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## Spain

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# Financial scandal hits 'black' aristocracy

by Vivian Freyre Zoakos

The Bank of Spain's Brigade of Financial Crimes, headed by Commissar Cordón, began on Feb. 5 to hand down a series of indictments for illegal money exports from Spain into Switzerland that threatens to explode into a scandal of extraordinary international proportions. Thus far, according to a Swiss source, the investigation involves \$50 billion illegally exported into two Swiss banks: the Rothschild Bank A.G. and the Union de Banques Suisses. This \$50 billion is known to be merely the tip of the iceberg.

Apart from the size of the flight-capital sums, the importance of the scandal lies in the identities of most of the over two-dozen people thus far indicted.

The overwhelming number are representatives of the *crème* of Spanish aristocracy, the circles associated with Don Juan de Borbón, the father (and political opponent) of King Juan Carlos. Otherwise identified, this is the aristocracy of the Marbella *beau monde*, which numbers among its regulars Victor Emmanuel of Savoy, pretender to the Italian throne, as well as Libyan "financier" Adnan Kashoggi, the man named in innumerable investigations in Italy and elsewhere as a principal financier of the international illegal drugs-for-weapons traffic. Victor Emmanuel has been identified in the past as running Libyan dictator Qaddafi's arms purchases out of Switzerland, along with Kashoggi.

These connections are not extraneous to the Spanish investigation. According to a very highly placed Spanish source, the breaking of the Spanish case was made possible in part through cooperation with the Italian magistrates charged with investigating the so-called "Bulgarian connection." As this magazine has documented in the past, the findings into the Bulgarian connection stemmed from interrelated Italian investigations into both the attempted assassination of Pope John Paul II by the Turk Ali Agca, and into that sizeable portion of the illegal drugs-for-weapons traffic which runs through Italy.

It appears, therefore, that the emerging financial scandal in Spain will prove to have a scope far broader than that which has already been made public. Little wonder, then,

that so much of the international press has attempted to ignore the scandal. But Pandora's Box, once opened, is difficult to reseal.

The facts already made public are as follows: Don Francisco Xavier Palazón Español, career diplomat linked to the circle of Kissinger Associates, and lately turned "businessman," has been the central figure indicted for running the actual illegal money transfers on behalf of his aristocratic friends. After a lengthy career in the Spanish diplomatic corps spanning over two-and-a-half decades, Palazón quit diplomacy in order to go into the money-laundering business. At the time of his career change, he had been director of economic cooperation, a post to which he had been named in 1981 by J. Pedro Pérez Llorca, the only Spanish member of Kissinger Associates.

Palazón was running a number of operations in Switzerland, including heading Equitas S.A., a Geneva subsidiary of Elie de Rothschild's Rothschild Bank A.G. The capital flight technique he employed was straightforward: His aristocratic Spanish friends would give him large sums of money in Spain, which were drawn out by other individuals in that same country, in compensation for the Spaniards' being able to draw the equivalent sums in Switzerland.

Some other names cited in the indictments give an idea of the circles Palazón was servicing:

*Elena Vereá Corcuera, Countess Teba:* Her husband is the cousin of the Duke of Alba, possibly the most ancient and prestigious of the Spanish "black" oligarchy and the only non-Italian sitting on the board of Venice's Assicurazioni Generali, one of the centers of the Venetian oligarchy.

*Juan Antonio Gamazo y Arnus, Count of Gamazo:* His father was a member of the Private Council of Juan de Borbón, the father of the King. Currently out on bail, Gamazo y Arnus last June was disinvited to the King's birthday party for having publicly insulted him.

*Maria Teresa of Bavaria:* Married to the son of the Duke of Grimaldi, also one of the most important names among the powerful Italian "black" oligarchy.

*José Luis Pardos Pérez:* Until Feb. 9, the director of scientific and technical cooperation for Foreign Minister Morán. He was about to be named ambassador to Austria until the scandal broke and forced his resignation.

*Eduardo García de Enterría:* titular professor of administrative law at the Complutense University. One of the authors, in the former government of Adolfo Suárez, of the infamous LOAPA law. This was the 1979 constitutional change which gave virtual independence to the Spanish provinces, especially the Basque and Catalonia, thereby creating the foundation for the separatist-based Basque terrorism today.

*Raimundo Pérez-Hernández-Moreno:* Currently ambassador to The International Organizations in Switzerland, and former ambassador to Unesco. He was also director-general in the foreign service in 1970, at the same time that Palazón was director of personnel in the same department.