary authorities, the central bank handed over the Banco Econômico to a consortium made up of the Banco EXCEL—a tiny bank whose name was familiar only to the police—and the Union Bancaire Privée (UBP) of Switzerland, whose name remained suspiciously anonymous until the agreement with the central bank was signed. The reason for such mystery is that UBP, owned by Edgar De Picciotto, is also under investigation by authorities for involvement in money laundering in Europe, Africa, and the United States.

By allowing UBP's name to remain anonymous until the last minute, monetary authorities have become accomplices in handing over one of Brazil's largest banking institutions, with over 300 branches nationwide, to a gang of money launderers, for the ridiculous sum of \$350 million. Perhaps they were motivated by the possibility of a banking collapse, which in a single blow could undo the so-called economic stabilization plan known as the Real Plan (the *realis* Brazil's currency).

Banco EXCEL was founded at the beginning of the administration of Fernando Collor de Mello, in 1990. Two days before the Collor government decreed the freezing of bank accounts, EXCEL's major stockholder, Ezequiel Edmond Nasser, withdrew \$7.5 million to purchase the bank's headquarters in São Paulo. EXCEL gained notoriety for its involvement in the corruption and capital flight scam, known as the P.C. Farías-Collor de Mello scandal, that led to President Collor's impeachment in 1992.

In June 1991, central bank officials proposed that EXCEL's license to operate in the exchange markets be cancelled, because of evidence of fraud committed in CC-5 accounts, originally created to facilitate movement of non-resident foreigners' funds in Brazil. The director of the central bank's Exchange Division at the time, Gilberto Nobre, ignored the evidence; and, as it now comes to light, Nobre retired in 1993, and was subsequently hired as an executive in EXCEL, where he works today as vice president. From that post, he coordinated EXCEL's purchase of Banco Econômico together with UBP.

A banking 'paradise'

In an article titled "A Brazilian-Style Banking Paradise," *Jornal do Brasil* reported on Jan. 7 that "in a June [1995] document, Federal Police agent José Carlos Sanches Abraços said that 'EXCEL seems to be a refuge, or better yet, a Brazil-

ian banking paradise. . . . Brazil has become a fiscal paradise without adequate regulation.' Abraços was the one who began to track the financial operations run by businessman Paulo César Farías's corruption scheme." Farías was Collor de Mello's Presidential campaign treasurer.

Jornal noted that "one of the primary flows occurred in the Cross Financial Corporation in the Virgin Islands, which issued a large quantity of checks for P.C. Farías's shell companies, and which also had an account in EXCEL. At that point, EXCEL controlled about 80% of the CC-5 accounts opened in the country, now under investigation by police. The most significant volumes of money passed through a group of foreign companies which were EXCEL clients: Accent Finance, Babson Finance, Tristan Finance Co., Cannon Finance Co., of the British Virgin Islands, and Kenaco Finance of Panama."

International connections

All of P.C. Farías's international connections have been covered up until now, because, during the Presidential impeachment process, the Senate was stupid enough to hire the American company Kroll Associates. Kroll covered up all of the international ramifications of the case, because it was directly involved with the interested parties, as *EIR* revealed in September 1992.

The pedigree of the two Nasser brothers—Ezequiel Edmond and Jacques—also allows them to operate freely among the international mafia networks which launder dirty money. Their father, Rahmo Nasser, from an Aleppo, Syria-based family and also an EXCEL partner, is married to a sister of Edmund, Joseph, and Moises Safra, owners of Safra Bank, against which there are many pending money-laundering charges. Although he tries to deny links to Safra Bank, Ezequiel Nasser has been so close to Edmund Safra, that he is known in São Paulo banking circles as "*safrinha*," or "little Safra." Prior to returning to Brazil, he worked at Safra's New York-based Republic Bank.

Nor do the coincidences stop there. As *Jornal do Brasil* reported on Jan. 14, in his investigations of the case, Federal Police agent José Carlos Sanches Abraços discovered that a branch of the Picciotto family—a different branch controls Switzerland's UBP—has business in São Paulo which is equally hooked into international money-laundering operations. According to the Federal Police, the scheme's shell companies, Becket Corp. and Accent Finance Corp. (also linked to the Farías-Collor scam), were opened in Panama under the auspices of Israeli financier Abraham Djamal. The Djamal family has ties to Joseph Shalam, UBP's current director. These shell institutions had the logistical support of Incorporadora Paulista Limitada (IPL), whose majority partner is Giacomo Picciotto, against whom there are criminal charges pending. According to *Jornal do Brasil*, there are at least four large international banks participating in the dirty money-laundering scheme: Citibank and Chase Manhattan, Lloyds of London, and the Dutch ING Bank.