

## Andean Report by Valerie Rush

### Ulloa scandal spreads

*The dirty dealings of the "Man from the Bahamas" continue to surface; some are charging he's already abandoned Peru.*

**T**he furor over the Bancoper/Bertello case (see *EIR*, April 24, 1987) had barely begun to subside when yet another scandal broke inside Peru around former Finance Minister Manuel Ulloa, who decided April 16 that he had an urgent meeting of the genocide lobby's Inter-Action Council to attend—in Malaysia! One Peruvian congressman has already warned that some of the principals under investigation in the Bertello case appear to be "abandoning the country."

The newest wrinkle to appear on Ulloa's public brow comes from the FOCOMI scandal. FOCOMI (Fund for Mining Consolidation) was a \$160 million credit line established by Ulloa and his colleague, then Mines and Energy Minister Pedro-Pablo Kuczynski, at the state-owned Banco Minero. FOCOMI was created for the alleged purpose of helping to complete urgent investment projects by mining companies afflicted with the 1981 collapse of minerals prices on the international market.

Although FOCOMI funds were originally prohibited from being used to pay creditors of the mining companies, Ulloa and Kuczynski called a "council of ministers" with a third conspirator—Industry and Tourism Minister Gonzalo de la Puente—to lift the prohibition.

At least \$80 million of the FOCOMI funds went to Wiese Bank, one of the mining companies' most important creditors. Wiese Bank was in desperate shape as a result of the world collapse of mineral prices; its stock had plummeted to one-tenth its value in just two years, from 3,500 soles per

share in 1980 to 344 in 1982.

Why Wiese got the lion's share of the FOCOMI funds is perhaps explained by the fact that Industry Minister Gonzalo de la Puente was—and remains to this day—a director of that bank. Mines Minister Kuczynski was rewarded for his part in the affair with a highly lucrative directorship with Wiese as well. In fact, despite his departure from Peru to work as vice president of First Boston International, Pedro-Pablo Kuczynski earned \$3 million as an absentee director at Wiese Bank through February 1986.

The extent of Wiese's gratitude to Ulloa has not yet been determined.

A further scandalous aspect of the FOCOMI case is that the interest charged the mining companies on the Banco Minero/FOCOMI loans was so low that the central reserve bank was forced to lend \$10 million to the Banco Minero to pay the financial costs of its \$160 million loan from the state. Despite a stipulation that the mining companies had to set aside 5% of their export earnings to repay the FOCOMI loans, virtually none of the money has been recovered.

As if that were not bad enough, it turns out that Kuczynski and Ulloa created a special committee at the Banco Minero to substitute for the bank directors in administering the FOCOMI funds. Included on that committee were: Moises Heresi, president of the bank at that time and currently a fugitive from Peruvian law; and Alfonso Brazzini Díaz Ufano and Alvaro Chirino Stein, both linked to several of the major mining companies involved in the scam. It was this com-

mittee which decided to whom the loans would be granted—and in what quantities. Thus, not only did the private banks receive a generous bailout from state funds, but the private mining companies also received virtually free subsidization by the state.

Through two separate decrees which altered both state banking and mining legislation, Ulloa and Kuczynski sought to cover themselves with the official determination that 1) the Banco Minero was not required to demand guarantees for its loans to the mining companies, and that 2) neither the directorship nor the special administrative committee of the Banco Minero would bear any responsibility for losses incurred by the bank through the FOCOMI loans.

Kuczynski, himself a fugitive from Peruvian justice stemming from 1986 charges that he defrauded the state in favor of the oil multinationals, has issued no comment yet on these latest revelations.

Ulloa has not been present in Peru to respond to the FOCOMI revelations, but we presume he will stand by the same "explanation" he gave regarding the multi-million dollar state bailout he orchestrated for the bankrupt Bertello bank, namely that he was, "just like the other Latin American countries, trying to avoid the bankruptcy of the banking institutions."

The Banco Minero is today demanding that the state assume the unpaid FOCOMI debt. Banco Minero president Luis Brousset says that the fundamental misconception behind the creation of FOCOMI was its "extreme flexibility." Brousset also notes that loss of the FOCOMI funds stemmed from the state's inability to directly supervise them, due to the International Monetary Fund's stipulation that such a role by the state would have violated the conditions of its stand-by loan with the Fund.