

# Figueres Describes Vesco Aid

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SAN JOSE, Costa Rica, May 29 — President Jose Figueres says he urgently needed a massive injection of new capital for his financially troubled company, looked everywhere for potential investors and wound up with Robert L. Vesco without knowing him very well. In fact, he said in a four-hour interview last weekend at his country home near here, they are still not personally close.

Mr. Vesco, a financier from New Jersey, is making substantial investments in Costa Rica. He was indicted by a Federal grand jury in New York on May 10 along with former Attorney General John N. Mitchell, former Secretary of Commerce Maurice H. Stans and Harry L. Sears, former majority leader of the New Jersey Senate. All were charged with conspiracy to defraud the United States and obstruct justice.

In addition, Mr. Vesco and 40 others have been accused of defrauding stockholders of Investors Overseas Services, an international mutual fund based in Geneva, of \$224-million.

## 'Short Conversations'

Mr. Figueres said he had no personal knowledge or evidence regarding the allegations against Mr. Vesco, but emphasized that as far as he could determine Mr. Vesco had done nothing improper in Costa Rica.

At ease in his unpretentious cypress home in the mountains an hour's drive from San Jose, Mr. Figueres assiduously arranged paper, sticks and small logs in the fire place of his living room.

"Vesco," he said, sighing and inspecting the fire he had just started to make sure it had proper ventilation. "I suppose I have spoken with him five or six times, now. We tend to have short conversations, Vesco and I. He is a financier. He does not have my interests. I am what you might call a farmer-philosopher and he—well, I don't understand all that financial jargon. If we have something to talk about, we talk; but our conversation breaks up soon because aside from business there is nothing to discuss. You know, real friendships are based on common interests."

Mr. Figueres — called "Don Pepe" even by Costa Ricans who do not know him—is interested in Voltaire, in the New Deal policies of President Franklin D. Roosevelt; in Tchaikovsky and Rossini; in President Harry S. Truman and the Kennedys, whom he knew; in the Americans for Democratic Action ("I am an honorary self-appointed member," he says); in tree farming, the United States space program, Latin American history and the relationship between underdeveloped nations and the big powers.

He is also interested in the



Associated Press

President José Figueres during his televised speech from San José last week about Vesco case.

business he started here in 1928.

In the beginning, he says, he called it "La Lucha Sin Fin," which means "The Struggle Without End." It has proven, he says, just that.

The company's formal name is Sociedad Agricola Industrial San Cristobal, S.A., or San Cristobal for short. Its four subdivisions produce natural burlap coffee bags, polypropylene bags, ropes and twines as well as lumber, cattle and bananas.

Company officials say it occupies some 12,000 acres in scattered locations, employing about 3,000 people, thereby making it the fourth largest employer in Costa Rica (United Fruit is first with around 10,000 workers).

By his own account, Mr. Figueres detests the day-to-day details of business. He would rather think and talk of the Latin Americans he admires (a painting of Simon Bolivar is over the fireplace), listen to a violin concerto or consider the destiny of Costa Rica, the only nation in Latin America that does not have an army. (Mr. Figueres abolished it in 1948. "I am egotistical enough to believe," he says, "that if anyone ever attacked us, the Costa Ricans would rise up as citizens and defeat them.") Mr. Figueres, now 66 years old, has served three terms, not consecutively, as president.

It is not uncommon in Latin America for public officials, even heads of state, to continue their business interests while in office. Mr. Figueres's company, in any event, has had something decidedly less than unqualified financial success.

Mr. Figueres estimates that some or all of San Cristobal's subdivisions lost money in 1969, 1970 and 1971. Even before that, it was periodically in financial trouble, but in recent years, the situation has become worse.

## 'We Needed New Machines'

"We needed new machines—we were exclusively dedicated to natural fibers and synthetics were giving us hell," says Enrique Carreras, a mechanical engineer who is executive vice president of Cordage and Textiles, Inc., the industrial subsidiary of San Cristobal.

Mr. Figueres says he was introduced to Mr. Vesco in 1972 by a friend of Mr. Vesco's named Richard E. Pistell. The President remembers the meeting took place in Costa Rica, although he says he is no more sure of the month or the exact place than he is of the precise daily workings of San Cristobal.

"We needed an injection of cash badly," said Mr. Figueres. "I had been looking everywhere."

Mr. Vesco was willing; he arranged for the investment of \$2.15-million in San Cristobal. Although Mr. Figueres cannot remember exactly what the investment constituted, Mr. Carreras says it represented both the sale of stock and a loan. The loan has been termed "unsecured" and the result has

been rumors that it was a gift, a kind of bribe by Mr. Vesco to Mr. Figueres so that Mr. Vesco could make Costa Rica his haven.

"How absurd," commented Mr. Figueres. "We have a wide open policy on investment. Nobody has to bribe anybody to invest here. San Cristobal needed money, it is as simple as that."

Mr. Carreras estimates that Mr. Vesco and his associates now own about 30 per cent of San Cristobal while the President, his son and a few other Costa Ricans own the rest.

Mr. Carreras says that Mr. Vesco's investment, much of which was used to purchase new equipment, given San Cristobal the capacity to produce seven million coffee bags a year, an increase of five million, and of hande synthetics as well as natural fibers. There are plans for exporting plastic bags to Europe.

Meanwhile, the normal calm and tranquility of Costa Rica have given way to acrimony, rumor and accusations, some of which would appear to have more pertinence to internal Costa Rican politics than to the Vesco-Figueres relationship.

A new President will be elected in February and will take office next May. Mr. Figueres cannot succeed himself ("And I wouldn't want to even if I could," he says,) and there is in process a proliferation of candidates of various parties to succeed him.

Early last week, President Figueres went on national television to discuss his New York bank account after The Wall Street Journal published an article saying that the account had grown by \$325,000 since Mr. Vesco started investing in Costa Rica.

The President said that it had actually grown by \$436,000, insisted there was nothing improper in that and described the account as a conduit for projects in which he was interested but from which he does not personally profit.

"What nonsense?" he said in his interview with The Times. "That account in New York is the only foreign account I have and I can tell you that New York is not the place to have a bank account if you are up to no good."

He went on to explain the circumstances of the items under question.

He said, for example, that one item — \$60,000 — was a donation from Mr. Pistell and Stanley Graze, a financier connected with I.O.S., to establish a tree farm as part of the endowment for the Costa Rican National Symphony Orchestra.

## Endowment for Orchestra

Mr. Figueres has a passion for music and is determined, he says, that Costa Rica will not achieve "the vulgarity of material success without culture."

He is fearful that if his successor does not share his interest in music, the orchestra—which has 40 members, is expanding to 46 and has an annual budget of \$125,000 — will wither.

"Listen to this," he said, putting on a recording of the orchestra doing a Rossini overture, followed by a tremendous ovation from a Costa Rica audience. "All the damned trouble I had getting this thing started was worth it."

One of his most formidable critics agrees with him that the orchestra is a great asset. Guido Fernandez, director of La Nacion, San Jose's largest and most influential newspaper, is himself a music lover and is sending his two children to the free music school created by the President.

At government expense, 150 Costa Rican children now receive instruments and musical instruction there from orchestra members.

The President says of La Nacion, "If it were in the United States, it would be the organ of the National Association of Manufacturers."

Mr. Fernandez, while supporting the creation of the orchestra, calls the two men who gave the money for it "mysterious music lovers."