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Robert Vesco's Happy Life in a Small Republic

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VESCO, From A1

SAN JOSE, Costa Rica—Robert Lee Vesco is living proof that a fugitive American tycoon can find happiness in a tropical arcadia.

He is here with his family, his money and a burning sense of outrage at what is befalling his codefendants, John Mitchell and Maurice Stans, in the New York courtroom from which Vesco has distanced himself.

"It is terribly frustrating to see the trial go on and not be participating," he said, holding a sheaf of news clippings on the proceedings. "Here's poor Mitchell and Stans and the President going through this terrible harassment. They don't deserve it," says Vesco.

But the frustrations are tolerable. Vesco lives in the security of his half-million-dollar rambler, surrounded by an eight-foot concrete wall, the swimming pool and an assortment of bodyguards.

He is a picture of cool assurance, sitting in his sunken-level den in casual clothes, sockless in loafers.

Vesco and his millions have stirred a controversy in Costa Rica with some familiar accents of America's Watergate scandal. It centers on his financial dealings with the country's flamboyant, little president and pre-eminent politician, Jose (Don Pepe) Figueres, whose business interests have been nourished with more than \$3.5 million of cash from Vesco-associated sources.

The furor also stems from editorial outcries in the opposition press about the massive influence of Vesco's free-flowing wealth on Costa Rica's Lilliputian economy and institutions.

Nonetheless, insists Vesco, "I wouldn't go back home now if they granted me total immunity. Everybody is happier here—my wife, my children and myself. Otherwise, I assure you I wouldn't be here." The swimming pool was framed in the bank of the windows to the rear and the hibiscus glowed in the spacious front yard.

And so, despite his frustrations the *gringo* multimillionaire has opted for the sunny hospitality afforded him by Figueres rather than face the uncertain perils of the New York court and the federal prosecutors who are equally frustrated by Vesco's decision to absent himself. He has beaten two extradition attempts by the U.S. government, one here and one in the Bahamas.

Between the five-foot-four Costa Rican president, who styles himself "an ADA liberal," and the six-foot expatriate American tycoon, a lifelong Republican, there has grown a bond of mutual admiration nurtured by Vesco's cash and Figueres' power to shield him from the U.S. marshals.

On March 21, the Figueres-controlled Legislative Assembly virtually guaranteed Vesco extradition-proof status by steamrolling to enactment a new extradition law that seemed custom-tailored to the American's legal needs.

Neither the howls in the press nor the student demonstrations it touched off, could slow the speedy passage of the new law through the unicameral assembly.

"Morally, we don't object to what Vesco did in helping Nixon," Don Pepe said during an interview in the *casa presidencial*, his modest official quarters here. "What has turned public opinion in Costa Rica pro-Vesco is that we regard him as a covictim with Mitchell, Stans and President Nixon of political and journalistic forces in the United States.

"If the Democrats had the chance," said Costa Rica's president in a tone of certitude, "they would have wiretapped the Republicans."

Vesco reciprocates the sentiments of his host president. "Don Pepe," he declared, "is one of the world's great leaders. He is as honest as they come. But he's also one of the lousiest businessmen in the world. He doesn't really care about money."

During a 45-minute interview in his well-garrisoned living quarters, with its decor of gold upholstery and an authentic leopard skin rug, Vesco unburdened himself of bitter thoughts about Watergate, the plight of President Nixon, the grand jury system and the string of civil and criminal actions which drove him into exile.

"Here is the President of the United States whose any single decision could affect more than half a billion people," he said in tones of measured outrage, "... and some son of a bitch is worried about the shrubs in front of his house.

"Why should Nixon be the one president to pay the price of what every sob before him has done? If they want to change the power base in the United States by destroying the office of the presidency, why not just do it—why try to reverse a public election?"

He paused, this man accused of trying to obstruct the SEC's \$224 million mutual fund fraud case against himself and 40 codefendants with a secret \$200,000 cash donation to President

state of "decay." Agents of the Internal Revenue Service and Securities and Exchange Commission are running roughshod over private citizens like himself. In the U.S. embassy here, he complained, he is being watched and molested by the Central Intelligence Agency.

The bodyguards and the concrete wall were testimony to his fears that his children or he, himself, might be snatched away by kidnapers or U.S. government agents.

"The prosecutors in New York," Vesco went on, "offered me all sorts of deals. But they wanted programmed testimony. I said I would be glad to tell them what I knew, but not what they wanted me to know. They've had about 24 witnesses and at least 20 of them lied or shaved the truth.

"It's very disturbing to be down here and not up there."

But "down here" is where Vesco's controversial fortune and future lies. "Down here" is, by his own admission, where he has already expended more than \$25 million in assorted real estate deals, government bond purchases, investments in Fichases; investments in Fig and other unknown ventures.

Vesco is channeling his money into Costa Rica through a complex puzzle box of interlocking corporations in which the names of President Figueres' relatives and political allies, as well as Vesco's own business cronies, appear, disappear and reappear. The transactions are further obscured by the murky regulatory atmosphere of Costa Rica's securities laws.

The corporations bear such names as Bancorp de Costa Rica, which has its offices in a spanking new office building in San Jose, and Inter-American Capital, Compania de Comunicaciones de Costa Rica, Inter-American Oil, Inter-American Aircraft, Bravo S. A., and so on.

"We have several locations here," explained Vesco's secretary, Maria Hermina Ulate, daughter of a former Costa Rican president.

The most controversial of Vesco's corporate "investments" was a \$2,150,000 unsecured promissory previous year, according to an President Figueres' then debt-hobbled family business, the Sociedad Agricola Industrial

in San Jose at the president's invitation and found himself dazzled by the prospects of personal haven and financial gain. The previous year, according to an SEC filing, the San Cristobal operation suffered a net loss of more than \$636,000 on gross sales of \$1.6 million.

In addition, the New York bank account of Don Pepe grew mysteriously by more than \$300,000 after the original loan to San Cristobal was tendered, chiefly as the result of a series of deposits made at the order of a Bahamas bank which figured centrally in Vesco's brilliantly inscrutable financial maneuverings.

Figueres, a small, slightly bow-legged figure of a man who wears a roguish deadpan expression, readily acknowledges Vesco's assistance and maintains that the original investment was designed to help him construct low-income housing for Costa Rica's poor.

The president, who was a favorite of the Kennedy administration in the "Alliance for Progress" days, has dominated the Costa Rican political scene since he took power in 1948.

But as a businessman he was once assessed by a bemused foreign economist as "a complex character more in the mold of an 18th century Jeffersonian dilettante than a 20th Century business specialist." The 11,000-acre San Cristobal complex is an eclectic hive of enterprises, all carried out according to Don Pepe's pet notions, from prefabricated housing panels to tree nurseries.

Figueres, for example, searched all over the world for a means of cutting logs without generating sawdust which he considers wasteful, even though there is no particular scarcity of timber in thickly forested Costa Rica. He finally found an Italian engineer who contracted to build a giant guillotine

which now chops away on San Cristobal—cleanly if not economically.

Vesco's financial hand is also detected here in a major new communications conglomerate which will comprise a major new morning newspaper, Excelsior, an afternoon newspaper, La Hora, two television stations and two radio stations.

Figueres maintains that he and a group of "well known" Costa Rican citizens will own all of the \$20,000 or

sor, Dr. Luis Burstin; his political protégé and elected successor, President-elect Daniel Oduber Quiros; his Minister of Economics Gaston Kogin and others.

The catch is that the Excelsior Corp., closely linked to the Compania de Comunicaciones, is issuing some \$3 million in non-voting common stock. It is in this category of stock that the ubiquitous Vesco cash flow is widely believed to have flowed.

"We would welcome Mr. Vesco's support very much," said Dr. Burstin with a smile. Vesco does not deny his financial interest in the Excelsior conglomerate. What he says, in carefully etched language, is that he will have no financial position in the company that "would give me a voice" in its operations.

Dr. Burstin, a prominent heart specialist and devoted Zionist who volunteered his medical services to his friend, Israeli Prime Minister Golda Meir during the October war, is considered the financial mastermind of the new print and electronic complex. He expects to be Excelsior's publisher or editor and promises it will faithfully reflect the "liberal" line of Don Pepe's ruling National Liberation Party.

"Our party has won the government many times, but

the opposition, the home-grown oligarchy, has tried to govern through the new media which they control. Now, for the first time we will have our own voice," said Dr. Burstin.

Costa Rica's major daily, La Nacion, has indeed been roundly critical of Figueres, chiefly for his relationship with Robert Vesco. Its young editor, Guido Fernandez, says the newspaper's feeling is that Vesco's wealth is so vast that it is bound to distort the economic and political processes of the country.

"He is reported to have brought some \$60 million quarter of a year. Imagine some one doing that in the with him into Costa Rica," said Fernandez. "That is enough to operate our national government for a United States. A small country like ours has no defenses against such concentrated wealth."

Figueres and his friends scorn such criticism.

"Even U.S. officials here

thing that hasn't happened yet. I told them, 'Your scruples are quite strange when you are the representatives of a government that did accept Mr. Vesco's money.' I said to them, 'Why are you so afraid of something that has not happened in Costa Rica but has happened in the United States.'"

Still another sector in which there are widely voiced suspicions of the Vesco touch are in Costa Rica's electoral politics. This year's presidential election won by the Figueres party on Feb. 3 was the costliest in the nation's history.

"Sophisticated political thinking in San Jose," said a foreign analyst, "assumes that Vesco has been spreading his money around in all the campaigns."

Vesco himself speaks in characteristically Delphic style when asked about the extent of his political giving in the presidential election.

"I have taken the position publicly," he announces, "that if I decide to give I will give to all parties."

In Costa Rica's climate of unprecedented political affluence, spending far exceeded the government's guarantees of financial support to all candidates. Seven candidates divided the field of opposition to the Figueres man, Oduber, who won handily.

By one computation, the money spent for each vote cast was about three times the amount expended in the last U.S. presidential election.

Through all the squalls of controversy in this green and sunny land that Vesco once called an "American Arcadia," his political friends and business associates portray Vesco as a model citizen whose first thoughts are for family and home.

He gave \$60,000 to the Costa Rican symphony orchestra. He helps his three resident children with their homework and drives them to school. His technical status is that a "pensioner," which confers tax exemptions on car and household goods for foreigners, chiefly retired Americans, with incomes of more than \$400 a month.

Currently, Vesco's principal interest, outside of business, is financing a new plant for the Country Day School, a privately run insti-



ROBERT L. VESCO
... sense of outrage

a new special learning program stems from the learning disability of one of his children.

The financier is improbably linked in the Country

Day venture with a middle-aged—Quaker couple—Robert and Marion Baker—who left the United States in 1961 for reasons of political conscience and started the school in San Jose. In 1970, Mrs. Baker, a pacifist of fearsome outspokenness, led an anti-Vietnam war demonstration against the U.S. Embassy.

Once, when a Country Day parent complained about the unseemliness of Vesco's involvement in the school, Mrs. Baker recited the remark of a Methodist minister in Kansas who began a Sunday school with money donated by a bootlegger.

"The money," she recited, "may have come from the Devil, but now it's going to be used for the glory of God."

Figueres describes Vesco as "mellowing" in his third year as Costa Rica's richest and most controversial guest. "He's less defensive and less aggressive," said Don Pepe. "Maybe he has a sense of security now."