

Report from Paris by Thierry Lalevée

From insider trading to blackmail

The blackmail is the political kind, and it's seen here as being waged by the United States against France.

As revelations in the Securities & Exchange Commission-inspired "Pechiney insider trading" scandal in France have proceeded, the political motives behind the SEC's sudden interest in French trading are getting clearer.

President François Mitterrand himself, though not involved in the insider trading, has received a few scratches. The SEC, and now the Commission des Opérations Boursières (COB), consider two of his longtime personal friends, Roger Patrice Pelat and Max Théret, as the main culprits. But this does not directly affect Mitterrand's political standing.

Rather, it's the government elected by Parliament, and in particular the Finance and Economic Ministry led by Pierre Bérégovoy, that is shaky. Bérégovoy's cabinet director, Alain Boubilil, a 1981-88 Mitterrand adviser, had to resign to "be in a position to defend himself."

The broader targets are first, the entire system of trading on the French market; and second, France's "military-industrial complex." The scandal is stirring up a strong motion to transform the COB, of whose existence few were aware besides traders, into some kind of SEC with similar independent powers. Though no one will argue against a better regulation of trading, the issue is obviously elsewhere.

Amid the tense competition among financial markets, and in anticipation of the 1992 deregulated European market, both New York and London are out to neutralize the French markets. And there may be no better way, than to force the creation of a super-

gendarme which, by going from one investigation to another, will scare off or paralyze potential investors.

This has paralleled an attempt at "Americanizing" parliamentary activities. For the first time, the Finance and Economics Committee of Parliament which met to investigate the scandal, did so under camera spotlights, with the finance minister as the accused. This set a precedent that some would like generalized, with parliamentary committees playing the same negative role as the endless investigative committees of the U.S. Congress.

Nor can it be a coincidence that all of those exposed by the SEC have close ties with the military firm Thomson CSF. Pelat was for years the director of a company, Vibrachoc, which sold aeronautical systems. In 1982, Vibrachoc handled some of the key shipments of Exocet missiles to Argentina. Vibrachoc was then directed both by Pelat and by the brother of ex-Defense Minister Charles Hernu, Robert Hernu. It has been strongly suggested that Anglo-American circles never forgave these French networks for aiding Argentina in its war against Britain, but also that the present targeting has to do with the international fight over Argentina's future.

Another intermediary denounced by the SEC is Lebanese trader Samir Traboulsi, an adviser to Thomson-CSF, and a crucial middleman in Franco-Saudi military deals. In October 1988, Bérégovoy decorated him with the Legion of Honor. His nomination had come earlier from Interior Minister Charles Pasqua, under the

Chirac government, as a reward for his role in getting some French hostages freed.

Besides individuals, some of the key companies targeted have the same profile. For example, the SEC pointed the finger at the Geneva-based Soco-Finance, chaired by a group of Lebanese traders, which is actually owned 20% by Thomson CSF. Soco is accused of having bought shares on behalf of the Anguilla based International Discount Bank, of which one of the shareholders would be the Batif, Thomson's banking institution. Just as the scandal broke, Thomson was about to increase its shares into Soco-Finance through Batif, and potentially merge the operations of Soco-Finance with Satoil, a new acquisition of Thomson, in the expectation of a major arms deal with Saudi Arabia—most likely involving financing in kind, such as oil.

Though there has been no report on whether the deal was jeopardized, Thomson will have to use another trading house. On Jan. 25, the Paris weekly *Canard Enchaîné* accused Washington of triggering the scandal for no other purpose than to "sabotage French arms sales in the Middle East and in Saudi Arabia in particular."

The targeting of these layers can also be seen as another episode of the Irangate scandal. For example, Boubilil was one of a group of three Mitterrand advisers who dealt with the secret negotiations between France and Iran, but also the United States and Iran. Oliver North's political associate, Michael Ledeen, who has so far escaped prosecution, was regularly seen in the corridors of the presidential Elysée palace, as Paris was repeatedly asked to help Washington. Needless to say, Traboulsi and a few others, like Lebanese banker Roger Tamraz, also mentioned, played similar roles.