

# The truth about Carlos Andrés Pérez

*Part 4 of our serialized exposé of the suspended President, by the Venezuelan Labor Party and the Ibero-American Solidarity Movement.*

*On May 19, one day before the Venezuelan Supreme Court was to announce its verdict on whether there were sufficient grounds for trying President Carlos Andrés Pérez (known as "CAP") for corruption, the Venezuelan Labor Party and the Ibero-American Solidarity Movement (MSIA) jointly published a pamphlet entitled "The Truth About CAP." EIR is publishing the translated text of the pamphlet in six installments. The first chapter, "CAP Destroyed the Productive Economy," appeared in our July 30 issue, the second, "Washington's Man and the New World Order," in our Aug. 6 issue, and the third, "Venezuela's Drug Traffic under CAP's Rule," appeared in our Aug. 13 issue.*

*"The Truth About CAP" is not only important for Venezuela and Ibero-America, but also for the United States. President Bill Clinton has continued to apply the major elements of George Bush's policy toward the continent, for which Pérez—currently suspended from the presidency—considered himself the spokesman.*

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## Chapter 4: Corruption and CAP's financial 'inner circle'

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There are many infamous cases of corruption in Venezuela, some incredibly scandalous, such as the 250 million bolivars embezzled by President Carlos Andrés Pérez (CAP), cases that would go very nicely in the museum that his friends are building for him in Rubio.

But let's not miss the forest for the trees.

The reality is that the corruption that is destroying Venezuela is much worse than this case, or for that matter all the corruption cases strung together. The root problem is that in Venezuela, there is a corrupt system known as rule by the parties, or *partyocracy*, in which the essential proposition of government is not the common good, but the satisfaction of private interests. What partyocracy engenders is rulers who abuse power to achieve personal ends. This is what is behind the privatization and "modernization" of the economy in particular, as we will show.

What has occurred in Venezuela under the corruption of the partyocracy is that a small group has seized the institutions of government to use them for their own benefit. Let us look at a case that clearly illustrates this, that of Pedro Tino-

co, Jr., who recently died. Known as "the man from Chase Manhattan Bank," as the daily *Ultimas Noticias* noted on March 31, 1993, Tinoco was simultaneously the lawyer for Venezuela's foreign creditor banks, the negotiator of Venezuela's foreign debt, a banker in his own right, and president of the Venezuelan Central Bank (BCV), appointed by CAP.

Tinoco, to whose funeral the Cuban communist dictator Fidel Castro sent a wreath of flowers, epitomizes the corruption of the so-called "inner circle" of CAP: the management of the national economy for two ends: a) payment of the usurious foreign debt, and b) personal enrichment.

Having described the forest of corruption, we can now take a look at the trees.

### The '12 apostles' and their return

During Carlos Andrés Pérez's first administration (1974-78), an assemblage of individuals and emergent economic groups known at the time as the "12 apostles," stood in CAP's shadow and received his favor. Most were individuals and groups which had risen from nothing, or from secondary relevance, but within a few years, they rivaled the "bosses of Valle"—the old, traditional oligarchy—thanks to government operations involving the billions of dollars that began to flow into the country's coffers, due to oil price increases and the new current of underground finances.

Among the "12 apostles" were those who had historically made up CAP's "financial inner circle": the banker and Rockefeller agent in Venezuela, Pedro Tinoco; his associates in various activities, the brothers Gustavo and Ricardo Cisneros; the Febres Cordero family, of some importance in the Andean region; José Alvarez Stelling, who began his career as a banker administering his aunt's fortune; and many others. All these were said to be, in some form or another, CAP's "front men" or partners. By the end of the "great Venezuela" of CAP's first administration, all of them had grabbed a good chunk of economic power and reinforced their links with international sectors. However, the size of the oil income and the economic expansion in that period made it possible that the unusual growth of these groups did not greatly affect the power and the businesses of the traditional economic groups.

Now, after four years of CAP's second administration, one could say that the "12 apostles," with new tentacles and much more consolidated than before, have to eliminate the

old oligarchy in order to continue growing, and are in fact at the point of literally taking over the country, eliminating at any price whatever obstacle might get in their way.

There is no doubt that writer Arturo Uslar Pietri was referring to them when he charged shortly after the Feb. 4, 1992 coup attempt, that "immense fortunes are being made in the shadow of the government which are tending to monopolize and control important sectors of national life."

The takeover strategy of these groups includes at least four related aspects: 1) financial control of the country; 2) appropriation of basic industries; 3) control of judicial power and of key areas of the police and security apparatus; and 4) control of public opinion by means of a monopoly over the media. All of this would not be possible without the power of President Carlos Andrés Pérez.

### 1) Financial control

For more than three years, Pedro Tinoco was president of the Central Bank of Venezuela (BCV). From there, this "godfather" of the bankers and CAP "partner" was able to control virtually the entire financial environment to the benefit of his friends and associates, as we have already seen in part in Chapter 1.

In recent years, the Tinoco-Cisneros Banco Latino has gone about buying up almost all the banks in the states situated on the border with Colombia, just where international organizations have detected feverish dollar-laundering activity. Using stock purchases, Banco Latino has extended its control to the banks of Maracaibo, Barinas, Banco de Occidente, Sofitasa (of Táchira), and others. In this way, Banco Latino has gone from being the sixth largest bank in the country when CAP took power for the second time in 1989, to becoming—together with the banks it now controls—the first in the country in terms of deposits and profits.

Orlando Castro and other bankers of his ilk have been buying up the state banks that have been privatized under CAP's government, such as the República and Italo-Venezolano, in addition to the unusual public purchases of Bank of Venezuela stock, in order to snatch it from the traditional groups. The majority of the bank's stock was sold by Castro to Alvarez Stelling, who finally displaced the "bosses of Valle" who controlled the bank.

During the second CAP administration, the Stock Exchange underwent a vast expansion, whose figures dramatically reveal the surge of speculation and illegal money in the country. Young speculators in the service of CAP's "apostles" took control of the exchange.

From her presidency of the Foreign Trade Institute, Gabriela Febres Cordero initiated all sorts of agreements for trade openings, above all with the Andean countries. The most important opening was achieved by eliminating controls on trade and communications with Colombia (the so-called "open skies" policy), lowering tariffs, etc.

On top of this was the financial opening toward other countries, beginning with the accords signed with Colombian

President César Gaviria that allowed the purchase of various Colombian banks by Venezuelan banks, and vice versa. Tinoco-Cisneros's Banco Latino has combined its network for international operations with none other than the Commercial Bank of Antioquia, with its headquarters in Medellín, thus forming the "first bi-national bank" in Venezuela with 400 offices in the two countries. In that way, a deposit made in Medellín, for example, could be deposited in Banco Latino branches in the Caribbean islands.

### 2) Appropriation of basic state industries

The *modus operandi* most commonly used to appropriate the industries privatized by CAP has been through the mechanism of debt swaps. However, this has not been completely successful because of the paralysis of the privatization process after the auctioning of the state telecommunications company CANTV, whose purchase by Gustavo Cisneros seemed almost assured but which at the last moment went to another buyer.

In Guyana, the Cisneros-Tinoco group has its eye on aluminum. To that end, it first created the Aluyana company headed by Claudia Febres Cordero, and more recently is negotiating its participation in the state aluminum company in exchange for part of the latter's debt—through Banco Latino, of course.

It is important to emphasize here how the financial and political interests of CAP's "inner circle" link them all together mafia-style.

Pedro Tinoco, for example, left the presidency of Banco Latino to become president of Cisneros's supermarket chain CADA; in his turn, Ricardo Cisneros moved to become a member of the board of Banco Latino.

The presidency of Banco Latino is now occupied by the previous vice president, Gustavo Gómez López, whose wife Claudia Febres Cordero, the daughter of "apostle" Siro Febres Cordero, is president of Aluyana, the company created by Cisneros to swap debt for investment in the state aluminum sector.

Cisneros, Tinoco, and Orlando Castro acted in concert to take control of Televen television station away from Omar Camero.

Esperanza Martino, a friend of Cecilia Matos (CAP's mistress), is openly backing the takeover of the Bank of Venezuela by Orlando Castro, both from her position at the Banco Industrial and from the presidency of the Deposit Guaranty Fund (Fogade). And Pedro Tinoco did the same from his privileged post at the Central Bank, where CAP put him.

Pedro Tinoco's sponsorship by the group of Alvarez Stelling and Orlando Castro in taking over the Bank of Venezuela was clearly seen in the appointment of Ignacio Andrade Arcaya as Alvarez Stelling's legal representative in that litigation. Andrade Arcaya has been director of Banco Latino, president of the TV channel Televen, and has been linked for some time to Tinoco's law office.

Several times, different functions have been concentrated

in the same hands. The best example of this is what the press called the “quadruple function” of Pedro Tinoco: 1) head of the Latino group; 2) president of the Central Bank of Venezuela; 3) foreign debt negotiator; and 4) agent of Chase Manhattan Bank’s interests in Venezuela, which is the country’s principal creditor and which headed the creditors’ banking committee. For this alone, CAP and his financial “inner circle” merit being tried for treason against the fatherland.

### 3) Control of the judiciary and of key areas of the state’s security apparatus

It should suffice to recall the accusations that were made during 1992 regarding control of the judiciary by part of the so-called “tribe of David” headed by David Morales Bello, CAP’s crony and Cisneros’s man. Morales Bello’s son was deputy minister of justice during the first years of CAP’s second administration. According to the charges, the “tribe” controls the nominations of judges, important judicial decisions, and key figures inside the Supreme Court.

We will look more closely at control of the police and security apparatus in Chapter 5, which deals with the narco-terrorist networks, some of them of Cuban origin which were hired by CAP during his first administration, and which are intimately tied to the aforementioned economic groups. All of these scandalous connections have been coming to light over the past two years.

### 4) Control of public opinion through a monopoly of the media

An exposé published by *El Diario de Caracas* on Sept. 27, 1992 of the growing monopoly over the media by the Cisneros-Tinoco “apostles,” lists the TV channels controlled by this group during CAP’s administration and the typically mafia-style operations used to achieve this:

**Channel 10, “Televen”** was given to Omar Camero under the previous administration, “on condition that he was not a shareholder in another TV project.” Accusations were launched against Camero through a political-judicial maneuver, and he decided to sell. President Pérez himself “recommended to him that he limit his conversations concerning association with Dr. Pedro Tinoco.” After seizing part of Televen’s stock through Banco Latino financing, Cisneros “physically threatened Camero” to purchase his Televen shares. This “stormy meeting took place in the suite of President Carlos Andrés Pérez at the St. Regis Hotel in New York . . . and only the President’s timely intervention was able to calm the very excited Cisneros,” says the journalist.

“Camero was the victim of another type of pressure” — judicial threats against him and one of his sons. “In those days,” continues the report in *El Diario de Caracas*, “a jet plane owned by Camero which was transporting former President Rafael Caldera suffered an emergency that some considered sabotage. . . . Finally, on Aug. 25, 1992, Camero’s stock was sold to representatives of the Cisneros Organiza-

tion and the Tinoco firm. That same day, but only *after* the negotiation in question was finalized, the President issued decree No. 2497, regulating the transfer of shares held by businesses owning TV stations,” supposedly to avoid monopolies.

**Omnivisión**, founded during the previous government by the Urbina brothers, was indebted to Banco Latino for over a billion bolivars and was then taken over by means of a debt swap orchestrated by Gustavo Gómez López, president of Banco Latino, and Enrique Cuzco, a Cisneros associate.

**Cablevisión**, founded during the previous government by Alberto Añez. “Añez’s shares were acquired by Cisneros through front men.”

**“The Singing Children of Zulía,”** indirectly linked to the Catholic Church. “It has received generous financing from Banco Latino for more than 500 million bolivars.”

**Lara regional TV**, founded by Jorge Félix, an employee of Venevisión of the Cisneros group. “The financing of the company and technical support has been obtained through the Cisneros Organization.”

**Channel 5**, a cultural, state-owned station. Cisneros makes efforts to transfer it to the Teresa Carreño Theater and to the Mozarteum Foundation, “an appendix of Venevisión and the Cisneros Organization.”

To sum up, “the investment group [Cisneros-Tinoco] now dominates this sector with two of the three national commercial television networks; 94% of cable television, 75% of regional television, and more than 180 radio stations.”

The *El Diario de Caracas* report concludes: “During the constitutional period that began in February 1989 through the month of August 1992 [date of the report], there have been *the greatest number of acquisitions of various media (television, radio, and press) on the part of a single economic group in all of Venezuela’s history.*”

“The same group has, moreover, control of various national banking institutions, which adds up to an important percentage of the banking business. As of 1989, when Pedro Tinoco was chosen by President Pérez to occupy the presidency of the Venezuelan Central Bank, these banks have received *some tens of billions of bolivars in public funds controlled by the government* and have benefitted from the *absolute majority of the debt conversions* at preferential rates authorized by the Central Bank of Venezuela and the Pérez government.

“From a political point of view, the group claims *to actively control more than one candidate* for the presidency of the Republic, in order to guarantee the continuity of its plans.”

Finally, “the concentration of economic power, financial policy and media described here, undoubtedly constitutes *a threat to the political and social stability of the country.* . . . Will they achieve their ends? The country has the last word” (emphasis in original).