

# Vesco in Bahamas: Intrigue and Debate

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NASSAU, Bahamas, Nov. 11 — The political and economic forces at work here behind the scenes of this week's hearing on a United States move to extradite Robert L. Vesco, the financier, would do justice to one of those Graham Greene novels about the intrigues of life in the Caribbean.

The New Jersey expatriate, who has been in self-imposed exile from the United States to avoid arrest on Federal charges of fraud and conspiracy, was arrested here last Tuesday on a Bahamian magistrate's warrant issued pursuant to a United States Government application. He is free on \$75,000 bail, pending a hearing on whether a Federal fraud charge against him is backed by sufficient evidence to merit extradition under an American-Bahamian treaty. That hearing is scheduled to begin here Tuesday.

Two years ago, Mr. Vesco began establishing a base here for his international financial operations. At that time, his business practices were under investigation by the Securities and Exchange Commission. The commission has accused Mr. Vesco, 20 other persons and 21 corporations of defrauding offshore mutual funds of \$224-million under guise of mounting a rescue operation.

### Millions Invested

Since Mr. Vesco and his group settled here, they have invested millions of dollars in the Bahamas through a network of Nassau-based banks and holding companies.

According to the best estimates of local businessmen, officials and a few insiders, the total outlay from Vesco concerns exceeds \$20-million—including at least \$2-million in renewable 90-day Bahamian Treasury bills used by the Government to supplement its overstretched income.

Such faith in the ailing Bahamian economy, it is said in some quarters of this tiny Commonwealth, has gained Mr. Vesco considerable political favor from Prime Minister Lynden O. Pindling's Government.

Although the Bahamas are in

a severe recession, Mr. Vesco's Bahamas Commonwealth Bank has been doing a brisk loan business for the last year and a half. Bahamians aligned with the Free National Movement, the party in opposition to Mr. Pindling's Progressive Liberal party, contend that the Government has shown its appreciation by making available to "Super Group," as Mr. Vesco's operation is known, sufficient work permits to relocate its key people here.

Since 1967, when the Progressive Liberal party came to power, work permits have been increasingly hard to get. The Government's refusal to allow trained outsiders to come in as staff members has created problems for banks and other businesses. Mr. Vesco's enterprises have been the exception to this situation, according to spokesmen for the opposition party.

In an interview with The New York Times, published in June, Mr. Pindling denied that the Government had shown any favoritism toward the Vesco interests.

During the interview, the Prime Minister confirmed reports that Mr. Vesco made a "substantial contribution" to his party's 1972 election campaign.

As the time for the extradition hearing draws near, its outcome has become a subject of debate among residents of this island nation, which achieved its independence from Britain only last July. But the debate is just an extension of the controversy that has surrounded Mr. Vesco's presence here practically from the day he arrived.

### Opinion Divided

Some people maintain that Mr. Vesco is bad for the Bahamas and should be expelled. Others contend that, as long as he is not in violation of local law, he should be accorded the advantages and courtesies given investors since the country began courting outside capital some time ago.

It has been easier for poor Bahamians to get small loans at Mr. Vesco's bank than at most other institutions here. Some like this, and some do not.

Mr. Vesco's troubles began in early 1971, when he took control of the floundering Investors Overseas Services of Geneva, the mutual funds empire built by another American capitalist, Bernard Cornfield. Mr. Vesco now says he has sold elements of I.O.S. to a French-Canadian accountant, Norman P. LeBlanc, who was brought in by Mr. Vesco to straighten out the company's precarious finances.

Like Mr. Vesco, Mr. LeBlanc, who runs the Bahamas Commonwealth Bank, has divided his time during the last year or more between here and Costa Rica.

The two men, both 38 years old, have taken pains in their public pronouncements to exhibit a commitment to the future well-being of the Bahamian economy and of the country generally.

Some of their statements followed The Times article in early June, which quoted a source with an insider's view of the government here as describing Mr. Vesco's Bahamian base as "very tenuous" because the Bahamas could not get a reputation as a "dirty money"

country. Asked what effect contributions to the ruling party and loans to some of the party's officials would have if Mr. Vesco were indicted for an extraditable crime, the source said:

"He would be extradited. He can pay as much as he likes, but he just can't buy as much as he thinks he can buy."

Mr. Vesco was indicted last July 20 on the fraud charge, upon which the latest Federal move for extradition is based. The indictment was not unsealed until Oct. 31, however. The unsealing was followed immediately by moves to extradite the fugitive financier.

It is ironic then, that while the extradition matter will be settled against a backdrop of the uncertain relationship between Mr. Vesco and the Government here, the principal courtroom characters in the hearing will be persons not known as being particularly friendly to the Government.

The opposing attorneys have strong loyalties to the opposi-

tion party. And the judge, Magistrate Emmanuel E. Osadebay, is regarded as a somewhat independent man whose rulings have, on occasion, displeased the Government.

Local counsel chosen by the United States to prosecute its extradition effort is Cecil Wallace Whitfield, a former minister of the Pindling Government who resigned suddenly and dramatically at a Progressive Liberal party convention three years ago, warning of a dictatorial trend threatening to crush all differences of opinion within the party.

Although the Free National Movement has been most critical of Mr. Vesco's relationship to the Government, he will be represented at the hearing by two staunch supporters of the opposition party. They are Orville A. Turnquest, chairman of the Free National Movement and a Senator in the Bahamian Parliament. His partner, Eugene Dupuch, although not active politically, is an oppositionist.