

Peruvians Defend BCCI Deposits

Militant Leader Said To Drive Off Others

By Eugene Robinson
Washington Post Foreign Service

Peru's large deposits five years ago with the Bank of Credit and Commerce International, which figure in an indictment of BCCI yesterday in New York, were less a matter of choice than of financial necessity, Peruvian officials have argued in interviews with Lima-based journalists.

New York District Attorney Robert Morgenthau charged that BCCI paid up to \$3 million in bribes to senior officials of the Peruvian central bank in 1986 and 1987 in order to obtain hundreds of millions of dollars in deposits.

In a press conference, Morgenthau identified the officials as Hector Neyra, who was then general manager of the central bank, and Leonel Figueroa, then president of the bank's seven-member board of directors. Neither man could be reached for comment yesterday, but friends and associates defended them as honest civil servants.

According to reports in the Peruvian press, Neyra—who currently works with MacroConsult, a Lima-based consulting firm—has defended the decision to place funds with BCCI as one of the few options then open to the beleaguered Peruvian government.

Those financial options began to narrow after Alan Garcia took office as Peru's president in 1985. A young, charismatic leader, Garcia sought to carve out a role for himself as a leading spokesman for the Third World. He railed at the international banking system, and backed up his rhetoric by unilaterally deciding to limit Peru's payments on its foreign debt owed to private banks and international lending agencies.

After leaving office last year, Garcia was widely criticized in Peru for having helped precipitate the virtual collapse of the economy during the fi-

nal three years of his term. Political opponents have been trying for months to link him to BCCI and alleged secret accounts, but none of the charges has stuck and most have been demonstrated false.

In 1986, Peru was keeping its reserves—totaling at least \$1 billion—in the Bank of International Settlements in Basel, Switzerland. But as Garcia's rhetoric became more and more strident, officials of the Swiss

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institution became increasingly nervous, according to an account given recently by Neyra. Finally, Neyra has said, bank officials asked that Peru's funds be withdrawn.

Neyra said recently, in an interview with the Lima correspondent for the Financial Times, that major international banks declined to bid for Peru's business in the face of Garcia's militant stand. But BCCI apparently was interested.

A technical study by the central bank's staff recommended depositing \$100 million with BCCI, Neyra reportedly has said, but \$200 million was placed with the bank because officials could not find another suitable place for the funds. In exchange for the deposits, Peru received a \$60 million line of credit, which eventually was doubled to \$120 million.

The Peruvian government had to pay 1.25 percent above the prime interest rate to borrow against the credit line—a charge that has been called excessive since the borrowing was fully secured by the deposited reserves. Central bank officials defended the interest charges as necessary to cover administrative costs.

The decision to deposit funds with BCCI was made by the seven-member board of directors headed by Figueroa. The board is autonomous, although the Peruvian president enjoys some influence over the board's decisions.

Neyra has reportedly said that BCCI paid competitive interest on the central bank's reserve funds.

At no time, Neyra has told local reporters, did the amount of central bank reserves in BCCI's Panama branch exceed \$250 million—or about one-third of the country's dwindling reserves. Some congressional critics have put the amount at \$270 million, and some press accounts have pegged it even higher. The Peruvian funds apparently were withdrawn in late 1987 after consulting firms raised questions about BCCI. All told, the Peruvian reserves were kept in the bank for about one year.