

British banks establish death grip over Ibero-America

by Dennis Small

Over the course of 1996, and escalating into 1997 to date, British and British-controlled banks, many of them prominent in international drug-money laundering, have launched a blitzkrieg assault to take over the failing banking systems of Ibero-America. They are succeeding: As of mid-1997, they controlled more than half of the national banking assets in most countries in Ibero-America, a continent which has about \$1 trillion in total banking assets.

Figure 1 gives a bird's-eye view of just how far the foreign banking takeover has advanced. In the principal countries of Ibero-America, with the notable exception of Brazil, foreign banks today either own outright, or hold controlling shares in most of the major banks in each country. In Mexico, for example, the indicated foreign banks now control the second, third, fourth, sixth, seventh, and ninth largest banks in the country. In Argentina, eight of the Top 10 banks are in the hands of foreigners. In Peru, six of the Top 10 are foreign-run. (Throughout this study, we conservatively estimate that 20% or more direct ownership gives a foreign bank effective control over the bank in question.)

If we look at the 1997 total assets of each national banking system, the percentages held by foreign or foreign-controlled banks is shocking. As noted on the map, in most cases it is about half of the national banking assets, ranging from 41% in Venezuela up to a stunning 59% in Mexico. Again, Brazil stands out as the exception—for reasons to be discussed below—with a relatively low 14%, which brings the average for the continent down to “only” 35%.

And which world power dominates among the new financial overlords? Many readers will be surprised to learn that it is *not* Wall Street, but the City of London. Banks directly owned and headquartered in the British Commonwealth (such as London's notorious dope bank, Hongkong and Shanghai Banking Corp.), and other foreign banks under de facto British political and financial control (such as Spain's Banco Santander, which turns out to have a “strategic alliance” with a Scottish bank run directly out of the Queen's Household), have seized the lion's share—by far. In Argentina, for instance, 54% of the assets of the country's Top 10 banks are in the hands of British-controlled banks, as compared to a mere 7% owned by other foreign banks. In Colom-

bia, the British control 38% of the Top 10's assets, against 4% in the hands of other foreign banks (see **Figure 2**).

London's control of Ibero-American banks does not mean pictures of Big Ben and Piccadilly Circus on people's checkbooks. It means *drugs*—tons upon tons of cocaine, heroin, and marijuana exported every year, largely to the United States.

Scorched earth

If we compare the situation today with what it was only five years ago, the changes are dramatic. As **Figure 3** indicates, in 1992 only 11% of Colombia's banking system was foreign controlled, compared to 51% today. In the case of Mexico, in 1992 there was only one foreign bank operating in the country (Citibank), whose asset share was a mere 1.5% of the total. Even in Argentina, which had a relatively high level of foreign control in 1992, it stood at only 18% of the total banking system, about one-third today's level.

What happened?

British-sponsored banking privatization and deregulation is what happened. Chile pioneered with changes in the 1970s and 1980s, based on British “free market” policy directives conduited through the radical libertarian Mont Pelerin Society, and their notorious “Chicago Boys.” But the floodgates were only opened with the January 1994 implementation of the North American Free Trade Agreement (NAFTA) among the United States, Canada, and Mexico. NAFTA was a British project from the outset: the policy was unadulterated British free market economics; and it was executed by Canada's Prime Minister Brian Mulroney (today on the international advisory board of Barrick Gold), the Anglophile U.S. President Sir George Bush (also on the Barrick advisory board), and Mexico's Carlos Salinas de Gortari, a notorious “Bush baby” and now-disgraced protector of London's international drug cartels.

In May 1991, almost three years before NAFTA's formal implementation, an *EIR Special Report*, “Auschwitz Below the Border,” warned of its consequences: “NAFTA will also reorganize the entire Ibero-American banking structure, and thereby create the conditions under which the vast financial flows originating in the Ibero-American drug trade can be

FIGURE 1

Foreign banks with control of Top 10 banks, by country

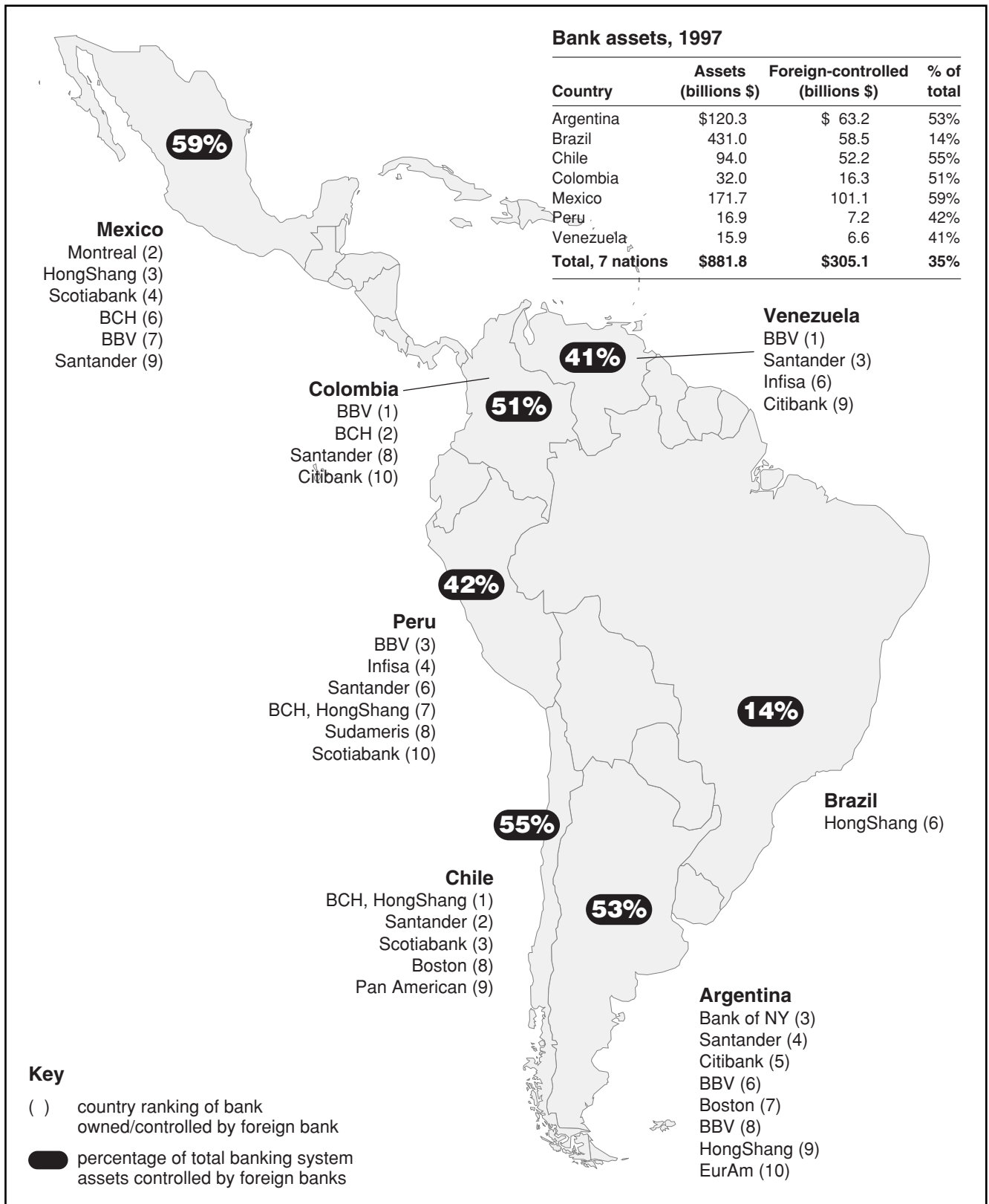
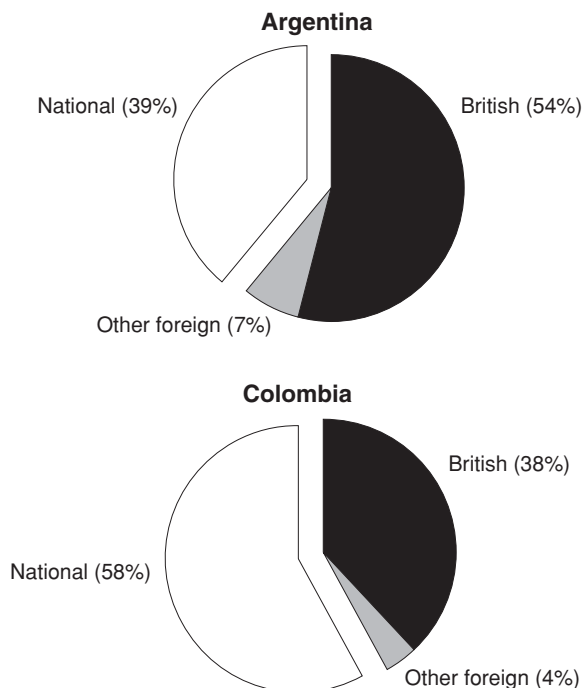


FIGURE 2

British control of Top 10 banks' total assets



more readily laundered into the cash-strapped Anglo-American banking system.”

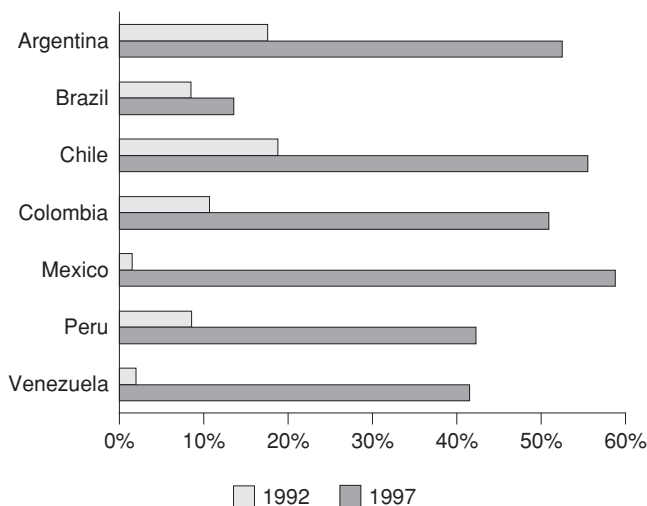
Even before NAFTA was formally adopted, in 1992, Mexican President Salinas privatized the country’s entire banking system, which had been nationalized and run by the state sector ever since President José López Portillo’s 1982 showdown with the International Monetary Fund (IMF). With the banks back in private hands, the stage was set: In January 1994, NAFTA was put into effect, including its secretly negotiated provisions facilitating foreign banking takeovers (see *EIR*, Oct. 8, 1993). One month later, Mexico adopted a new banking law which, for the first time, permitted limited foreign bank holdings in domestic banks—with provisions for raising the percentage over the coming years.

It wasn’t a long wait. In December 1994, the global debt bomb exploded in Mexico, and the world financial system nearly disintegrated. In Mexico, more than a decade of IMF policies had destroyed the country’s physical economy. And then over the course of 1995, large chunks of Mexico’s privatized banking system went bankrupt—caught in the vise of being creditors of non-performing domestic debt portfolios reaching 50% of total loans outstanding, and simultaneously being debtors owing tens of billions of dollars to foreign banks. Worse still, these foreign loans were denominated principally in dollars, which became nearly twice as expensive for the Mexican banks as a result of the massive devaluation of the peso in December 1994.

FIGURE 3

Foreign-controlled bank assets

(percent of country’s total bank assets)



Over the course of 1995 and 1996, the Mexican government moved in to salvage the banking system, shelling out about \$29 billion, or 8.4% of the country’s 1996 GNP, to bail out the private banks. They then proceeded to sell these cleansed banks to foreign bankers, for a pittance. In early 1996, the Finance Ministry authorized 17 foreign banks to operate freely in the country, in order to facilitate the hand-over.

Consider one case in point: Banca Serfín, the country’s third largest, with close to \$25 billion in assets. In 1995, the government’s bailout agency, Fobaproa, handed over about \$1.3 billion to purchase bad loans held by Serfín. After eating all the garbage, the government turned around and gave up control of the juicy remainder of the bank, for the paltry investment sum of \$300 million, paid happily in March 1997 by London’s Hongkong and Shanghai Banking Corp., the world’s premier drug-money-laundering bank.

Privatization mania

As the so-called “tequila effect” spread across Ibero-America, other countries responded similarly to Mexico. Peru, for example, which had begun to privatize its state-sector banks in 1992, only fully deregulated its banking system in 1995. Venezuela approved a new banking law in 1994 which permitted 100% foreign participation in local banking, but it wasn’t until after the country was hit with a wave of banking failures over the course of 1995, that it was forced to actually implement foreign bank participation in 1996.

To date, only Brazil, among the major nations of Ibero-America, has still not approved banking liberalization legislation to allow a full foreign invasion to occur. Such legislation,

however, has been drafted and is being aggressively promoted by Brazil's President, Fernando Henrique Cardoso.

This changing control of the banking systems of Ibero-America's major countries can be seen in **Figure 4**, which shows a systematic dismantling of the state-sector banks of the region—which were largely responsible during the post-war period for what state-directed infrastructure and industrial development did occur. The loss of influence of state-sector banks, and the growing dominance of private foreign banks, has essentially been a marker of the more fundamental shift out of productive and into speculative—and drug-related—financial activities. With the power of the state in retreat, *Dope, Inc.* has moved in and taken over.

Thus, over the course of the 1990s, the physical economies of the nations of Ibero-America collapsed—in the case of Mexico, by 15-20%. Meanwhile, the area's foreign debt, much of it owed by the newly privatized banks, grew by about 40% (in the case of Mexico, it was closer to 90%).

As Figure 4 shows, between 1992 and 1997, Argentina's state-sector banks shrank from 47% of total assets to 32%, while foreign banks more than tripled their share, from 17% to 53%. There is currently intense international pressure on Argentina to finish off the job, by privatizing the Banco de la Nación and Banco de la Provincia de Buenos Aires, still the two largest banks in the country. In Peru, the state-sector banks were all privatized, while the foreign component grew about fivefold. And in Chile, the foreign sector nearly tripled to 55%, while the single state-sector bank in the country, Banco del Estado, dropped in ranking from first to third, and its share of total assets shrank accordingly. There are persistent rumors in the financial community that it, too, will be put up for privatization shortly.

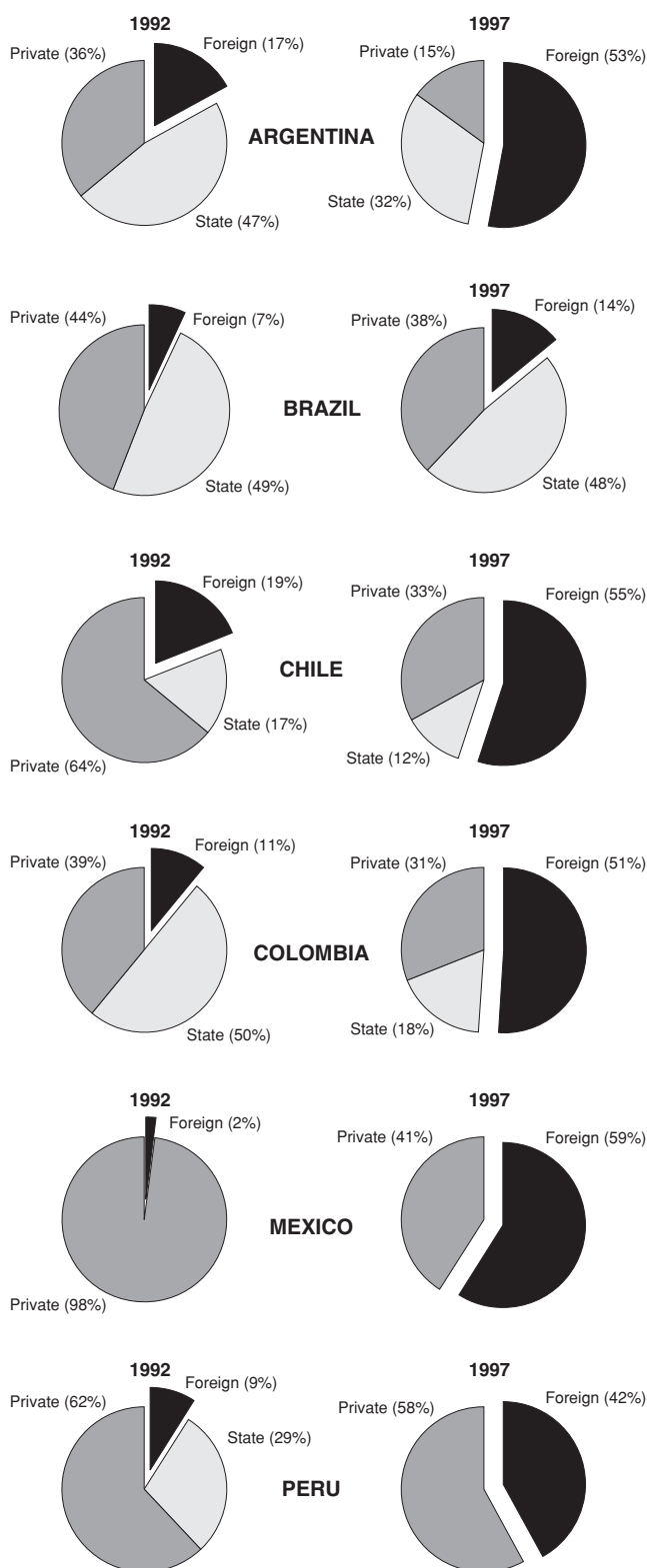
Brazil still has the continent's largest state-run banking sector, in both absolute and relative terms (48% of the national total), which foreign banking interests are desperate to get their hands on.

Another key element of the British financial blitzkrieg has been the forced privatization of the pension funds of the Ibero-American nations. These are a source of enormous liquidity, which the British are also drooling over, in order to shore up their financial empire. Here, too, Chile led the way in the early 1980s, and its privatized funds today total about \$25 billion, and are in the hands of the same foreign financial interests which also control the banking system. Argentina and Peru both approved pension privatization legislation in 1994, and their funds already add up to about \$7.3 billion and \$1.4 billion, respectively. Mexico privatized in 1996, with about \$8 billion currently involved. And Venezuela did the same just this year, with about \$5 billion up for grabs.

Brazil, once again, is the lone hold-out: Pension privatization is under discussion, but it has not yet been implemented. Upwards of \$50 billion in official pension funds alone, are at stake.

With these changes in financial legislation, and with the domestic banking systems razed by the world financial crisis,

FIGURE 4
Changing control of bank assets, 1992-97
(percent of country's total bank assets)



foreign banks moved in for the kill. The real avalanche of foreign takeovers only began in late 1995: first in Mexico; then in Chile in mid-1996; then in Venezuela in late 1996; and finally, in Argentina and Peru in early 1997.

Brazil is next on the chopping block.

Meet the new owners

Wall Street and other U.S. banks may have been the dominant foreign force in Ibero-American banking in the decades following World War II, but they are not today. The banking systems of the nations of Ibero-America are currently dominated by a half-dozen British-run financial groups, with Wall Street taking a decidedly back seat.

The detailed evidence presented in **Table 1** has been summarized to produce **Figure 5**. The giant continental asset blocs are controlled by three directly British Commonwealth banking groups (HongShang with control over \$46 billion, Bank of Montreal with \$32 billion, and Bank of Nova Scotia with \$22 billion); and by three groups, nominally Spain-based, which are demonstrably fronts for the British Empire (Banco Santander with control over \$33 billion, BBV with \$26 billion, and BCH with \$24 billion).

Citibank, which for 80 years has been Wall Street's flagship operation in Ibero-America, is a distant seventh, with control over a mere \$16 billion in assets. It is true that Citibank still possesses a unique regional network, with branches in nearly every Ibero-American country, but the British-run newcomers are quickly replicating that capability as well. The Boston Brahmin First National Bank of Boston, which is in reality more British than American, and which has historically also had an important presence in Ibero-America, controls about \$10 billion in assets.

Hongkong and Shanghai Banking Corp.

Leading the assault for the Queen is the century-old *Hongkong and Shanghai Banking Corp.* (HSBC). HongShang, as it is widely known, is the flagship bank of the global drug-trafficking enterprise properly known as "Dope, Inc." It is the fifth largest bank in the world. With headquarters in London, and branches around the world, HongShang is the crown jewel of the British oligarchy. Founded in the middle of the nineteenth century to serve as the backbone of the financial network of the East India Companies, it financed London's Opium Wars against China, in which the modern narcotics trade actually began. Since that time, it has served as a kind of rediscounting facility for laundering dirty money from the drug, gold, and diamonds trade. HongShang has kept up this tradition to the present, as *EIR* has documented in its bestseller book, *Dope, Inc.*

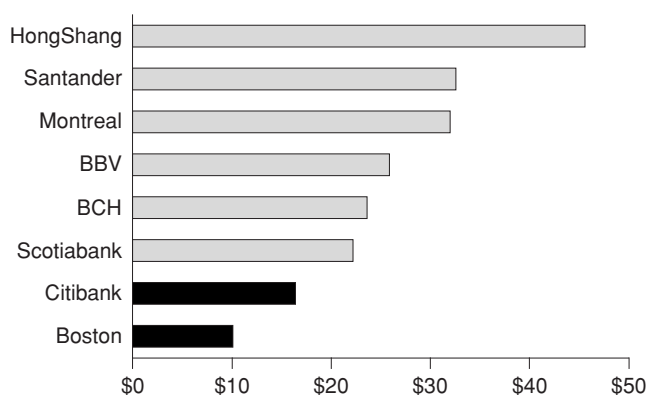
As for its Ibero-American prey:

- In early March 1997, HongShang purchased a 20% controlling interest in *Banca Serfín*, Mexico's third largest bank with close to \$25 billion in assets, as noted above.
- In May 1997, HongShang completed its 100% purchase

FIGURE 5

British groups dominate foreign bank presence in Ibero-America

(assets controlled, billions \$)



of *Banco Roberts* of Argentina, number nine in the country, with nearly \$4 billion in assets, of which it had previously bought 30%.

- In late March 1997, HSBC bought 100% of Brazil's *Bamerindus*, the country's sixth largest bank, with over \$14 billion in assets.

Although somewhat smaller in size than Mexico's *Serfín*, HongShang's *Bamerindus* purchase is of particular strategic significance, because it was the first major breach of the Brazilian banking system, which had otherwise been largely off limits to major foreign predators.

Brazil's Constitution prohibits the entrance of foreign banks into Brazil without reciprocity. HongShang got around that problem in the *Bamerindus* case by the personal intervention of Brazilian President Cardoso, who took advantage of a banking holiday to issue a surprise Presidential decree, published in a special edition of the *Official Daily*, pronouncing the *Bamerindus* sale to be "in the interest of the Brazilian government."

Cardoso had already used the same loophole in 1996, in an earlier foray by foreign banks chomping to get into Brazil: At that time, he authorized the Swiss bank *Union Bancaire Privée* (UBP)—also notorious as a dirty-money laundry, owned by Syrian-Jewish families from Aleppo—to participate with its Brazilian partner *Banco Excel*, in the purchase of *Banco Econômico*, the 18th largest private bank in the country.

An important pioneer of foreign dirty banking in Brazil is the nominally Brazilian Edmond Safra, whose *Banco Safra* is the eleventh largest in Brazil, with about \$5.8 billion in assets. Safra is the reported front man of the Aleppo mafia (in 1990, the U.S. Drug Enforcement Administration (DEA) and Customs Service reported that Safra was the banking link

between the Syrian and the Colombian drug cartels), and has over the years been associated with American Express and the filthy Republic National Bank of New York (which Saffra owns).

In the case of Bamerindus, HongShang paid a meager \$1 billion, and that only after the Brazilian government bailout agency, Proer, had paid out \$5.7 billion to cover Bamerindus's non-performing portfolio—just as happened in Mexico in the Serfín and other cases.

Michel Geoghegan, the newly named president of HongShang in Brazil, explained that Bamerindus “will be the centerpiece for the development of our business in the region. We want to be the Banco del Mercosur,” he asserted, referring to the regional trade pact of Brazil, Argentina, Chile, and Uruguay. As for Brazil itself, “We don't reject the possibility of acquiring other financial institutions,” he said, adding ominously: “We have been in several countries for more than 100 years, and it won't be any different here.”

In 1995 and 1996, HongShang had positioned itself for its current major moves, by setting up a strategic alliance with Chile's *Luksic Group* and Spain's *BCH*.

Banco Central Hispano

The *Banco Central Hispano* (BCH) is Spain's third largest bank, with over \$90 billion in assets. All three top Spanish banks are currently on a much-publicized buying spree in Ibero-America, over the last two years shelling out over \$5 billion among them, to snap up Ibero-American banks. Less well known, is the fact that all three of the Spanish banks are operating as de facto fronts for British Commonwealth financial interests, with which they are strategically associated, and that they are using Chile and its compliant financial institutions as the staging ground, on Ibero-American soil, for the British raid.

For example, in the mid-1990s, BCH merged its existing Chilean branches with the *Banco O'Higgins* of Chile's *Luksic Group*, owned by Andrés Luksic, who sits on the international advisory board of Barrick Gold—along with Sir George Bush and former Canadian Prime Minister Brian Mulroney. According to *Forbes* magazine, the midwife for the deal was HongShang: Luksic ended up with 50% of the bank, BCH 25%, and HongShang 20%.

The HongShang-BCH-Luksic axis then used the revamped Banco O'Higgins as the cornerstone to establish a giant financial holding company in late 1995, called *OHCH*, with 50-50 participation from Luksic and BCH, and “in total harmony” with HongShang, according to accounts in the Chilean financial press. *OHCH* then proceeded to raid other banks inside Chile, and across Ibero-America.

- Chile's *Banco de Santiago* was bought out in December 1995, and then merged with Banco O'Higgins in early 1997, creating the country's largest bank with nearly \$13 billion in assets.

- Peru's *Bancosur*, number seven in the country, was

bought out in mid-1996 by *OHCH*, and merged with *Banco Libertador*, which *BCH* had already taken over in 1995.

- In Mexico, in early 1996 *BCH* and its Portuguese strategic partner, *Banco Comercial Portugués*, took over 20% of *Banco Internacional*, or *Bital*, number six in the country, with \$10 billion in assets.

- *OHCH* has also taken over a number of smaller banks in the Southern Cone, including Argentina's *Banco Popular* (which it merged with HongShang's Banco Roberts in 1996), and *Banco Tornquist*; *Banco de Asunción*, one of Paraguay's biggest banks; and Uruguay's *Central Hispano Banco*.

- In Colombia, where drugs dominate both the economy and the Ernesto Samper government, *BCH* bought about 30% of the country's second largest bank, *Banco de Colombia*, in October 1996, which had been purchased by the local *Gilinski Group* when the bank was privatized in 1994. Informed sources report that the *Gilinski* interests are closely linked to London-run arch-speculator George Soros.

Another interesting strategic alliance of *BCH*'s, is its recently inked pact with the British Rothschild group, to jointly develop “private banking” services—which are frequently a cover for high-level drug money laundering.

Banco Santander

Chile is also the Ibero-American staging ground for another British-run Spanish bank, *Banco Santander*, Spain's largest with over \$150 billion in assets. What HongShang is to *BCH*—its financial and political sugar-daddy—the Royal Bank of Scotland and the British Morgan banking interests are to Santander.

In 1988, Santander forged what they have called “a long-term and fruitful alliance” with the *Royal Bank of Scotland* (RBS), and with *Metropolitan Life Insurance* of New York, controlled by the British Morgan financial interests. The House of Morgan was founded in London in the 1840s by Queen Victoria's favorite, George Peabody. One of the immediate offspring of this *ménage à trois* was the Santander-Met Insurance Society. In the words of the journal *American Banker*, “Banco Santander of Spain and the Royal Bank of Scotland . . . own shares in each other and have a close strategic alliance”; specifically, they each own 10% of the other's stock.

RBS, which proudly dates its roots to 1727 and proclaims itself “one of the United Kingdom's leading financial institutions,” had over \$80 billion in assets as of September 1995. The most significant member of its board of directors is Rt. Hon. The Earl of Airlie, KT, GCVO, PC, JP, whose Ogilvy family traces its nobility to the fifteenth century. The current Earl of Airlie is the brother-in-law of Princess Alexandra, Queen Elizabeth's first cousin; a Privy Councillor; and is Lord Chamberlain of the Queen's Household—i.e., he heads up the innermost sanctum around the Queen. Until 1984, he was chairman of Schroeders plc, the London merchant banking group which helped finance Hitler's rise to power in the 1930s.

TABLE 1

Top 10 banks, by country**Argentina**

Rank	Bank	Assets (billions \$)	% of total assets	Control	% foreign ownership	Dominant foreign bank	Who controls the Top 10 banks' assets
1	Nación	\$ 15.0	12%	state			
2	Provincia de Buenos Aires	10.1	8%	state			
3	Galicia	8.0	7%	foreign	27%	Bank of New York	
4	Río de la Plata	7.3	6%	foreign	35%	Santander	
5	Citibank	4.6	4%	foreign	100%	Citibank	
6	Francés	4.3	4%	foreign	30%	BBV	
7	Boston	4.3	4%	foreign	100%	Bank of Boston	
8	Crédito Argentino	3.9	3%	foreign	72%	BBV	
9	Roberts	3.6	3%	foreign	100%	HongShang	
10	Bansud	3.5	3%	foreign	28%	Euram Capital	
<i>Sub-total, top 10</i>		\$ 64.7	54%				
Country total		\$120.3					

Brazil

Rank	Bank	Assets (billions \$)	% of total assets	Control	% foreign ownership	Dominant foreign bank	Who controls the Top 10 banks' assets
1	Caixa Econômica Federal	\$ 80.3	19%	state			
2	Banco do Brasil	79.6	18%	state			
3	Bradesco	28.6	7%	private			
4	Unibanco	21.1	5%	private			
5	Itaú	19.9	5%	private			
6	Bamerindus	14.1	3%	foreign	100%	HongShang	
7	Banrisul	12.1	3%	state			
8	Real	10.6	2%	private			
9	Banco de Crédito Nacional	9.1	2%	private			
10	Nossa Caixa	8.6	2%	state			
<i>Sub-total, top 10</i>		\$284.0	66%				
Country total		\$431.0					

Chile

Rank	Bank	Assets (billions \$)	% of total assets	Control	% foreign ownership	Dominant foreign bank	Who controls the Top 10 banks' assets
1	Santiago	\$12.8	14%	foreign	48%	BCH, HongShang	
2	Santander	11.3	12%	foreign	75%	Santander	
3	del Estado	11.1	12%	state			
4	Chile	9.6	10%	private			
5	Sud Americano	7.6	8%	foreign	28%	Scotiabank	
6	Crédito	6.4	7%	private			
7	Edwards	4.4	5%	private			
8	Boston	3.6	4%	foreign	100%	Boston	
9	BHIF	3.6	4%	foreign	36%	PanAm Holdings	
10	Bice	3.3	4%	private			
<i>Sub-total, top 10</i>		\$73.7	78%				
Country total		\$94.0					

Colombia

Rank	Bank	Assets (billions \$)	% of total assets	Control	% foreign ownership	Dominant foreign bank	Who controls the Top 10 banks' assets
1	Ganadero	\$ 3.8	12%	foreign	40%	BBV	
2	Colombia	3.2	10%	foreign	30%	BCH	
3	Bogotá	2.9	9%	private			
4	Bancafé	2.9	9%	state			
5	Caja Agraria	2.3	7%	state			
6	Industrial Colombiano	2.0	6%	private			
7	Popular	1.8	6%	private			
8	Bancoquia	1.6	5%	foreign	55%	Santander	
9	Occidente	1.4	4%	private			
10	Citibank	1.0	3%	foreign	100%	Citibank	
<i>Sub-total, top 10</i>		\$23.0	72%				
Country total		\$32.0					

(continued on following page)

TABLE 1 (continued)

Mexico

Rank	Bank	Assets (billions \$)	% of total assets	Control	% foreign ownership	Dominant foreign bank	Who controls the Top 10 banks' assets
1	Banamex	\$ 33.5	20%	private			
2	Bancomer	32.0	19%	foreign	20%	Bank of Montreal	
3	Serfín	24.6	14%	foreign	20%	HongShang	
4	Inverlat	14.3	8%	foreign	55%	Scotiabank	
5	Bancrecer	14.2	8%	private			
6	Bitat	10.4	6%	foreign	20%	BCH	
7	BBV	8.0	5%	foreign	70%	BBV	
8	Atlántico	7.0	4%	private			
9	Santander	6.8	4%	foreign	75%	Santander	
10	Promex	6.2	4%	private			
	<i>Sub-total, top 10</i>	<i>\$156.9</i>	<i>91%</i>				
	Country total	\$171.7					

Peru

Rank	Bank	Assets (billions \$)	% of total assets	Control	% foreign ownership	Dominant foreign bank	Who controls the Top 10 banks' assets
1	Crédito	\$ 4.9	29%	private			
2	Wiese	3.1	18%	private			
3	Continental	2.4	14%	foreign	34%	BBV	
4	Interbank	1.3	7%	foreign	91%	Infisa	
5	Latino	0.8	4%	private			
6	Santander	0.7	4%	foreign	95%	Santander	
7	Bancosur	0.6	4%	foreign	97%	BCH, HongShang	
8	Lima	0.6	3%	foreign	53%	Sudameris	
9	Nuevo Mundo	0.4	2%	private			
10	Sudamericano	0.3	2%	foreign	25%	Scotiabank	
	<i>Sub-total, top 10</i>	<i>\$15.0</i>	<i>88%</i>				
	Country total	\$16.9					

Venezuela

Rank	Bank	Assets (billions \$)	% of total assets	Control	% foreign ownership	Dominant foreign bank	Who controls the Top 10 banks' assets
1	Provincial	\$ 3.4	21%	foreign	52%	BBV	
2	Mercantil	2.1	13%	private			
3	Venezuela	1.5	10%	foreign	94%	Santander	
4	Unión	1.1	7%	private			
5	Industrial	1.0	6%	state			
6	Consolidado	0.9	6%	foreign	93%	Infisa	
7	Banesco	0.7	4%	private			
8	Caribe	0.6	4%	private			
9	Citibank	0.4	3%	foreign	100%	Citibank	
10	Interbank	0.4	3%	private			
	<i>Sub-total, top 10</i>	<i>\$12.0</i>	<i>75%</i>				
	Country total	\$15.9					

Sources: *Argentina*: Central Bank; *Brazil*: *Gazeta Mercantil*; *Chile*: Office of the Superintendent of Banks and Financial Institutions; *Colombia*: Banking Association of Colombia; *Mexico*: Mexican Stock Market; *Peru*: Office of the Superintendent of Banking and Insurance; *Venezuela*: Office of the Superintendent of Banking.

The chairman of the RBS board of directors is Lord Younger of Prestwick, KT, KCVO, TD, DL, who is also a member of the Queen's Privy Council, and has held the offices of Secretary of State for Defense and Secretary of State for Scotland. There are numerous other nobles on the RBS board, including Sir Ian Grant, JP, DL.

Banco Santander and the Royal Bank of Scotland also

have interlocking directorates: Scotland's Lord Younger of Prestwick and Sir Ian Grant are on the board of directors of Santander; and Santander's chairman, Emilio Botín-Sanz de Saurola y García de los Ríos, and its first vice chairman, Jaime Botín, are on the Scotland board.

The Morgan role in Santander is not limited to the Met Life connection. Santander's rising young star, and CEO of

its Santander Investment division, is the 38-year-old Ana Patricia Botín, daughter of the bank's chairman. After graduating from Harvard with a bachelor's degree in economics in 1981, Ms. Botín joined the Madrid office of J.P. Morgan. Rising through the Morgan ranks, by 1986 she had been appointed vice president and head of their Latin American unit. In 1988, her apprenticeship with Morgan apparently over, Ms. Botín returned home to work for daddy at Santander.

Also of note is that Banco Santander in 1991 became the single largest shareholder (13.3%) in First Fidelity Bancorporation of New Jersey, a bank with widely reported links to drug-money laundering. It is also the largest shareholder in First Union Corporation, the sixth largest bank in the United States, which in turn has a representative on the Santander board.

Banco Santander, unlike BCH, prefers to buy Ibero-American banks outright (they have invested over \$3 billion there so far), rename them, and then use executives from their Chilean operations to run the expanded ventures. They got into Chile in a big way by taking over the large *Banco Osorno* in mid-1996, and merging it into their existing, but smaller, Banco Santander, and thereby producing the country's second largest bank, with over \$11 billion in assets. Their other major moves in Ibero-America have been:

- In Mexico, they bought up the failing *Banco Mexicano Somex* in October 1996, after the Mexican government was kind enough to take over \$2.37 billion of its bad debt. Santander ended up with a clean bank, Banco Santander, today Mexico's 9th largest with \$6.8 billion in assets.

- In December 1996, Santander bought 97% of Venezuela's second largest bank, the *Banco de Venezuela*, which was a state-sector bank that had gone belly-up in 1994.

- Also in 1996, they took over Colombia's eighth largest bank, *Bancoquia*.

- In Argentina, in May 1997 Santander purchased 35% of the country's fourth largest bank, *Banco Río de la Plata*, which today has over \$7 billion in assets.

- And in Peru, Santander acquired the *Banco Interandino* and the *Banco Mercantil*, and merged them to form the Banco Santander, which is today the country's sixth largest.

- Santander has also made a first foray into Brazil, buying the mid-sized *Banco Geral do Comércio* in March 1997.

Also linked to the Banco Santander is the Chilean *Infisa* group, run by Alvaro Saieh. Saieh was the owner of Chile's Banco Osorno, and when he sold it to Banco Santander in mid-1996 for nearly \$1 billion, he took \$400 million of that money and set up Infisa in early 1997. As one Venezuelan banker put it: "Santander has concrete interests in Infisa."

Infisa's start-up capital totalled \$750 million. Some \$400 million came from Saieh, as noted; \$100 million was put up by the Blackstone Group (of Wall Street's Peter Peterson and Stephen Schwarzman); another \$100 million came from the U.S.'s Hicks, Muse, Tate & Furst; \$75 million was from

Chase (Manhattan) Capital Partners; and a final \$75 million was from Natcan Holding International, a subsidiary of the National Bank of Canada. Other participants in Infisa are Sir George Bush's former Treasury Secretary, Nicholas Brady, former Peruvian Economics Minister Carlos Rodríguez Pastor, and former Chilean Finance Minister Sergio de Castro.

Banco Bilbao Vizcaya

The *Banco Bilbao Vizcaya* (BBV) is the third major Spanish group that is building an Ibero-American banking empire—for the British. Formed by the merger of the Banco de Bilbao and the Banco de Vizcaya in October 1988, BBV today is the number two bank in Spain, with \$132 billion in assets, but unlike its two Spanish sisters, it does not have significant holdings in Chile. BBV has instead bought two major banks in each of Argentina and Mexico, and the lead banks in Colombia and Venezuela.

- The Mexico move began in 1995, with the purchase of the failed *Probursa* bank, which was then merged with a second bank, *Banco Cremi*, to form the BBV of Mexico, today the seventh largest in the country with over \$8 billion in assets.

- In Argentina, BBV bought 30% of sixth-ranked *Banco Francés* in September 1996, and then 72% of eighth-ranked *Banco de Crédito Argentino*. There are reports that BBV intends to merge the two shortly, which would make the resulting bank the largest private bank, and the third largest overall, in the country.

- In late 1996, BBV also made major moves into Colombia and Venezuela, taking control of the largest bank in each of those two countries. In Venezuela, BBV bought 40% of *Banco Provincial*, teaming up with the Quantum Fund of George Soros, the world's most prominent drug legalizer, which came in with 12% of the capital. And in Colombia, BBV purchased 40% of *Banco Ganadero*, the number-one institution in that drug-infested banking system.

- A year earlier, BBV had bought a 34% controlling share of Peru's third bank, *Banco Continental*.

BBV seems to have a predilection for shady associations—to put it mildly. Perhaps the most notorious is the case of Monzer al-Kassar, the Syrian arms- and drug-runner who emerged as a major player in the 1980s, after his brother Ghassan married the daughter of Gen. Ali Duba, the head of Syrian intelligence, who oversaw narcotics production in occupied Lebanon. Arrested repeatedly throughout western Europe, and officially under investigation by U.S. agencies, including the DEA, CIA, and FBI, al-Kassar nonetheless worked closely with the Bush Contra-crack operation during the mid-1980s, had ongoing contact with Colombian kingpins Pablo Escobar and Jorge Luis Ochoa, and was in all likelihood instrumental in the Pan Am 103 terrorist bombing, over Lockerbie, Scotland in December 1988.

According to accounts published in Germany, a June 20, 1986 document of the West German Federal Criminal Bureau

(BKA), reports that “al-Kassar holds 51% of the capital of this bank,” referring to the Banco de Bilbao (which two years later merged with the Banco de Vizcaya to form BBV). The BKA document adds that General Duba, Syrian dictator Hafez al-Assad, and his brother and heroin kingpin Rifaat al-Assad, all maintained sizable accounts at the Banco de Bilbao. Al-Kassar himself reportedly had a multimillion-dollar account there, which was used to launder all his drug- and weapons-trafficking proceeds.

BBV has kept the same kind of company on this side of the Atlantic.

- In Venezuela, BBV Foundation head and bank board member José Angel Sánchez Asiaín, was part of a select “international advisory board on foreign investment” set up in 1992 by Socialist International leader, President Carlos Andrés Pérez—who was deposed from office a year later, convicted of corruption, and held under house arrest until 1996. Also serving on Pérez’s committee were Sir Henry Kissinger, American Express President James Robinson, and other Anglophile luminaries. Sánchez Asiaín and BBV chairman Emilio Ybarra y Churrua were themselves indicted in Spain in 1995, charged with irregular financial contributions to the ruling PSOE party, which, like Venezuela’s Pérez, is part of the Socialist International.

- When BBV bought control of Venezuela’s Banco Provincial in 1996, they reportedly did so in coordination with Venezuela’s Cisneros group, whose head, Gustavo Cisneros, described the BBV takeover of his Provincial rivals as “excellent news.” Cisneros has for decades been the financial angel behind the corrupt ex-President Pérez. The Cisneros family earned their fortune through their links with international financial circles tied to drug money laundering, as documented in *EIR’s Dope, Inc.*

- Argentina’s Santiago Soldati is another frequent BBV partner, largely in electricity, water, and communications joint ventures. Soldati is a multi-millionaire businessman of Swiss descent, financed by British Rothschild money, who is said to be a front man for Marc Rich, a fugitive from U.S. justice who currently resides in Zug, Switzerland, who reportedly has Israeli mafia links, and who has major raw materials holdings worldwide.

What is the guiding hand behind all this filth? *EIR* has learned from sources inside the international department of BBV itself, that they have “strategic pacts” with a select handful of British and American banks, including Midland Bank (owned by HongShang), Morgan Guaranty Trust (whose British origins were reported above), and Wall Street’s Chase Manhattan Bank.

Otherwise, the Venezuelan newspaper *Universal* reports matter-of-factly that BBV’s real owners are General Electric; France’s largest insurance company, Axa; and Japan’s Nippon Life—connections confirmed in part by BBV’s own annual reports and other official filings. Although *General Electric* is reported to have sold off its holdings in BBV just a few

months ago, it was a guiding force there for years. GE is a Morgan company through and through, and Morgan, as noted above in the Banco Santander case, are British financial interests. As for Axa, its head, Claude Bébéar, was a close business associate of a major City of London financier, the late Sir Jimmy Goldsmith.

Also worth noting is that in October 1996, BBV bought up the London-headquartered *Latinvest*, an investment bank with important existing networks across Ibero-America, which BBV intends to use as a wedge to further its financial penetration of the continent.

The Canadian connection

The picture of the British Commonwealth’s banking invasion of Ibero-America is rounded out by looking at two Canadian banks: *Bank of Montreal*, and *Bank of Nova Scotia*. To put a fine point on it, we quote from *EIR’s* authoritative 1986 bestseller, *Dope, Inc.*:

“This [Dope, Inc.] command structure contains the following main groups: The British combination that controls offshore banking and precious metals trading, i.e., the Hong-kong and Shanghai Bank, the Oppenheimer gold interests, top British financial institutions such as Eagle Star Insurance and Barclay’s Bank, and their Canadian cousins such as *Bank of Montreal* and *Bank of Nova Scotia*. . . .”

Bank of Montreal has a decisive share in only one major Ibero-American bank, but it is one of the region’s giants: *Bancomer*, whose \$32 billion in assets make it the second largest in Mexico, and the fourth largest in the whole continent. In 1996, the Mexican government’s Fobaproa bought up \$15.6 billion in bad debt from *Bancomer*—more than half the \$29 billion they have spent to date on bailouts for the entire Mexican banking system. *Bancomer* then turned around and announced its “association” with the Bank of Montreal, which purchased close to 20% of the bank on the spot, with an option for up to 55%.

The *Bank of Nova Scotia*, or Scotiabank as it is often called, has also established a beachhead in Chile, with its 28% ownership of the *Banco Sud Americano*, the fifth largest in the country, with \$7.6 billion in assets. It also owns 25% of a bank of the same name in Peru, which is that country’s tenth largest. But its largest holding is Mexico’s *Banco Inverlat*, another bank which went belly-up in 1995. In the now-familiar fashion, the Mexican government bought 48% of *Inverlat*, put it in receivership, and then in March 1996 sold a 55% share to Bank of Nova Scotia. Although *Inverlat* is still officially reported as in receivership, the reality is that Scotiabank now controls Mexico’s fourth largest bank, with \$14.3 in assets.

Where will the Canadian banks, and their British cousins, and their Spanish front groups turn next for plunder? The answer is evident. As the trade journal *The Banker* never tires of repeating, “The obvious missing link in Latin America is Brazil.”