

## Report from Rio by Lorenzo Carrasco Bazúa

### Organized crime takeover bid exposed

*The Brazilian government is dooming itself if it ignores the implications of UBP's takeover of Banco Económico.*

In January, the Brazilian chapter of the Ibero-American Solidarity Movement (MSIA) issued a statement warning that the purchase of Banco Económico by the association of Banco Excel and Union Bancaire Privée (UBP) would mean handing over Brazil's sixth-largest banking institution to the international money-laundering mafias. Less than two weeks later, in its Jan. 28 issue, the daily *O Globo* published a front-page article on the suspicious origins of the UBP and its controller, Edgar de Picciotto.

Brazilian police had already suspected UBP because it was one of the institutions in which former judge Nestor de Nascimento hid part of the millions of dollars he stole from the Brazilian Social Security Institute. This was one of the biggest corruption scandals to occur in recent years.

*O Globo's* Geneva correspondent Deborah Berlinck conducted an interview with Swiss congressman Jean Zigler, a critic of the Swiss banking system, who attacked De Picciotto's modus operandi. "The problem is a simple one: How do you manage to become the fourth-largest private bank in Switzerland in five years? In Paraguay, a guy can walk in and create a large bank. In Switzerland, this raises eyebrows." As for De Picciotto, his only defense is the worn-out line that he is the victim of an anti-Semitic campaign.

On Jan. 29, the day after *O Globo's* exposé appeared, prominent journalist Rubem de Azevedo Lima repeated the charges in his column in *Correio Brasiliense*, the leading

newspaper in Brasilia. "Senator Antonio Carlos Magalhães thought the Central Bank's solution a good one, that is, the sale of the collapsed Banco Económico owned by his ex-friend Calmo de Sa, to the Excel-UBP association, based in Geneva, Switzerland. Although this column had already commented on the operation, a dossier delivered to this reporter by Mexican journalist Lorenzo Carrasco, opens the matter once again and destroys the optimistic impression of ACM," as the powerful senator and representative of Bahía's oligarchical families, is known.

Azevedo Lima concluded that *EIR's* dossier "shows that the network to which UBP belongs is involved in prostitution, blackmail, and technological espionage. To track Calmon de Sa's accounts, the Central Bank hired Kroll Associates, an international detective agency which works for the CIA, MI-5, the Israeli Mossad, and Wall Street. Kroll found the secret accounts of Manuel Noriega, Ferdinand Marcos, Saddam Hussein, and Alan García, but couldn't find the international connections of [deposed President Ferdinand] Collor de Mello, having only discovered dollar remittances made by [Collor's campaign treasurer] P.C. Farias through Excel. It is remarkable that neither the government nor the Congress are investigating the sale of Económico to UBP, a transaction which will bring Brazil into the first world . . . of organized crime."

On the following day, Azevedo Lima's article was read in the Senate by Sen. Lauro Campos, who endorsed the

journalist's call for an official investigation of the affair. The intervention brought an immediate response from Senator Magalhães, who charged that the exposé was the work of "people who will benefit from the cancellation of the operation." When Senators Lauro Campos and Bernardo Cabral responded in defense of Rubem de Azevedo Lima's honesty, ACM replied that he was "referring to the Mexican journalist," Carrasco.

A logical assumption stemming from this string of denunciations is that UBP's purchase of Banco Económico will be cancelled. However, Central Bank President Gustavo Loyola insists that the deal is moving forward. But the problems for the government and its congressional allies who backed the deal, such as ACM, have only begun.

So intent is it on preventing cancellation of the UBP purchase from provoking an explosion of the country's banking crisis, that the government appears oblivious to the attacks on the deal. This behavior clearly shows that the current economic model of world globalization, which relies on hot money flows, has become a banking paradise for money-laundering mafias who see their power increase as governments deregulate and destroy traditional banking controls. This is the context in which Brazil is becoming one of South America's major money-laundering centers.

But by turning a blind eye to these denunciations, the government is also dooming itself. At the very least, by failing to act on police suspicions of dirty-money laundering, it faces a political scandal of vast proportions. The UBP case is not limited to journalistic exposés, since several governments, including that of the United States, are tracking the money-laundering mafias among whose networks the UBP and Excel can be found.