
Dope, Inc.

The chapter the Cisneros family does not want read in Venezuela

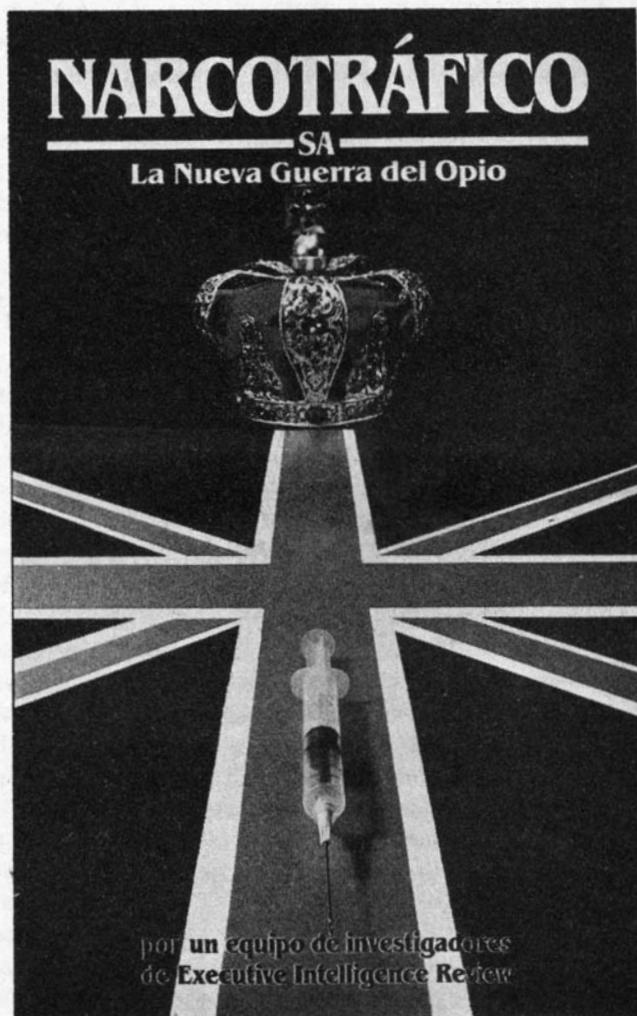
Below is the chapter on Venezuela of EIR's Spanish-language edition of Dope, Inc., titled Narcotráfico, S.A. For further elaboration of references to the Venetian insurance companies, the North American-based Bronfman family, and other topics from the world of dirty money, we recommend the EIR cover story of Jan. 15, 1985.

Until recently, Venezuela maintained a "privileged" relationship to South America's drug traffic. Largely exempt from producing and processing narcotics until 1983, Venezuela served instead as a transshipment center and "banking house" for the drug trade. It was Venezuelan drug money, for example, which led the way in laundering proceeds into Florida real estate, even before the Colombian mafia got the idea. Laundering from Venezuela into the United States through Florida grew so extensive that it became a common joke to say that Florida seceded from the Union—joining Venezuela as a new state. By 1980, public estimates placed Venezuelan real estate assets in Florida at over \$1.1 billion. A total of some \$5 billion was "washed" through Venezuela in 1983, according to early 1984 public estimates of one Venezuelan police official.

Venezuela's "privileged" relationship is long lost: Processing laboratories, cocaine production, and an estimated half-million addicts (among them, many children of the narco-financiers), now accompany the banking houses profiting from the trade. But tracking the money-laundering machine and its controllers remains the most efficient tool for identifying Venezuela's dope mafia as a whole.

On July 20, 1984, the Venezuelan magazine *Resumen* reported on a story alleging that a member of Venezuela's Cisneros family, one of the country's most powerful monied families, was up to its neck in dope-money laundering in Florida. According to the story, taken wholly from left-wing journalist Penny Lernoux's book *In Banks We Trust*, Oswaldo Cisneros Fajardo had been associated with the World Finance Corporation, an international money laundromat. Caught in one scam too many, the WFC eventually collapsed, and its Cuban-American president, Guillermo Hernández

Cartaya, landed in jail on the lesser charges of income tax evasion. Details of the seamier side of the WFC operation—arms for drugs in the Caribbean, financial capabilities made available to the Castro government in Cuba—were included in the story. Interest was heightened by the fact that a Caracas newspaper, *Diario de Caracas*, had just printed a picture of



Venezuela's President Lusinchi reading the Lernoux book with two of his advisers: The caption asserted that the readers were concentrating on the Cisneros' links to the drug world.

This provoked as much outrage as if *Newsweek* had accused David Rockefeller of laundering dirty money. The Organization Diego Cisneros, the Cisneros family holding company, published full-page advertisements in the Caracas press denying any connection to World Finance Corporation, Credival, or Mr. Hernández Cartaya. Oswaldo Cisneros, in an interview with *Resumen* magazine telling "his side" of the story, admitted he had hired Hernández Cartaya in 1975 to reorganize the investment company, Inversiones Fenix, later renamed Credival, and that the two had jointly incorporated a subsidiary of the WFC in Caracas. But he insisted that that was the last of their business association and that he had no knowledge that Hernández Cartaya was involved in drugs or drug-money laundering.

Others defended the good name of the Cisneroses by attacking the credibility of Lernoux, an easy enough proposition given that her career as a "journalist" was sponsored by the KGB and British intelligence-linked assets in the United States and Ibero-America. Yet most of the evidence presented by Lernoux on the WFC came from the records of the lengthy investigations by numerous U.S. agencies (including Congress, the Drug Enforcement Administration (DEA), Customs, and a Federal Grand Jury) into WFC and Hernández Cartaya.

The true story of the Cisneros family goes far beyond the ugly WFC affair. The mistake is in looking only down from the Cisneroses' family position of power, rather than across, and up. What would the reader say if we were to inform him of the existence of a prominent Ibero-American family that:

- got its start by being sponsored by one of the leading Dope, Inc. Canadian banks, the Royal Bank of Canada;
- has a long-standing association with the Rockefeller family, which has favored it by selling it crumbs of the Rockefeller empire in Ibero-America and by placing family members on the boards of directors of various Rockefeller international holdings, and which permitted the consolidation of these ties through marriage into the Rockefeller-linked Phelps family;
- has a strong relationship to the Florida banking circles found at the heart of the Carter administration's dope scandal;
- was a partner in a Florida finance corporation with documented ties to terrorists and drug runners, and which received millions of dollars from the Moscow Narodny bank;
- has for decades promoted the libertarian economic theories of Friedrich von Hayek's Mont Pelerin Society which advocates the legalization of the drug trade; and
- more recently has joined David Rockefeller's campaigns to promote drug-producing Jamaica as the "model" for the whole Caribbean Basin.

Now the reader is thinking in the right way to be able to understand the real Cisneros story, and the fact that we are dealing with the Venezuelan equivalent of the Bronfmans.

And cousin Oswaldo's involvement with the dirty Cartaya ceases to be a surprise.

The family empire

The Cisneros family fortune is centralized today in the Organization Diego Cisneros (ODC), a holding company worth an estimated \$3 billion. Described recently by one New York banker close to the group as "a Gulf and Western-type" conglomerate uniting some 50 companies producing everything from disco records, sports equipment, and computers, to cosmetics and processed foods, and owning real estate, agriculture, communications, and financial institutions. "The Cisneros group, which has always had an international orientation to its investments, went acquisition crazy in the past two to three years," the banker commented. Informally, he added, it is now estimated to have placed at least \$1 billion outside Venezuela.

Like Gulf and Western, which owns Paramount Pictures, the ODC has its "entertainment" company: Venevisión, purchased in 1961 when television was taking off in Venezuela. The Cisneros family has used Venevisión to promote the kind of rock and pornography "Playboy" culture needed to create a "feel-good," hedonistic drug movement in any country. Skyrocketing sales of rock and disco stars recorded by the ODC's recording company, Sonoroven, are just one lucrative spinoff of the advertising capabilities which Venevisión provides to ODC.

It was the Royal Bank of Canada which gave the pater familias, Diego Cisneros, his start in Caracas after he emigrated from Cuba in 1929. The association with the Canadian dope bank continues to this day, with ODC executive vice president (and president of Venevisión) José Rafael Revenega representing Cisneros interests on its board of directors. In 1939, Diego went "independent," and set up the first Pepsi-Cola bottling franchise in Venezuela with his brother, Antonio. Pepsi and Cisneros are synonymous in Venezuela today with Antonio's son, Oswaldo, the company's current president.

It was Diego Cisneros, however, who built the ODC into a business and financial empire. In Venezuela, the inevitable word-association with the name Cisneros became "Rockefeller." Along with other wealthy families, the Cisneros family took over much of the business operations originally developed by the Rockefellers. These include the local outlets for the Sears, Roebuck retail chain; National Cash Register; and Nelson Rockefeller's pet project, Cada Supermarkets. Acquired along the way as ODC "international adviser" was George S. Moore, former president of Citibank and director emeritus of W.R. Grace. Son Gustavo also acquired a wife well-connected to the Rockefeller empire: Patricia Phelps, of the U.S. Eastern Establishment Phelps family.

Diego Cisneros was also proud of his membership in the elite Mont Pelerin Society, the leading international ideologues of "legalizing the illegal economy" whose work on behalf of drugs was cited at the outset of this book. Diego

Cisneros frequently sponsored visits of Mont Pelerin libertarian propagandists to lecture Venezuelan businessmen, and his life-long motto, according to son Gustavo's own report, was pure Mont Pelerin ideology: "Give me the right man, and I'll make the deal."

With the father's death in 1980, sons Gustavo and Ricardo Cisneros Rendiles took over the family business, as president and vice president, respectively, of the ODC. Gustavo became heir-apparent of the empire, and has continued the work of his father as a leading promoter of the "free enterprise" model in the Caribbean Basin. When David Rockefeller created the U.S.-Jamaican Businessman's Committee in 1981 to promote the "Jamaican model" of dope and free enterprise, Gustavo Cisneros announced the founding of a parallel Venezuelan-Jamaican Businessmen's Association, with himself as co-chairman.

Gustavo's career as an international businessmen is rising. He is vice-president of the Venezuelan Chapter of the Knights of the Sovereign Order of Malta. By 1981, he was put on the International Advisory Board of Chase Manhattan Bank, joining the likes of Henry Kissinger and his business associate, Per Gyllenhammer of Swedish Volvo, Argentina's "Joe" Martínez de Hoz, Y.K. Pao of Hong Kong's World-wide Shipping Corporation, Ian D. Sinclair, chairman of Canadian Pacific Enterprises, Ltd., and the chairman of Royal Dutch Petroleum Co, G.A. Wagner—all headed, of course, by David Rockefeller. In November 1983, Gustavo was added to the International Advisory Board of Pan American World Airways, joining United Brands' Sol Linowitz, Gulf and Western lawyer Cyrus Vance, Notre Dame University President Theodore Hesburgh, and Hong Kong's Bank of East Asia head, Yet-keung Kan, among others. Now a seat on the International Advisory Board of Beatrice Foods has been added his "credentials."

Cisneros's links to the Vance-Carter nexus are not new. Under the Carter administration, Washington sources report, then Secretary of State Vance frequently used Cisneros as his interlocutor with other political players in the region.

From Caracas, Cisneros and Venezuelan banker and long-time ally Pedro Tinoco, Jr. did their part in sponsoring the Venezuelan money boom in Florida. When Florida Gov. Robert Graham, an avid proponent of the "off-shore" scheme for Florida, came to Caracas in October 1980 to promote increased Venezuelan investment in Florida, it was Gustavo Cisneros and Pedro Tinoco, Jr. who threw the big reception for the governor and his Florida promoters. Ties extended, of course, to the business world as well. Around 1978, the Cisneroses bought a minority share of Florida National Bank of Jacksonville, the major member of a statewide holding company called Florida National Banks. He placed Tinoco, whom we shall know better in a moment, on the bank's board to represent Cisneros interests.

Florida National, it turns out, is one of three Florida banks which led the battle to force the deregulation of Florida bank-

ing at the end of the 1970s—the legislative changes required to turn Florida into a virtual "offshore" international banking haven for drug money.

Florida National Banks had another interesting feature: It was the principal bank for Charter Oil Co., which had two directors representing it on Florida National's board, Edward Ball and Charter Oil's chairman, Raymond Mason. Charter, which went bankrupt during 1984, became notorious when the news broke that it served as a conduit for Libyan oil sales promoted by President Carter's brother Billy—the scandal that goes down in history as "Billygate."

Gustavo Cisneros, however, was not harmed by the scandal. He reportedly sold off his shares in 1981, for a cool multi-million dollar profit.

WFC and the Cuban connection

It would seem that Oswaldo Cisneros, Gustavo's cousin, runs a great deal more than the Pepsi-Cola Company in Venezuela. According to a report appearing in the Venezuelan daily *Diario de Caracas* July 1, 1984, Oswaldo is the point man in a scheme to re-establish commercial and diplomatic relations between Venezuela and Cuba, hoping to legitimize his present middle-man role in U.S.-Cuban trade, in violation of the U.S. embargo of Cuba. *Diario de Caracas* claimed that Cisneros visited Cuba in a Pepsi company plane on June 7, 1984, and met personally with Fidel Castro. In an Aug. 12, 1984 interview with *Resumen* magazine, Cisneros did not deny the trip to Cuba, but insisted that it was for family and personal reasons, and that the meeting with Castro occurred by "pure chance" and that only "a series of generalities" were discussed. Oswaldo added that he had several other Pepsi board members who had participated in the Bay of Pigs invasion, and that the whole story was an attempt to discredit his well-cultivated anti-Castro credentials.

But Oswaldo Cisneros has other explanations to make. His wife is Ella Fontanals de Cisneros, a Cuban whose brother, José Fontanals Pérez, currently sits on the the Board of Directors of the Banco Nacional de Cuba in Havana, and serves as economic adviser to Fidel Castro. Ella's ties with her brother are not a thing of the past; her husband Oswaldo admitted in his *Resumen* interview that he facilitated at least one quiet visit to Caracas by José Fontanals, to attend the funeral of Fontanals' mother.

Ella reportedly lives alternatively in Caracas and New York, and sources close to the U.S. DEA report her to be part of a close social circle in New York which brings together current and former Cuban diplomats and Colombian drug-runners, including the former wife of Colombian mafia kingpin Carlos Lehder, Jemel Nassel de Lehder.

• How can the anti-Castro Cisneros clan socialize with current Fidelista diplomats, the reader perhaps queries? As various U.S. congressional committees have told the World Finance Corporation story, the overlap between anti-Castro and pro-Castro networks in the friendly underworld of drugs

is not as “impossible” as Oswaldo Cisneros would hope investigators to believe.

A Cuban-exile banker named Hernández Cartaya founded WFC in 1971 in Coral Gables, Florida. Cartaya had some sort of intelligence connection from the beginning; he fought in the Bay of Pigs invasion, was captured, released, and went to work for the Citizens and Southern Bank of Atlanta until he left to set up his own shop. WFC’s lawyer, whose signature appears on WFC’s incorporation papers, was a well-connected former OSS operative, Walter Sterling Surrey, who remained with WFC until 1976. Surrey was also the lawyer for Ronald Stark—a terrorist now jailed in Italy for ties to the Red Brigades. Stark, before his activities in Italy within narco-terrorist circles, had been a member of the Brotherhood of Eternal Love, an organization involved in producing most of the hallucinogenic drugs peddled in the United States through the 1970s. The Brotherhood was one of the first drug-running and money-laundering channels into the United States from the Caribbean and Central America.

From the beginning, according to various accounts, WFC was a money laundromat. By 1977, it owned nine companies plus a bank in Miami, as well as subsidiaries in eight Ibero-American countries. A Panamanian subsidiary, Unibank, controlled outlets in the Netherlands Antilles, Cayman Islands, London, the United Arab Emirates, and Texas. WFC’s balance sheet, in the seven years from 1970 to 1977, totaled more than \$500 million. A bad (and allegedly illegal) investment in the United Arab Emirates brought the group down in 1977, costing investors \$55 million, and left Cartaya to flee the country using a phony Colombian passport. The collapse of the WFC revealed, upon investigation, that a 98%-owned subsidiary, the National Bank of South Florida, was involved in money-laundering, so-called insider loans, and sundry other abuses.

But before any of this happened, the WFC obtained a \$2 million loan from the Moscow Narodny Bank in 1975. From the available evidence, Cartaya had done more than enough to earn it.

WFC’s network included the scum of the continent’s financial underworld. The Colombian representative of WFC’s Panama holding group, Unibank, was Jaime Mosquera, a Colombian banker jailed for fraud in 1982. Mosquera was a contact of Cartaya’s since both worked for Citizens and Southern, Mosquera as C & S’s representative in Bogota. One of WFC’s first actions was to buy a small Colombian bank, Banco del Estado, and install Mosquera as chairman. In 1975, Unibank negotiated for a lead-managing role in a \$100 million loan to Colombia’s state-owned agricultural institute, Idema, with the inside support of Mosquera’s brother Christian, then Colombia’s banking commissioner. According to testimony to a U.S. congressional committee investigating the WFC scam, Cartaya was also acting as a covert representative of the Cuban government, and sought to use the loan as an incentive for the López Michelsen

government to cooperate with Cuba on the “northern” drug routes.

Unibank in Panama also acted as a conduit for Sandinista arms purchases, before the Cuban-sponsored rebel group ousted Anastasio Somoza in 1978. Unconfirmed reports also have it that Unibank was a mediator for arms-for-drugs exchanges in both Venezuela and Colombia.

Cartaya was a versatile individual. He was also accused of financing terrorist activities by Orlando Bosch’s notorious anti-Castro terrorist group. A WFC official, one Duney Pérez Alamo, was a member of the Bosch group, and an intimate of Gaspar Jiménez, the Bosch operative arrested in Mexico in 1976 when he attempted to kidnap the Cuban consul-general in Mexico City. Mexican government sources quoted by Lernoux claim that the government had evidence that WFC put up \$50,000 to break Jiménez out of jail, on condition that Jiménez keep his mouth shut about WFC.

WFC’s ties into major narcotic traffickers were extensive.

Drug Enforcement Administration files record that one of Cartaya’s closest associates was a narcotics wholesaler working with the Santos Traficante mafia group. In any case, a finance company linked to Traficante, Dominion Mortgage Corporation, listed its offices at the same address as Cartaya’s WFC. The DEA also claimed that a WFC employee named Enrique “Kaki” Argomaniz was a suspected drug- and gun-runner, and the brother of a known drug wholesaler, Alberto Argomaniz.

Oswaldo Cisneros confirmed to Venezuela’s *Resumen* magazine on Aug. 12, 1984, that he had worked with WFC’s Cartaya, but insisted, “I never knew, nor can I affirm that Cartaya has been tied” to the drug trade. According to his account, Cartaya and Cisneros did indeed jointly found a subsidiary of WFC in 1975-76; the relationship lasted a year, after which Cartaya’s relationship with Inversiones Fenix ended, and nothing more allegedly was heard from them.

Cisneros’s partner Tinoco

Gustavo Cisneros’s partner in a wide range of enterprises is Pedro Tinoco, Jr., a lawyer and the Venezuelan representative of the Banque Sudameris, the bank of Jesuit financial interests and the Venetian insurance companies. Informally, Tinoco is referred to as “Chase Manhattan’s man” in Caracas, as well as the main contact of the Rothschild family. As chief executive of Venezuela’s Banco Latino, he is a major figure in the informal “Grupo Occidente,” the dominant business power on the Venezuelan-Colombian border, one of the most concentrated sites for drug cultivation in the world.

Tinoco is described by Caracas bankers as “the smartest banker in town—young, sharp, and on the move.” He also may be one of the dirtiest. His ties to the Cisneros Rendiles family are such that they are perceived as one group. In 1981, for example, Gustavo Cisneros appointed him chairman of the board of directors of the Cisneroses’ Cada Supermarket chain.

When Banco Latino decided to build a new Caracas headquarters in 1980, Tinoco borrowed the funds from Banque Sudameris, Banca della Svizzera Italiana, American Express International Banking Corporation, and Araven Finance Ltd. (a joint partnership of Kuwait International Investment Co., Morgan Grenfell, Venezuela's Banco Consolidado, and Tinoco's Banco Latino).

As documented throughout this volume, this is the group which handles very large amounts of illegal money. The offices of Sudameris, American Express, and the more venerable Venetian insurance companies are omnipresent through Ibero-America. They dominate the insurance and re-insurance business and a great deal besides. Ibero-America lost over \$100 billion in "flight capital," most of it illegal, during 1981-83, and continues to lose funds to the offshore banking system. Phony invoices, phony insurance policies, phony subsidiaries employing phony consultants and chartering phony ships and planes, turn into offshore bank accounts, and thence into condominiums in Miami or whatever. There is a ghost economy whose purpose is to extract funds from Ibero-America, and it is maintained by the billion-dollar companies like Assicurazioni Generali. As noted, the Cisneros group itself has \$1 billion outside Venezuela.

Gustavo Cisneros Rendiles, Oswaldo Cisneros Fajardo, Pedro Tinoco, and their friends maintain one leg in this ghost economy. They operate at a level well above that of the country's mere politicians, whom they may grace on occasion with financial backing to obtain a favor here and there. They rub shoulders continuously—perhaps with a slight shudder—with the likes of Hernando Cartaya and World Financial Corporation. As reported earlier, the Hongkong and Shanghai Bank does not keep bags of heroin in its vaults, nor does it habitually lend to the merchants in up-country Thailand who gather the opium harvest; it provides a central banking function and currency for the hundreds of overseas Chinese banks who do. Citibank does not wittingly handle illegal flight capital, directly; its "international personal banking" officers maintain a short list of former colleagues to do this for them, so that Citibank may be the ultimate recipient of these deposits. The HongShang describes this as "free enterprise," and ideologues like the Mont Pelerin Society offer philosophical justifications.

The point is not so much that Oswaldo Cisneros got his hand stuck in the cookie jar, which is amusing enough, but rather that the Organizacion Diego Cisneros, the Grupo Latino, and the rest of their ilk collaborate with the bankers for the Jesuit order and the clearinghouses of the ancient European *fondi* to order the affairs of nations and their financial systems, such that an Hernández Cartaya will be available any time the bankers snap their fingers. In the tidepool of the financial underworld, thugs and crooks like Cartaya vie with each other for the good graces of the Olympians, who pick their servants from among the survivors.

Pope takes on IMF, terrorists in Peru

by Susan Welsh

Pope John Paul II, during his five-day visit to Peru which began Feb. 1, braved a red-alert threat to his own security to deliver a vigorous challenge to the international financial oligarchy whose austerity conditionalities in the Third World are breeding despair, pseudo-religious cults, drugs, and terrorism. The spiritual and social crisis affecting the countries of Ibero-America, he said repeatedly throughout his four-nation tour, cannot be solved without also resolving "the issues that depend on the international economic order."

In Ayacucho, Peru, the stronghold of the Shining Path terrorist gang (*Sendero Luminoso*), he laid the blame for terrorism squarely on the international institutions that have fostered unemployment and desperate poverty. Although he did not name the International Monetary Fund and the World Bank, his inference was unmistakable:

"The international community and institutions operating in the field of cooperation among nations must apply just measures in those relationships, especially in economic relations with developing countries. They have to abandon all discriminatory trade practices, especially in raw materials markets.

"By offering needed financial aid, they have to seek, by mutual agreement, conditions which permit aid to those peoples to get out of a situation of poverty and underdevelopment: renouncing imposing financial conditions which, in the long run, instead of helping those countries to improve their situation, sink them deeper and even can bring them to desperate conditions which bring conflicts whose magnitude cannot be calculated."

The assassination threat

The Pope's trip and his message were opposed by powerful international banking interests and aristocratic families who are trying to build a new feudal order from the ruins of nations like Peru. First among these, as *EIR* has documented, is the Tradition, Family, and Property (TFP) cult and its backers from Europe's ancient noble families such as the Braganças and Thurn und Taxis. This grouping, with the