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TRANSLATIONS ON LATIN AMERICA
(GUO 7/73)

LATIN

AMERICA



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CONTENTS

PAGE

BRAZIL

Bishops Fear New Attacks on Church (<u>Opinio</u> , 26 Feb-4 Mar 73)	1
News Briefs	
Diplomatic Mission to Africa	2

* COSTA RICA

Reaction to Robert Vesco's Press Conference (<u>La Nacion</u> , 8 Mar 73).....	3
New York Attorney Seeks Legal Action Against Robert Vesco (<u>La Nacion</u> , various dates)	8
Charges Filed Alleging Fraud, by S. A. Judge Throws Out Legal Action Against Vesco, by S. A.	
I Will Prosecute Anyone Who Defames Me: Vesco (<u>La Nacion</u> , 7 Mar 73)	14
SEC Urges That Vesco's Investment Activities Be Halted (<u>La Nacion</u> , 28 Feb 73).....	17
Special Commission Continues Investigation of Mutual Fund Firms (<u>La Nacion</u> , 13 Feb 73)	20

GOVERNMENT USE ONLY

CONTENTS (Continued)	Page
✓ Lawyer Testifies in Vesco Hearing (La Nacion, various dates)	22
Vesco Investments Explained to Commission Fournier Explains Further Concerning Vesco, by Fernando Fournier Acuna	
News Briefs More Investment Plans	25

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BRAZIL

BISHOPS FEAR NEW ATTACKS ON CHURCH

/Article; Rio de Janeiro, Opinioao, Portuguese, 26 February - 4 March 1973,
p 4/

"Will there be justice for the Death Squadron?" With this question the CNBB /Conferencia Nacional dos Bispos de Brazil; National Conference of Brazilian Bishops/ last Friday revealed the subject of a document received recently by the CNBB in which an attempt is made to show that "a new attack against the Church and some of its members is being prepared in Sao Paulo." The plot revealed by the bishops would have as an objective, according to the document, "the defense of a person and group against a number of very serious accusations."

Deliberately omitting the origin of the charges, the CNBB note states that the "person" and the "group" considered antiterrorist heroes, receive, and have received all types of protection and various privileges because they were 'unjustly!?' accused of belonging to the 'Death Squadron.'" In ecclesiastic circles it is believed that the threat to the Church may come from Delegate Sergio Paranhos Fleury, responsible for various successful operations by the security organizations.

For the CNBB this new attack against the Church can also be seen in the number of statements made by "illustrious personalities of high and political standing, defending and praising the criminals, or attacking witnesses and the complicity of the Church, which is once more accused of being involved in subversions." All this, says the document, is because two star witnesses in the Death Squadron trial are priests.

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BRAZIL

NEWS BRIEFS

DIPLOMATIC MISSION TO AFRICA -- Sao Paulo, Visao, Portuguese, 26 Feb 73,
p 15

The announced Argentine diplomatic expedition to West Africa, with the Argentine foreign minister following in the footsteps of his Brazilian colleague, is interpreted in Brasilia as a clear demonstration that our neighbors to the south are not prepared to fall behind. Although the interests of Argentina in countries such as Zaire, Senegal, and the Ivory Coast are minor, this action will at least serve to show the Brazilian Government that the Casa Rosada is not neglecting its diplomacy.

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COSTA RICA

REACTION TO ROBERT VESCO'S PRESS CONFERENCE

[Article; San Jose, La Nacion, Spanish, 8 March 1973, p 2]

"He Uses Violence"

Deputy Rafael A. Valladares Mora said yesterday, "I do not wish to comment on the publicity display of Robert Vesco in his televised presentation, since as chairman of the committee, I wish to maintain a moderating position that is consistent with the lofty investigation that has been entrusted to us. In reply to your questions, however, I can say that what struck me was the expression of bullying in his press conference."

He subsequently added, "There is no doubt that talking about cracking heads indicates that he uses violence as they did in Chicago in the 1930's. There is nothing for us to do but call Mr Vesco's announcement that he will request lifting the immunity for deputies an act of boasting. Strange doings, friend Sancho, and it would appear that we have not heard the last of this Mr Vesco in Costa Rica."

"Simple Bullying"

To Liberationist legislator Angel E. Solano Calderon, a member of the investigation committee, "the words of Robert Vesco are simply an expression of bullying that merits no comment by a Costa Rican legislator." Deputy Licentiate Jorge Solano Chacon, also a member of the investigation committee, said that he preferred to make no comment on the matter, "in order to avoid distortions. I am a member of the committee, and it is there where the speaking must be done."

"He Does Not Know What This Nation Is"

Deputy Oscar Saborio Alvarado said that "it was no foreigner who came to change the constitution of Costa Rica and to deprive the members of the first power of the republic of immunity."

He then added, "Amendments of the Magna Carta cannot be bought with the money of the mutual funds. Now it turns out that the turkey is firing

at the hunter, and the accused is saying what it is that he is going to demand of Costa Rican deputies. The same thing that happened to the 1856 invaders is happening to Mr Vesco, who has a total lack of knowledge of what this nation is. He and the leader of that war were brought to Costa Rica by political interests, but an English frigate saved Walker's life, and that opportunity does not present itself every day."

Saborio Alvarado continued, "He comes to make threats about cracking heads in our country, and for this he travels and appears in public accompanied by a bodyguard. This gentleman should be careful about cracking the head or touching an humble Costa Rican! When it is a matter of manifestations of manhood, he should keep in mind that the simplest Costa Rican has this just as he does, and that at the time for hoisting the banner of national honor, all of us shall be there. Thus, Mr Vesco should keep his bragadoccio to himself and take care to measure carefully the ground that he treads, as otherwise he could expose himself to a real surprise."

We are reproducing below parts of a statement by Dr Longino Soto Pacheco (the dots represent portions omitted by La Nacion):

"Last night we Costa Ricans who witnessed the 'show' of Mr Robert Vesco received notification not only that he enjoys the friendship of the executive power, but also that he dares to intimidate and threaten the first power of the country, the legislative power, in the person of certain of its members.

"He confessed the former in his speech, and this is confirmed by the fact, published in the newspapers, that members of the press office of the presidency made a gift to him of his appearance on the costly radio and television network. And they accompanied him at the Hotel Costa Rica, so that we Costa Ricans could take note that the protection was 'official' and so that Mr Vesco would feel at ease doing what he has not done in the United States, where he has problems with the Federal Securities Commission (SEC).

"It was truly unfortunate that his advisers did not accept my suggestion that I be permitted to appear with Mr Vesco to answer certain questions before the Costa Rican public, which would certainly have clarified his position with respect to what he is charged with and his antecedents. When I received a letter a few weeks ago from a Mr Caldart, director of one of the companies of Mr MacAlpin -- in which they took the liberty of suggesting to me what I should do -- I replied that I did not accept an insolent suggestion from a stranger with respect to my actions in matters which, as a deputy, I considered important for the country.

"Today I must tell Mr Vesco and his advisers that I do not accept threats of any kind from anyone, and that nothing will keep me from bringing to a conclusion the investigation in which I am engaged -- no matter who likes it or dislikes it, whether they are natives or not, and whatever the position they occupy, economic or political. The position for the domestic press last night was insulting, when they gave an interview saying on what

matters questions could be asked and on which they could not. El Diario de Costa Rica published a valiant editorial on 7 March which responded very well to the feelings of we Costa Ricans who feel that our honor and our freedom have been breached when this gentleman, whose only asset is that of being a millionaire, attempts to lay down the path to be followed even by the first power of the nation.

"He has knocked on the wrong door, and even though he enjoys the friendship and protection of the honorable President of the Republic -- with whom he is connected by very strong commercial bonds, since he has done business with him for many millions of dollars -- he will not prevent my bringing out into the public what I consider to be proper for my country. In his unfortunate speech last night, he threw into our faces the fact that he has helped SNAA and INVU. /Instituto Nacional de Vivienda y Urbanismo; National Institute of Housing and Urbanism/ by buying 5 million dollars worth of bonds from them. What a great help! With an agreement for retroactive purchase. And these institutions will have to be in dire straits to ask him to buy these securities. . . Help Costa Rica with these alms! They received help when, with the aid of Mr Figueres, they obtained the custody of over 60 million dollars from the Supreme Court of Justice of the Bahamas, where they were located when Arawak, the fiduciary of these securities, asked to be relieved of its obligations because of the poor shape being taken by the affairs of these 'large and important investors.' And in view of the natural impotence of not having another fiduciary, the Anglo-Costa Rican Bank was submitted from here to obtain the permission of the judge and to avert the liquidation of the company, and the return of what remained to its legal owners.

"When the Anglo Bank, in a laudable action, rejected this attempt, the President hurried to send the letter -- which many persons do not understand without an explanation -- requesting Judge Smith of the Supreme Court of Justice to accept Sion Plaza instead of the Anglo Bank as custodian of all these securities and funds in the amount of many millions of dollars... Everything was transferred immediately to a society formed two days previously for the express purpose of receiving and not acting as custodian for so many millions. This action was carried out by the President of Costa Rica in that capacity, and not as Jose Figueres, from whom they had borrowed or bought stock in their companies with these or similar funds in the amount of millions of dollars.

"This is the money that is going to save Costa Rica from underdevelopment. Are these the entrepreneurs who, with their connections in Costa Rica, are going to change the flow of money from investors toward the poor countries? . . . I would have liked to finance an hour following that masquerade last night, since they did not answer any questions, in order to explain to Costa Ricans the . . . the gyrations of these 'investors,' because I consider their presence and their activities in our country very dangerous. . ."

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We Shall Never Accept His Lack of Respect

Statements of Licentiate Jenaro Valverde Marin which we are reproducing in part. The dots indicate portions that have been omitted by the management of the newspaper:

"We Costa Ricans have felt indignant in the face of the series of disrespectful and high-flown statements of multimillionaire Robert Vesco. . . who, utilizing his economic power, attempts to come to us and present himself in Costa Rica as the fourth member of the Holy Trinity. We are not the ones who have invented the story of Robert Vesco. . . It is the great newspapers with international prestige that report on the maneuvers of this financier of a new mark. Also the Security Commission of the United States, a prestigious commission trusted by all U.S. investors, has made a lengthy charge against Mr Vesco. Nevertheless, Robert Vesco would have us believe from his speech that the SEC is an unimportant commission that is unscrupulously attempting to detract from his prestige, probably because it is jealous of him. This is not so, gentlemen.

"Mr Robert Vesco is one of the many financiers who have carried out operations in the international field. . . that have given rise to the trials with which we are familiar and which are going on in the United States. It is not Mr Robert Vesco who can show us the path that we should follow in Costa Rica. It is not Mr Robert Vesco with his dollars and investments -- which are far from being what the country needs -- who is going to lay out for us the objective which we must choose. We can never accept Mr Robert Vesco's failure to have respect for the first power of the nation.

"Now he is threatening not only Costa Ricans in general, but also deputies. No, Mr Vesco, you are not going to intimidate any Costa Rican... Why does he carry a Costa Rican passport? Why does he want to come to Costa Rica? What exactly is it that has happened in the United States and in other countries of the world? Why does the world press speak negatively of you? It is not precisely as I indicated in the beginning, because you represent the fourth member of the Holy Trinity. No, Mr Vesco. . . your threats will not silence us.

"Neither are we going to be silenced by the persons whom you paid to write the unfortunate article that you read on television and radio. These so-called Costa Rican citizens -- we already know them and we know what they are capable of for a few cents, of putting themselves in your service to protect your harassed interests, with total lack of concern for the prestige of Costa Rica. Mr Robert Vesco. . . had an opportunity. He achieved a result that was favorable for him, but to the detriment of a number of investors all over the world. And he should not come now to tell us that he is Saint Nicholas, the protector of Costa Rica; that he comes from the United States out of concern to see that savings are channeled from the large countries to the small ones; and that the SEC has no interest in such a proposal . . .

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"We are quite familiar with the international institutions such as the IDB and the IBRD, and many other United States banks, that are prepared to make available to us the funds which we need. You are not the one, Mr Vesco, who is going to change the problem of income distribution in the world . . . We accept your challenge. And it will not be you, an unknown foreigner . . . who leads the Costa Ricans. You cannot threaten us with discontinuing your investments in Costa Rica. It will be a happy time when you stop doing so. This is not the right kind of money for our country."

Jenaro Valverde Marin
Deputy

Private Secretary of R. Vesco Is a Cuban

In the story on the press conference given yesterday by Mr Robert Vesco, Mr J. Raul Espinoza, the private secretary of Mr Vesco, was called a Puerto Rican. He is a Cuban.

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COSTA RICA

NEW YORK ATTORNEY SEEKS LEGAL ACTION AGAINST ROBERT VESCO

Charges Filed Alleging Fraud

[Article by S. A.; San Jose, La Nacion, Spanish, 1 March 1973, p 4]

This morning, Simon Nusbaum, an attorney from New York City who represents thousands of investors allegedly cheated by the mutual fund firms controlled by Robert Vesco, will appear before a San Jose penal judge to ask that legal action be taken against Vesco and his firm. Several deputies will be witnesses.

In the course of his presentation before the legislative commission that is investigating the activities of the mutual fund firms and Vesco in the country, attorney Nusbaum insisted that immediate action should be taken against Vesco on behalf of the thousands of persons involved and in the interest of Costa Rica's prestige abroad, inasmuch as it is thought that civil action in the United States could be delayed due to the unique attitude taken by Vesco and his firm before the SEC (Security Economic Control [sic]) and the group of lawyers advising him.

Refusal To Testify

Nusbaum took a firm stand, saying that one of the ways in which Vesco was paralyzing the action of the SEC consisted of refusing to testify before that body, basing his refusal on the Fifth Amendment of the Constitution of the United States, which allows a person not to answer legal questions if he believes that his testimony may subject him to a criminal trial. Anticipating that things might "get hot" in the United States, Vesco fled to Costa Rica in case the matter should go to the criminal courts, attorney Nusbaum said.

Grounds for Action

The legal representative of the persons whose OIS [sic, presumably IOS; expansion unknown] investments are involved told the members of the commission that they should immediately accompany

him when he appeared before a local judge tomorrow, because after that it might be too late. "I only want you to be present when I present the evidence I have against Vesco and his firm."

When Deputy Jorge Solano Chacon told the attorney that here no judge could initiate legal action concerning a crime committed outside of the national jurisdiction, Nusbaum said:

"That aspect has been duly examined and studied; there are grounds for believing that one can proceed. Mr Vesco has a Costa Rican passport. Consequently, this is not a 'one-way street.' Furthermore, some of the things of which he is accused and of which I have evidence were committed by his associates in this country and they have injured persons in Costa Rica. Everything seems to indicate that we do have legal jurisdiction for proceeding," he said.

Three Deputies

During a brief discussion, the investigating commission agreed to appoint legislative members Dr Longino Soto Pacheco, Rafael A. Valladares Mora (chairman), and Angel E. Solano Calderon to accompany attorney Nusbaum at his private appearance before the judge today. "I am informing Vesco of my intentions, but these are risks one must run instead of allowing this country to become an inferno if measures are not taken against these investments," he said.

2.5 Billion Dollars

After complaining that the SEC and the lawyers representing persons harmed by "Vesco's empire" had not taken joint legal action in the United States, prompted by the belief that the SEC "had its own methods that were more effective," Nusbaum said, speaking through his interpreter Mario Ulate, that "after Vesco took control of the IOS...in 1969, he had control...of 2.5 billion dollars, but that sum dropped to 750 million. Due to the means...he used, Vesco cannot make use of those holdings in Costa Rica or in any part of the world, no matter how powerful he might be."

Banking Commission in Luxembourg

"In order to give you an idea of Vesco's special system of operation," Nusbaum added, "I might cite the case of a banking commission in Luxembourg, which is working to move 120 million dollars back into that country, money which was transferred from a bank there to the Bahamas. The problem is that the bank also belongs to Vesco."

He later pointed out that the groups of lawyers he represented had an advantage over the SEC because that organization only has jurisdiction in the United States, while they could initiate action in many countries whose citizens had been affected. "While

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I try to protect the interests of my clients, I shall also try to help them to avoid similar dangerous situations with respect to certain investments made abroad," Nusbaum said.

Friends Here

In another part of his presentation, the investors' legal counsel said that before accepting the invitation from the investigating commission to appear before it, he considered at length the consequences of that type of public appearance, "especially," he said, "because many of my plans go beyond the information to Vesco himself. I believe that the decision or decisions made by this commission may have influence on the attitude taken in the United States, since this is a democratic country, a legal paradise as well, and they know that there. Consequently, I do not believe that Vesco will begin to move money already here, since he would disillusion his friends and he does have friends here."

Evidence

"The evidence against Vesco and his group of masterminds fills 20,000 pages," Nusbaum said, "and many of those pages are already in your hands. I do not believe that any judge from a democratic country can ignore this. Consequently, I firmly believe that legal action taken here will help to get criminal action started in the United States, since the SEC civil court is paralyzed by the constitutional aspects of the Fifth Amendment which I mentioned. It will also help to prevent Vesco from transferring here half of the IOS resources still in the Bahamas." Following his appearance, attorney Nusbaum spoke privately with members of the commission.

Judge Throws Out Legal Action Against Vesco

Article by S. A.; San Jose, La Nacion, Spanish, 2 March 1973, p 47

Yesterday, first penal court judge Atilio Vincenzi rejected the accusation against Roberto Vesco presented that same day by Simon Nusbaum, the attorney representing a group of allegedly cheated investors. The judge said there was a lack of legal grounds and the legal office was immediately notified of the same.

The decision was based on Articles 6 and 8 of the Penal Code, which state:

Article 6. Legal action may be instituted in the case of punishable acts committed abroad and Costa Rican law may then be applied when:

1) their results occur entirely or partially within the national territory;

2) they were committed by persons in the service of Costa Rica and not tried where committed due to diplomatic or functional immunity; and

3) they are perpetrated against Costa Rican citizens or their rights.

Article 8 says:

"In order for the crimes mentioned in Article 5 to be prosecuted in Costa Rica, only government action is required. With respect to crimes included in Articles 6 and 7, the criminal must be within the national territory..

"In addition, in the cases included in Article 6, action is taken on the basis of the complaint of the defendant, and in the case of Article 7, penal action may only be initiated by the competent organs."

Article 5 speaks of crimes committed outside the territory and Article 7 pertains to international crimes.

Attorney Jose Roberto Steiner, representing the public prosecutor, said that "due to the fact that the resolution rejecting the accusation is well-founded, no appeal is possible. In view of this, and since a simple accusation is involved, the matter will be closed."

Attempt To Stop Activities

In the opinion of legal advisers intimately linked with the American attorney Simon Nusbaum, by presenting his accusation against Roberto Vesco in the first penal court of San Jose, Nusbaum had hoped that if the accusation were accepted and when the court once had very broad power, it could paralyze Vesco's activities in the country, which is deemed to be the first positive step of the thousands of persons allegedly cheated and now represented by Nusbaum.

Budding Political Disagreement

The accusation was presented by attorney Nusbaum at 1000 hours yesterday morning before the clerk of the first penal court, Gerardo Calvo Picado, and witnessed by members of the press. The commission investigating the activities of the mutual funds firms in the country and Robert Vesco had, on Wednesday afternoon, appointed a group to accompany attorney Nusbaum at his appearance. Out of the five members of the legislature appointed, Attorney Guillermo Jimenez Ramirez, Dr Longino Soto Pacheco, Rafael A. Valladares Mora,

attorney Edgar Arroyo Cordero, and Angel E. Solano Calderon, only the first three, who represent different opposition groups, were present at the hearing.

Unofficial sources contend that with respect to the "Vesco case," a political disagreement was brewing, and it was said that the absence of legislators Arroyo Cordero and Solano Calderon, who represent the National Liberation majority wing, had to do with a preconceived position relating to the affinity between certain mutual fund officials and official sectors or ones close to them because of joint investments in the country.

Thousands of Victims

In the course of his accusation, which was made verbally and which was recorded by court clerk Gerardo Calvo, New York attorney Nusbaum said that he "was making it on behalf of hundreds of thousands of victims all over the world."

Loan

Nusbaum said in his presentation that "in the loan that Vesco made out of IIT [expansion unknown] funds to the San Cristobal Industrial Agriculture Company for 2.15 million dollars, a so-called commission of 150,000 dollars was paid to a middleman who had brought Vesco to Costa Rica. He gave it to Clovis McAlpin, who in turn presented it to important persons who own the San Cristobal company. I am leaving written proof of the so-called loan in the form of photostatic copies that I am attaching to the original, and I am also providing proof of payment of the...150,000 dollars. This proof is a sworn confession of a Mr R. P. made when he was questioned by the SEC (Securities Exchange Commission) in New York. When the SEC investigator asked R. P. the amount he was paid, he said 150,000."

Money to Local Companies

Continuing with his charges, Nusbaum said that "the most important part of the operation in Costa Rica was the formation of six companies and the transference of very large sums of money to these companies, in addition to Vesco's action to establish residency here. One of his attorneys, Howard Cerny, told the SEC in sworn testimony that Vesco is trying to establish the center of his operations in Costa Rica and Cerny came to this country to set this up with the law office of Facio-Fournier-Canas."

Operations in Costa Rica

Nusbaum said that the "detailed allegations concerning the operations of Vesco and his group in Costa Rica are contained in charges filed before the New York Federal Court and they are shown in even more detailed form in the civil charges of the SEC (he turned over the respective documents). The operations in Costa Rica have also been described in detail

in the most respectable financial newspapers in the United States, including the Wall Street Journal and others.

"The situation is changing," Nusbaum continued, "because the SEC has indicated that instead of closing the civil case, it will probably submit it to a criminal court immediately."

Vesco May Disappear

The New York attorney said that "due to the fact that many of the assets mentioned are here, and due to the great danger that Mr Vesco might disappear from the United States and Costa Rica, since there are still large sums in the Bahamas and most certainly in other countries as well, we ask the court to aid the victims by taking immediate protective action."

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COSTA RICA

I WILL PROSECUTE ANYONE WHO DEFAMES ME: VESCO

[Article, San Jose, La Nacion, Spanish, 7 March 1973, p 2]

North American financier Robert Vesco, on his first appearance at a national press conference, stated that he will prosecute anyone who defames him. "I will do it."

He arrived at Hotel Costa Rica for his first press conference two hours late, about nine P.M.

He said, (and it was obviously apparent), "I am very angry because shortly before appearing on TV tonight false reports were circulated that criminal charges had been filed against me by the U.S. attorney general. I have just telephoned New York and I can assure you that that report is a tremendous lie."

Vesco had been accompanied to the fifth floor by a great number of people, some of them government employees and other foreigners.

"We are going to start legal action against those persons who said I had been criminally prosecuted. The politicians are taking advantage of this situation."

He added visibly angry that, "We are not going to tolerate this any longer and tomorrow (today), I will present strong charges."

He said that, "It seems as if they want to turn everything into a political issue, but what they are doing is undercutting the chances for other investors to come to this country."

"What they accomplish with their attitude is to diminish the number of new investors."

Vesco said that he will ask for the lifting of congressional immunity from some deputies to proceed with his accusation. "I will turn over to my lawyers the necessary papers for the charges."

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The press conference was held standing up. Vesco who is 38 years old, appeared interested in answering questions, and at times showed a spark of good humor.

He was asked the extent of his investments in Costa Rica and to itemize them one by one.

Vesco said the amount invested in Costa Rica is, "\$25 million or more. But I have no detailed knowledge of each investment." He said that it has been invested in government bonds, housing programs, and ICE [Costa Rican Institute of Electricity].

He was asked about his trial in Costa Rica, but immediately it was explained that it was not a trial but a special commission which is carrying out an investigation.

Vesco took advantage of the incorrect phrasing of the question to say, "There is no trial, but there could be if I hit somebody on the nose if they continue to say atrocities."

He confessed that "The plan I had for Costa Rica was to invest about \$50 million. Some of these millions for example to be invested in the lumber business, but I find too many problems here," he indicated in a sorrowful tone.

He was told that there is a summons for his appearance to testify before the special legislative commission on 21 March. "I did not know that I had to appear on 21 March," he indicated. Later he asserted, "With great pleasure I will appear before the investigating commission."

The questions turned to the investigation that the Legislative Assembly is conducting about Vesco.

"It seems to me that if they are going to investigate they could ask us some questions so that we could give them some explanations and so that they could have some information. I believe that if they are investigating us they should take it under consideration."

The reporters were warned that Mr Vesco would not answer questions about the New York trial which the international press has discussed at length. The reporters were told that any question concerning the Federal Exchange Commission charges against Vesco would not be answered.

To the question about why he invests in Costa Rica or as we say around here, in exchange for what? Vesco answered philosophically, "In exchange for nothing, did I invest or want to invest in this country. My interest was to live here and settle here with my family."

Later he said that he realized that his children cannot go to school here, and that when he telephones long distance the operators know many things because they have read it. That there is too much scandal here.

"I am free to enter, travel or leave the U.S. I have no problems in my country. I am going to return in a few days."

He avoided reference to the worldwide commentary based on information that many of his funds are the results of deals. In that respect he stated that the fact is that the U.S. resents the fact that funds are being invested in underdeveloped countries, like Costa Rica, for example. They wanted these investments to be made in the U.S.

The question as to where did his funds come from and how did he accumulate such a fortune, he avoided answering also.

About whether there are mutual funds in Costa Rica, he laconically answered, "No." But later wanting to expand on the question said that the funds came from the Bahamas, banks, real estate, his friends, etc. "But I have no detailed knowledge of the investments."

He smiled for the first time that evening when he said: "No, I am not the Messiah." He had been asked if he considered himself the Messiah of Costa Rica.

Vesco again complained about the "sensationalism in the use of his name." "There are many investors who want to come to Costa Rica, but they are going to change their minds. It is unfortunate to have such a scandal. I believe that to report news one has to make sure first of what he says or writes is true."

He had some praise for Costa Rica. "This country is beautiful. It has great natural beauty. It is a pretty place. It is too bad about the scandals."

"Of course I met with President Figueres. It would be nonsense to think I would come to Costa Rica and not meet with the Chief of State. Of course I met with him."

Vesco had words of praise for Figueres, "very courteous, very cordial. I hold him in great esteem."

After the press conference he left for his home at Escazu escorted by two cars in front and two following.

Today he departs for the U.S. and will return to testify before the Legislative Assembly Commission next 21 March.

Vesco leaves here a public relations office under the direction of Mr J. Raul Espinoza, a Puerto Rican.

COSTA RICA

SEC URGES THAT VESCO'S INVESTMENT ACTIVITIES BE HALTED

Article; San Jose, La Nacion, Spanish, 28 February 1973, p 287

The special commission investigating the activities of mutual funds firms in the country has decided to invite Gordon McAlpin, a resident of the United States, to appear before it. It will inform the Executive Branch of its decision, so that if there is any legal obstacle to his entry into the country, it may be removed "in order to carry out the mandate bestowed on the investigating commission by the entire legislative assembly," according to statements made by the chairman of that body, Deputy Rafael A. Valladares Mora. The petition will be addressed specifically to the Ministry of Public Security, since on another occasion, Gordon McAlpin, a brother of Clovis McAlpin, an investor residing in Costa Rica, was prevented from entering the country. "We wish to emphasize our interest in having Gordon McAlpin appear before 12 March, at which time the hearings come to a close," Valladares Mora said.

Former President's Appearance

Deputy Valladares Mora said that the former President of the Republic, Otilio Ulate, had expressed his interest in appearing before the commission when the period of the presentation of evidence and the appearances are coming to a close, in order to testify about the activities of mutual fund firms. Many other persons affected by the operations of firms established in the country will make their appearances before the commission in the days to come in order to add documents to the voluminous file opened, whose weight already exceeds 10 pounds.

To Criminal Courts

Yesterday afternoon, Deputies Longino Soto Pacheco and Edgar Arroyo Cordero, members of the commission who went to the United States and the Bahamas in connection with their investigatory duties, gave a preliminary report.

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Deputy Soto Pacheco said that legal circles close to the Securities Exchange Commission have the impression that the civil procedure involving Robert Vesco that will begin in New York on 5 March will be moved from the civil to the criminal courts. "Mr Vesco has been called before the Securities Exchange Commission (SEC) eight times," he said, "and he has not said a single word."

No Further Investments

Dr Soto Pacheco also said that "SEC officials had urged them to see that the Costa Rican Government stop Vesco's investments in the country. In short, pressure was exerted to ensure that he be prevented from buying anything more here. The SEC wants the funds that left the Bahamas transferred back into the jurisdiction of those islands, since it says that Sion Plaza Inc., the company founded here, is not able to back such large sums. It is also afraid that Vesco, in one grand move, might have bank paper deposited in order to show that he is covering investment responsibilities."

Judge in Bahamas Removed

In the course of his report, Deputy Longino Soto said that in the file made available to him in New York, there is a letter from the President of the Republic, Jose Figueres, in which he recommends that a judge in the Bahamas be granted a trust over funds transferred into the country to the Sion Plaza firm. "We were sorry to see that letter in the New York file. We were later informed that the judge in the Bahamas had been removed from his post."

Vesco and McAlpin

Deputy Oscar Arroyo Cordero said that "in Costa Rica, people had been led to believe that with respect to mutual funds, Vesco and McAlpin were separate individuals, but the file examined by us in the United States shows that there are many connections between them and that they are closely associated. I have the impression that this is going to be a lawsuit that will last many years, especially when the Vesco case moves from the civil to the criminal courts. There will be appeals, legal maneuvers, teams of lawyers who are already working, and so on."

Nixon's Nephew Vesco's Lawyer

Deputy Arroyo Cordero said that he had been informed that "Vesco's team of lawyers includes a nephew of President Nixon who resides in the Bahamas and is in charge of all of Robert Vesco's dealings on the islands. The Bahamas will be independent in June, and new legislation could change the status of the companies involved."

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In another portion of his statement, Deputy Soto Pacheco said that in addition to the voluminous documentation that they were going to turn over to the investigating commission, the U.S. Embassy was going to receive more documents shortly, which in turn would go to the commission. "There is a large room containing only documents on Vesco and the mutual fund firms. For years, many men have been involved in the investigation. There is nothing they do not know, nothing has been left out, and there was broad cooperation. There has only been a little pressure exerted by the SEC so that Vesco would no longer be allowed to invest here," said Soto Pacheco.

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COSTA RICA

SPECIAL COMMISSION CONTINUES INVESTIGATION OF MUTUAL FUND FIRMS

Article; San Jose, La Nacion, Spanish, 13 February 1973, p 27

Yesterday, the special legislative commission in charge of investigating the activities of the American investor Robert Vesco and the mutual fund companies operating in the country approved a motion authorizing deputies Longino Soto Pacheco and Edgar Arroyo Cordero to go to New York and the Bahamas for the purpose of attending the beginning of Vesco's trial scheduled for 20 March in the city of the skyscrapers and in order to compile pertinent documents.

At the first session of the special commission, presided over by legislator Rafael A. Valladares Mora, a motion was approved to invite former President Otilio Ulate Blanco to appear, along with the legal partners Fournier, Facio, and Canas, a representative of the Costa Rican Anglo Bank, and deputies Daniel Oduber Quiros, Jenaro Valverde Marin, and Oscar Saborio Alvarado.

The deputy who is chairman of the legislative body was asked because he was the author of the motion to investigate Robert Vesco and the mutual fund companies. The other two deputies were asked because they had said during a session of the legislature that they are in possession of documents having to do with the activities in question. The investigation of Vesco will be thorough.

At its opening session, the commission decided to provide a 30-day period, until 12 March, for the reception of documents having to do with the case under investigation. During its first working session, it will compile as much evidence as possible and, if possible, will have the help of a German lawyer now in Costa Rica representing numerous small savers who have allegedly been cheated. The commission will have the necessary translation services in order to carry out its duties, since numerous vitally important documents in what has been termed the Velasco case are written in English and German.

Deputy Longino Soto Pacheco said that the study to be undertaken by the commission will be so broad that from its conclusions

there will emerge a thesis that will be useful for any legislative bill concerning foreign investment in the country. For his part, Deputy Valladares Mora suggested that at a later date, the commission could invite representatives of the Federation of University Students, if the Federation should have documents relating to activities of the mutual fund firms.

During their discussion of their impressions and plans of work, the members of the commission expressed the view that the trip of the two commission representatives to New York and the Bahamas was absolutely essential, because "New York is the place where Vesco's trial will take place and is the document receiving center and because for a time the Bahamas were the epicenter of the activities of Vesco and his mutual fund subsidiary firms," said Deputy Rafael Valladares Mora.

The commission will hold intensive meetings during the recess of the legislative assembly on the first 4 days of each week for the purpose of gaining as much time as possible before the next period of special sessions.

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CSO: 4200-S

COSTA RICA

LAWYER TESTIFIES IN VESCO HEARING

Vesco Investments Explained to Commission

[Article; San Jose, La Nacion, Spanish, 16 February 1973, p 4]

Acting as an individual and not as a representative of the law firm of Facio-Fournier-Canas, attorney Fernando Fournier Acuna appeared yesterday before the legislative commission investigating activities by Robert Vesco and Mutual Funds firms in this country. He said that Vesco "had only transferred 6 million dollars in additional capital to the Inter-American Capital firm which he has set up here. When this transfer was made, I no longer had any connections with Vesco and his associates; this was in August, and I did not take part."

Attorney Fournier made this statement after Dr Longino Soto Pacheco, a member of the investigating commission, said that according to the U.S. Securities and Exchange Commission's brief against Vesco and his associates, Vesco had attempted to transfer 60 million dollars to Costa Rica. These funds were originally in the custody of a New York bank, but were then transferred to the Bahamas.

When the same legislator asked him what procedure had been followed for transferring the 6 million dollars to Inter-American Capital in Costa Rica, attorney Fournier said he did not know. He said, "I did not take part in that operation."

Matters Covered by Professional Secrecy

In his preliminary remarks before the investigating commission, attorney Fernando Fournier Acuna said that he would be as helpful as possible when it came time to answer questions. "But as we all know," he said, "there are things which are covered by ethics or professional secrecy. I want to ask your indulgence in advance, because I may have to disappoint you. I have come here as Fernando Fournier, not as a representative of the law firm per se, and I feel that some of the partners are in a better position than I am to give you information concerning Mutual Funds."

He added, "There has never been a complete integration of the law firm because it has been impossible to find a formula for a fair distribution of income. Therefore each of us works for his own account, although for public purposes we use a joint name."

Held 42 Million Colones in His Account

Attorney Fournier Acuna recounted his early connections with Vesco's associates, leading to the establishment of the Inter-American Capital firm, "at a time when the name of Vesco didn't mean a thing. I was told that the sum was to be used for acquiring bonds of public institutions with repurchase rights, and they were asking my advice on this legal provision; in other words, for a legal opinion. It is common practice that a lawyer inspires confidence, and he is frequently entrusted with money by his clients, although in this case it was an unusual sum. At the moment I have deposited in my account the sum of 50,000 Colones belonging to Francisco Curling, who lives in New York... but I repeat to you that that was the extent of my participation in the matter."

Law Firm Broke Relations With Vesco and Associates

At another point in his testimony, attorney Fournier Acuna said that "in his opinion, nothing in Vesco's activities in the country had been found to be immoral and illegal. Furthermore, a lawyer has the obligation to be anyone's lawyer, even a criminal's."

"After specific accusations by the SEC against Vesco began to leak out through the press, our name was in and out of the newspapers, and at a certain point we came to the conclusion that it would be best to break off all relations." In response to a question, attorney Fournier said, "The only thing attorney Rodrigo Oreamuno did was to clear up some unfinished business in connection with obtaining a passport for Vesco. This involved transactions with the Civil Registry, I think. That was the last thing the law firm was involved in."

No Connection With Latest Transactions

In response to a question from congressman Angel E. Solano Calderon, attorney Fournier Acuna said that no one in the law firm has had anything to do with the latest dealings Vesco is alleged to have had in the country. Answering another question, he said that the only lawyer he understood to be working for Vesco was attorney Rolando Soto. He then added, "I do not know for certain whether Vesco has made any investment in the San Cristobal firm. I understand that it was McAlpin, and I think that Capital Grows funds were used for the purpose."

Voluminous Documentation

At the conclusion of the session, the investigating commission approved a motion to invite attorney Rolando Soto, attorney Rodrigo Oreamuno B., and a

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representative of the National Insurance Institute to appear. It also gave its approval for congressmen Dr Longino Soto Pacheco and attorney Edgar Arroyo Cordero to make a trip this Tuesday to New York and the Bahamas.

Congressman attorney Jenaro Valverde Marin handed over 225 pages of documents concerning the Vesco case to the commission. Valverde Marin said, "In our society, the laws do not protect us against these people, since legal red tape enables them to conceal everything. We do not know who the real owners of the companies they set up are, because in most cases the shares are made out to the bearer."

Fournier Explains Further Concerning Vesco

[Memorandum from attorney Fernando Fournier Acuna; San Jose, La Nacion, Spanish, 17 February 1973, p 2]

Attorney Fernando Fournier sent this memorandum yesterday:

Solely for the purpose of preventing incorrect interpretations from occurring in the future, I would like to clarify certain ideas in the relevant account published today in your newspaper concerning my appearance before the congressional commission investigating the Vesco case.

1. Congressman Dr Longino Soto asked me whether I knew how the Vesco group had gone about taking 60 million U.S. dollars from the Bahamas and bringing them to Costa Rica. I replied that I understood that the amount had been changed to 6 million U.S. dollars, but that I knew nothing about the procedure used for transferring the funds, since I had not taken part in the bank procedure followed for this purpose. At that time I had already given up my position as president of Inter-American Capital and had transferred the shares in the company originally subscribed by me when it was founded. However, the change in the board of directors had still not been recorded in the books, and as a result, during that period and for that reason, I still had to sign a few papers and documents. Consequently, out of respect for the truth, I would not be able to say that I had already at that time terminated all connections with Vesco's companies.

2. During the discussion of investments in bonds, I said that the sum of 42 million dollars deposited in the law firm's account was undoubtedly unusual. But that the practice of depositing money belonging to clients in lawyers' bank accounts was a quite common occurrence. In this connection I cited some examples which have no connection with the Vesco case, and among them was the case of my friend and client Francisco Curling, who several months ago sent me a deposit of 50,000 colones with which I was to buy some property in this city in his name.

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COSTA RICA

NEWS BRIEFS

MORE INVESTMENT PLANS -- San Jose, La Nacion, Spanish, 14 Feb 73,
p 6

La Nacion has learned that the controversial American businessman Robert L. Vesco is now planning to set up in Costa Rica a railroad freight station for cars of Central American dimensions. Talks were begun more than a week ago between one of Vesco's closest advisers and the Central American Transporters Union which has an office in the country. At first, the Central American transporters reacted vehemently against the project, due to the fact that it was detrimental to their interests and to their project to set up a railroad freight terminal, which has already been designed and for which financial negotiations are already in process. With respect to the installation of a station, the transporters are demanding 51 percent of the shares; otherwise, they are ready to fight any other alternative that would be disadvantageous to them. Nevertheless, the talks continue, and we have been informed that this week a spokesman for Vesco will probably propose a concrete offer on the project to be discussed.

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