

Peru's bankers caught in 'deceitful and willful' drug-money laundering

by Ricardo Martín Mora

In President Alan García's July 28 address to the national Congress, in which he announced the nationalization of all banking, financial, and insurance establishments in the country, he concretized what is truly the first step toward the democratization of the Peruvian economy. But, independent of any economic and social considerations, President García's action was a devastating blow to the drug-trafficking multinational known as Dope, Inc., which had turned Peru's private banks into one big laundromat for drug dollars and a conduit for capital flight. With his proposal for nationalizing the private banks, which never complied with their mandate to provide credit for productive investment, President García also hit back against the powerful international financier interests which have declared economic and narco-terrorist war on Peru.

I write this article with special satisfaction and authority, because, from the time that I was sworn in as the director general of judicial matters for the Federal Prosecutor's Office, and as special prosecutor of narcotics traffic in 1981, I directed an investigation of the laundering of "coca-dollars" in the Peruvian jungle.

This investigation concluded in November 1983, fully demonstrating private commercial bankers' "deceitful and willful participation in the laundering of coca-dollars." My investigation further proved that in the 1982-83 period, "narco-dollar laundering of approximately \$1.5 billion" took place in the Peruvian jungle alone. Since then, of course, that rate has at least doubled, given the increase in the cultivation of coca, and the promotion of the drug trade by the "narco-populists" in the government of President Fernando Belaunde Terry (1980-85).

As all the Peruvian dailies of Feb. 1 and 2, 1984 show, I revealed the results of my "financial investigation" at a press conference held at the Justice Palace in Lima, in which I called special attention to the role of the Banco de Crédito in laundering dirty drug money.

Banco de Crédito: Dope Inc.'s loose thread

This role was confirmed at the beginning of August by none other than the Banco de Crédito's vice president and general manager, Juan Francisco Raffo Novellini. He admitted to a joint session of the Congressional Banking and In-

urance Committee and the Constitution Committee on Aug 7—as reported Aug. 9 in the Lima daily *La Voz*—that "foreign currency exchange operations by the Banco de Crédito in the Tocache area ranged between \$3 and \$5 million per day; which [dollar bills] were remitted to subsidiary companies that credit entity holds abroad. . . . Raffo indicated that such operations were the result of intake from the products

FIGURE 1

Banco de Crédito del Perú		LIQUIDACIÓN DE MONEDA EXTRANJERA COMPRA	
Nº 119555	31/08/82	US\$ 500,000.00	753.22
Tipo de Documento: 2	Monto en el Origen: US\$ 500,000.00	Tipo de Cambio (x US\$): 753.22	
PERSONA RESPONSABLE: Raul López Villar		PERSONA ENCARGADA: Gerardo Amador Escobedo	
Cuenta de Corriente: 376,605,000.00		TOTAL DE: 376,605,000.00	

A copy of the form that the Banco de Crédito in the jungle village of Tocache gave the narcotics trafficker Raul López Villar (alias "El Platanero," when it laundered \$500,000 in dollar bills for him, a transaction he repeated daily in the same bank during August and September of 1982.

of coffee and coca [cocaine] crops. . . . He also indicated that those dollars were picked up in Tocache three or four times per week, in small planes rented by the bank, since it did not have its own aircraft. And that once in Lima, the dollars were transported abroad. . . .”

Raffo Novellini also testified to the congressional commission, “Sure, we have a branch at Uchiza and 200 other places.”

There is an abundance of proof, aside from that confession. As can be seen, “laundering of coca-dollars” by the Banco de Crédito was deceitful and deliberate, since—as EIR could document—the “red zone of narcotics traffic” where Uchiza is located has only one product which could generate that kind of money: coca and basic cocaine paste.

My investigation showed, and proved with official documents, that Banco de Crédito’s Tocache branch (only five minutes by air from Uchiza), laundered astronomical sums of dollars. For example, it exchanged \$500,000 every day for a single person (Figure 1); it exchanged \$1 million in cash for a single person, one Manuel Bravo Cárdenas, in a

FIGURE 2

FECHA	CANTIDAD	MONEDA	CONCEPTO	DESTINATARIO
24.4.82	US\$ 30,000.00	Comercial	Barrantes	Tocache
25.4.82	30,000.00	Comercial	Barrantes	Tocache
26.4.82	30,000.00	Comercial	Barrantes	Tocache
27.4.82	30,000.00	Comercial	Barrantes	Tocache
28.4.82	30,000.00	Comercial	Barrantes	Tocache
29.4.82	30,000.00	Comercial	Barrantes	Tocache
30.4.82	30,000.00	Comercial	Barrantes	Tocache
31.5.82	10,000.00	Comercial	Barrantes	Tocache
14.6.82	377,850.00	Comercial	Barrantes	Tocache
16.6.82	724,565.00	Comercial	Barrantes	Tocache
17.6.82	500,000.00	Comercial	Barrantes	Tocache
22.6.82	79,070.00	Mayor	Perez Punduro	Tocache
01.7.82	629,470.00	Mayor	Perez Punduro	Tocache
16.7.82	500,000.00	Reservado	Azuajo Aliaga	Tocache
26.7.82	30,000.00	Reservado	Azuajo Aliaga	Tocache
04.8.82	500,000.00	Mayor	Perez Punduro	Tocache
11.8.82	473,000.00	Comercial	Barrantes	Tocache
19.8.82	500,000.00	Mayor	Alparida Lopez	Tocache
20.8.82	500,000.00	Mayor	Alparida Lopez	Tocache
21.8.82	500,000.00	Mayor	Lopez Villar	Tocache
24.8.82	500,000.00	Mayor	Lopez Villar	Tocache
25.8.82	500,000.00	Mayor	Lopez Villar	Tocache
26.8.82	448,000.00	Mayor	Java Huangel	Tocache
27.8.82	500,000.00	Mayor	Lopez Villar	Tocache
31.8.82	500,000.00	Mayor	Lopez Villar	Tocache
2.9.82	600,000.00	Mayor	Lopez Villar	Tocache
13.9.82	260,000.00	Mayor	Lopez Villar	Tocache
20.9.82	233,000.00	Mayor	Carlos Rodriguez Peralta	Tocache
27.9.82	500,000.00	Mayor	Carlos Rodriguez Peralta	Tocache
01.10.82	130,000.00	Mayor	Carlos Rodriguez Peralta	Tocache
5.10.82	100,000.00	Mayor	Antonio Sora Castro	Tocache
11.10.82	100,000.00	Mayor	Benigno Llanto (Tapachica)	Tocache
12.10.82	100,000.00	Mayor	Benigno Llanto (Tapachica)	Tocache
13.10.82	100,000.00	Mayor	Benigno Llanto (Tapachica)	Tocache
14.10.82	100,000.00	Mayor	Benigno Llanto (Tapachica)	Tocache
15.10.82	100,000.00	Mayor	Benigno Llanto (Tapachica)	Tocache
16.10.82	100,000.00	Mayor	Benigno Llanto (Tapachica)	Tocache
17.10.82	100,000.00	Mayor	Benigno Llanto (Tapachica)	Tocache
18.10.82	100,000.00	Mayor	Benigno Llanto (Tapachica)	Tocache
19.10.82	100,000.00	Mayor	Benigno Llanto (Tapachica)	Tocache
20.10.82	100,000.00	Mayor	Benigno Llanto (Tapachica)	Tocache
21.10.82	100,000.00	Mayor	Benigno Llanto (Tapachica)	Tocache
22.10.82	100,000.00	Mayor	Benigno Llanto (Tapachica)	Tocache
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29.10.82	100,000.00	Mayor	Benigno Llanto (Tapachica)	Tocache
30.10.82	100,000.00	Mayor	Benigno Llanto (Tapachica)	Tocache
31.10.82	100,000.00	Mayor	Benigno Llanto (Tapachica)	Tocache
01.11.82	100,000.00	Mayor	Benigno Llanto (Tapachica)	Tocache
02.11.82	100,000.00	Mayor	Benigno Llanto (Tapachica)	Tocache
03.11.82	100,000.00	Mayor	Benigno Llanto (Tapachica)	Tocache
04.11.82	100,000.00	Mayor	Benigno Llanto (Tapachica)	Tocache
05.11.82	100,000.00	Mayor	Benigno Llanto (Tapachica)	Tocache
06.11.82	100,000.00	Mayor	Benigno Llanto (Tapachica)	Tocache
07.11.82	100,000.00	Mayor	Benigno Llanto (Tapachica)	Tocache
08.11.82	100,000.00	Mayor	Benigno Llanto (Tapachica)	Tocache
09.11.82	100,000.00	Mayor	Benigno Llanto (Tapachica)	Tocache
10.11.82	100,000.00	Mayor	Benigno Llanto (Tapachica)	Tocache
11.11.82	100,000.00	Mayor	Benigno Llanto (Tapachica)	Tocache
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20.11.82	100,000.00	Mayor	Benigno Llanto (Tapachica)	Tocache
21.11.82	100,000.00	Mayor	Benigno Llanto (Tapachica)	Tocache
22.11.82	100,000.00	Mayor	Benigno Llanto (Tapachica)	Tocache
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25.11.82	100,000.00	Mayor	Benigno Llanto (Tapachica)	Tocache
26.11.82	100,000.00	Mayor	Benigno Llanto (Tapachica)	Tocache
27.11.82	100,000.00	Mayor	Benigno Llanto (Tapachica)	Tocache
28.11.82	100,000.00	Mayor	Benigno Llanto (Tapachica)	Tocache
29.11.82	100,000.00	Mayor	Benigno Llanto (Tapachica)	Tocache
30.11.82	100,000.00	Mayor	Benigno Llanto (Tapachica)	Tocache
31.11.82	100,000.00	Mayor	Benigno Llanto (Tapachica)	Tocache
01.12.82	100,000.00	Mayor	Benigno Llanto (Tapachica)	Tocache
02.12.82	100,000.00	Mayor	Benigno Llanto (Tapachica)	Tocache
03.12.82	100,000.00	Mayor	Benigno Llanto (Tapachica)	Tocache
04.12.82	100,000.00	Mayor	Benigno Llanto (Tapachica)	Tocache
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08.12.82	100,000.00	Mayor	Benigno Llanto (Tapachica)	Tocache
09.12.82	100,000.00	Mayor	Benigno Llanto (Tapachica)	Tocache
10.12.82	100,000.00	Mayor	Benigno Llanto (Tapachica)	Tocache
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17.12.82	100,000.00	Mayor	Benigno Llanto (Tapachica)	Tocache
18.12.82	100,000.00	Mayor	Benigno Llanto (Tapachica)	Tocache
19.12.82	100,000.00	Mayor	Benigno Llanto (Tapachica)	Tocache
20.12.82	100,000.00	Mayor	Benigno Llanto (Tapachica)	Tocache
21.12.82	100,000.00	Mayor	Benigno Llanto (Tapachica)	Tocache
22.12.82	100,000.00	Mayor	Benigno Llanto (Tapachica)	Tocache
23.12.82	100,000.00	Mayor	Benigno Llanto (Tapachica)	Tocache
24.12.82	100,000.00	Mayor	Benigno Llanto (Tapachica)	Tocache
25.12.82	100,000.00	Mayor	Benigno Llanto (Tapachica)	Tocache
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27.12.82	100,000.00	Mayor	Benigno Llanto (Tapachica)	Tocache
28.12.82	100,000.00	Mayor	Benigno Llanto (Tapachica)	Tocache
29.12.82	100,000.00	Mayor	Benigno Llanto (Tapachica)	Tocache
30.12.82	100,000.00	Mayor	Benigno Llanto (Tapachica)	Tocache
31.12.82	100,000.00	Mayor	Benigno Llanto (Tapachica)	Tocache

A list of Banco de Crédito’s exchange transactions in Tocache, which illustrates the millions of cocaine dollars laundered there. The asterisk highlights the laundering of \$1,000,000 for drug trafficker Manuel Bravo Cárdenas on Oct. 21, 1982.

single operation (Figure 2).

The documents on these cases date from the year 1982, but the bank’s involvement in activities related to drug trafficking goes back further, as demonstrated by a document which shows that the Banco de Crédito performed financial operations for the real-estate firm Inmoviliaria y Constructora Manco Capac, part of the organization of Carlos Langberg Meléndez, Peru’s most powerful drug trafficker. Langberg is serving out a 15-year sentence in jail today, thanks to actions by President García (Figure 3).

EIR has placed these and other documents at the disposal of the competent authorities for appropriate investigation.

Jungle investigations of coca-dollars

When the Federal Prosecutors’s Office was founded in May 1981, I was asked to conduct a special investigation, to determine the true volume of laundering of coca-dollars. I set up a team, including investigatory lawyers from the Attorney General’s Office, civilian personnel specializing in the war on drugs, and intelligence personnel from a branch

FIGURE 3

Bank document from Banco de Crédito del Perú. The document shows financial operations for Inmoviliaria y Constructora Manco Capac. It includes a check for \$240,000.00 and a transfer slip for \$195,697.00. The document also shows a transfer of \$1,000,000.00 to Carlos Langberg Meléndez.

This document shows that the Banco de Crédito also participated in financial operations for the organization of drug trafficker Carlos Langberg. It shows a 1979 transfer in dollars to the Banca Commerciale Italiana, through the Banco de Crédito. The date corresponds to the shipment of cocaine for which Langberg was later convicted.

of the military.

The investigations proceeded from documentation collected by collaborators inside the Banco de Crédito and other banks operating in the Upper Huallaga jungle region. They were later complemented with official documentation provided by the Superintendency of Banking and Insurance.

The first clues came from constant trips to all corners of the Peruvian jungle, especially the "red zone" on the banks of the Huallaga River, with towns such as Tocache, Uchiza, Yurimaguas, Nuevo Progreso, Nueva Esperanza, Paraíso, Juanjui, Tarapoto, Tingo María, Huanuco, and many more. Said trips harvested the requisite data on the financial movement of the "coca-dollars." It should be stressed that some employees of the narco-bankers, fed up with the corruption of their employers and conscious of the evil origin of the money they managed, silently collaborated with the investigators in this difficult enterprise. They filtered away documentary information and sent it directly to the offices where the investigation was centered.

This is how investigators from the Attorney General's Office came to possess conclusive evidence that the narcotics traffickers acted with the willing complicity of the banking entities which maintained branches in that region of the jungle, specifically serving to launder the "coca-dollars." Such is the case of the Banco de Crédito, to name but one.

According to the Lima-based British monthly *The Andean Report* of April 1985, "a surge in prices and export of coca paste from the Upper Huallaga valley, the world's top producing region, looks set to further boost bank profits in Lima and to bolster the country's international reserves during a particularly tricky period. . . . A manager at the Banco de Crédito, the Huallaga's most aggressive bank, reported that, as of the beginning of March, its purchasing had 'dried up.' In Lima the Crédito also said that as of the beginning of March it was no longer exporting the substantial quantities of cash dollars back to the United States that it had been sending, at the rate, staffers say, of between US\$3 million and US\$5 million a week for the previous three or four months. . . . The commercial banks compete for coca-dollars and have been opening and expanding their operations along the Huallaga in one-horse towns like Tocache, Uchiza, Aucayacu, Progreso, and Juanjui where today the only bankable business is coca paste. . . . The Crédito, Peru's biggest bank, with its expanding network of associates, branches and subsidiaries in New York, California, Nassau, the Cayman Islands, and Panama, has about half the banking market in the Upper Huallaga, its figure indicates."

Documentary proof

Part of this financial investigation is contained in Police Accusation No. 679/DIE-DINTID, of Sept. 30, 1983. This document, now in the files of the 20th Provincial Prosecutor's Office of Lima, accuses Juan del Carmen Barrantes Vargas, Néstor Perea Panduro, and others of the crime of narcotics

TABLE 1

Dollar cash exchanges at the Banco de Crédito's Tocache branch

Name	Date	Amount (\$)
Comercial Barrantes (Juan del Carmen B.)	5-14-1982	30,000
	5-25-1982	50,000
	5-26-1982	30,000
	5-31-1982	10,000
	6-14-1982	377,000
	6-16-1982	728,000
Néstor Perea P.	6-18-1982	40,000
	6-22-1982	79,070
	7-01-1982	849,470

trafficking, on the basis of the evidence that they laundered approximately two million "coca-dollars" in a single week at the Banco de Crédito branch in Tocache. That is the equivalent of the jungle price of 8,000 kilograms (8 tons) of basic cocaine paste.

The bank's complicity is readily seen in the list of dollar cash exchanges at its Tocache branch (Table 1).

It should be stressed that these individuals told police officers, according to the accusatory document, that the branch administrator of the Banco de Crédito (a person trusted by the bank owners) himself had asked them to be able to use their names and accounts to effect this kind of operation, which they both accepted. This story is now quite coherent, if one takes into account that Banco de Crédito performed operations for several Colombian narcotics traffic cartels which sent their dirty money to Peru to be laundered.

Another particularly important case is that of Raúl López Villar, alias "El Platanero" ("Banana Man"). He was arrested in September 1982 for having laundered, over less than 30 days starting in August of that year, approximately \$5 million in "coca-dollars," jointly with the Colombian Erencio Malpartida and the Peruvian Luis Jave Huangal. That is the equivalent of the jungle price of approximately 15,000 kilograms of basic cocaine paste.

Just as in the previous case, El Platanero's defense was that top officers of the Banco de Crédito in Tocache had asked him for use of his name and account to "whitewash coca-dollars."

Later, in 1984, "El Platanero" was freed by the Supreme Court of Justice, then presided over by the narco-judge José María Gálvez. (Gálvez had been tried for narcotics traffic in 1949 after he was caught in his northern Peru home selling a kilogram of opium to a Peruvian of Oriental descent, who testified against him.)

Unfortunately, we were never able to establish the whole truth, since "El Platanero" died in a mysterious auto accident

shortly after being released, and carried the secret to his grave. The judicial authorities never pursued the case to determine the responsibility of the narco-bankers of the Banco de Crédito in this illicit operation.

“El Platanero’s” illegal operations palpably demonstrate the complicity of the Banco de Crédito in narcotics traffic. There is no other explanation for the transactions at the Banco de Crédito in Tocache (Table 2).

In addition to these two cases, we have documents which prove that the narco-bankers participated in other cases of money-laundering. Those documents are part of the results of the financial investigation performed by the Attorney General’s Office. They were sent by the 20th Provincial Prosecutors’ Office of Lima to the Attorney General’s Office, by means of written communication 1104-83-20/FPL, dated Nov. 25, 1983. With them went the evidence necessary to fully establish the participation and complicity of the narco-banks in the crime of narcotics trafficking.

Later, communication 1120-83-20/FPPL, dated Dec. 1, 1983, certified and confirmed the validity of the accusation and evidence against the narcobanks.

Modus operandi of the narco-banks

The financial investigation into the banks made it possible to identify the modalities, such as those detailed above, through which narco-banking operates in Peru with such impunity. But that impunity permits narco-banking to make other kinds of transactions in which it does not even record the names of the individuals involved, as required by banking law. Such transactions presumably involve large sums of dirty money from foreign criminal organizations (e.g., Colombian cartels), which, acting in complicity with the Peruvian narco-bankers, remit immense sums of dollars to Peru for laundering.

TABLE 2
Transactions at the Banco de Crédito in Tocache

Name	Date	Amount (\$)
Erencia Malpartida	8-19-1982	500,000
Erencia Malpartida	8-20-1982	500,000
Raul López Villar	8-23-1982	500,000
Raul López Villar	8-24-1982	500,000
Raul López Villar	8-25-1982	500,000
Raul López Villar	8-27-1982	500,000
Raul López Villar	8-31-1982	500,000
Raul López Villar	9-02-1982	500,000
Raul López Villar	9-13-1982	260,000
Luis Jave Huangal	8-26-1982	500,000

TABLE 3
Transactions by selected drug banks, fiscal year 1982

Branch	Type of customer	Amount (\$)
Pucallpa	individuals	2,637,694.81
	companies	117,399.49
	“bearer” (no name)	2,075,878.31
Huanuco	individuals	5,677,715.85
	companies	3,769,360.02
	“bearer” (no name)	5,780,551.51

There is no other explanation for the fact that the movements registered as “bearer” (in which the name of the person is not noted) are larger than those registered to individuals or even to businesses, in areas whose economy is completely deteriorated. The narco-bankers’ exchange transactions shown in Table 3 are an example of that.

Another modus operandi of the narco-bankers is to offer the narcotics traffickers less than the official and black market rates for each dollar. The traffickers logically accept this, since they have to launder their money.

The narco-bankers also collect excessive commissions and sometimes delay the delivery of “clean” money for several days. This gives them substantial quantities of capital with which they can extract profit during the interim.

Narco-bankers also operate from “double windows”: one through which foreign exchange operations are duly registered, and another in which their own transactions go completely unregistered.

Further, it was confirmed that the same Learjet owned by Banco de Crédito and used up to twice a week to transport “clean” money to the Alto Huallaga region, was also used for taking “coca-dollars” out of Peru, to Banco de Crédito branches in the Cayman Islands, later to be slipped into the U.S. market through its U.S. branches and affiliates.

Narco-populist complicity

Given President García’s head-on challenge to the drug mafia within the Peruvian banking system, the time is ripe for supporting his decision to nationalize the corrupt commercial banks, exposing those who are opposing the President’s initiative, and even promoting insurrection and a military coup. Such is the case of Manuel Ulloa Elías, better known in the drug-running underworld as “the Godfather” or “the Man of the Bahamas.” Ulloa was prime minister and economics minister under the Belaúnde Terry administration, and is currently under investigation by Congress for offenses which range from embezzlement to public fraud.

Ulloa is not only directly responsible for the 1980-85 surge in coca crop cultivation (which grew at a 10% annual rate, even according to estimates of the U.S. Drug Enforce-

ment Administration), during which time the production and commercialization of cocaine nearly doubled. Ulloa also happens to be the individual who, together with corrupt leaders of the "narco-populist" movement, such as Luis Pércovich Roca (during the same 1980-85 period the latter was a congressman, minister of fisheries, minister of the interior, and prime minister), implemented policies favorable to the drug interests. So it was with Art. 201 of Law No. 23556, which turned Peru into a fiscal haven for narco-traffickers. In order to get this bill through, they surprised Congress and even forged the Congressional Record, in the section concerning the closing of the 1983 budget sessions.

This legal loophole, which Ulloa lobbied for and Pércovich upheld, not only broke every legal and constitutional rule, but also "overruled" the Criminal Code and special laws such as the Narcotics Law, by institutionalizing narco-dollar laundering as a "legal operation." It established that it is "not necessary to explain the source or origin" of foreign earnings, and, furthermore, that these operations are "*free from any criminal liability.*"

Pércovich not only took part and was the "father" of that Art. No. 201 of Law 23556, but emerges in close relation to the drug-trafficking organization led by Reynaldo Rodríguez López and Gen. José Jorge Zárate, of the Peruvian Investigative Police. The connection was through Pércovich's main adviser, Luis López Vergara, who was involved in the legal case which came to be known as the "Villa Coca case," whose leading protagonists belonged to the highest circles among Peruvian police authorities during Pércovich's reign at the Ministry of the Interior.

It is also very suspicious that in 1985 this same Pércovich, a mere pharmacist from Chimbote, during the final days of the narco-populists' government and just before the Villa Coca cocaine laboratory and scandal blew up, deposited millions of dollars in Florida bank accounts, such as a deposit registered in the Banque Sudameris (one of Banco de Crédito's largest shareholders), in the amount of \$600,000.

Another of the Peruvian political personalities who has spoken out against the decision to nationalize the banks is dictator Francisco Morales Bermúdez. He should not open his mouth until he explains his agreement with the International Monetary Fund and his implementation of the usurious policy imposed on Peru by the international banks. With this, corruption multiplied and narcotics traffic flourished. It was precisely when Morales Bermúdez reduced repression of drug traffic and when he illegally pardoned 77 top drug traffickers on Christmas Eve 1979, that the narco-mafia began to operate fully in Peru.

One of those pardoned by Morales Bermúdez was María Teresa Tweddle (relative of Gen. Frank Tweddle, today jailed for narcotics traffic). Another pardon was given to Oscar Malpartida Green, closely linked, through his wife Susy Dison Gibson, with the publisher of *Caretas* magazine, Enrique Zileri Gibson.

Another of the serious questions which Morales Bermúdez must answer, is the case of his son Francisco Morales Bermúdez Pedraglio, who in mid-1978 was arrested by U.S. police and the Drug Enforcement Administration (DEA) at Los Angeles airport, when he tried to enter with a suitcase containing 9 kilograms of cocaine of the highest purity, destined (according to the son of the ex-dictator) for Linda Blair, star of the film *The Exorcist*. According to commentaries in Lima at the time, Morales Bermúdez paid \$250,000 to a federal judge to free his son. Morales also must explain whether or not that money came from the national treasury.

Morales Bermúdez is no one to criticize a sovereign act of the government of Alan García, when even his ministers, such as Gen. Fernando Velit Sabatini, were involved in narcotics traffic. And, as proven in the Langberg Case, Velit Sabatini was paid off for protecting cocaine shipments to the United States.

Once again, it is generally ignored that Morales Bermúdez's links with the narcotics traffic go beyond his family and his cabinet, into the political sphere. This is shown by his links to the "Villa Coca" case, whose star protagonist is Reynaldo Rodríguez López. During the 1984 presidential race, in which Morales Bermúdez was a candidate, every one of his TV spots was produced by Producciones Talia, a legal front for Reynaldo Rodríguez López's mob. An invoice showing that Morales Bermúdez paid for such services has never been exhibited.

Further, the secretary general of the one-shot party which ran Morales Bermúdez's candidacy, the Democratic Convergence party, was Gen. (ret.) Rudecindo Zavaleta. Zavaleta stands accused by the Judicial Power of having financed the "Villa Coca" drug-trafficking gang. He made several investments (which he termed "loans") to Reynaldo Rodríguez López.

Today, Rudecindo Zavaleta is under arrest, while being tried for narcotics trafficking. As generally happens in such cases, he is not in any jail; he is enjoying the comforts of a plush clinic.

Corruption in the judicial branch

The judicial branch of government has discredited itself, and continues to be caught up in corruption scandals, the most recent being the decision of Judge Eduardo Raffo Otero in favor of the narco-bankers' complaints against government intervention in their banks. To redeem itself, the justice system must try the banks for promotion of drug traffic.

The narco-bankers who laundered dirty money were fully aware that the dollars which they changed in the Peruvian jungle came from drugs. The confession of the general manager of the Banco de Crédito before the Congress's Banking and Insurance Commission proved that. Therefore, such premeditated criminal activity falls well within the legal definition of the crime of narcotics trafficking, and must be prosecuted as such.