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ACTION EUR-00

INFO	LOG-00	NP-00	AID-00	ACQ-00	CEA-01	CIAE-00	SMEC-00
	COME-00	CTMF-00	INL-00	DEAE-00	DINT-00	DODE-00	ITCE-00
	WHA-00	SRPP-00	DS-00	EB-00	EXME-00	OIGO-00	E-00
	UTED-00	VC-00	FRB-00	H-01	TEDE-00	INR-00	ITC-01
	JUSE-00	I-00	VCE-00	AC-01	NSAE-00	NSCE-00	OMB-01
	OPIC-01	PA-00	PM-00	ERS-00	ACE-00	P-00	SCT-00
	SP-00	IRM-00	SSO-00	STR-00	TRSE-00	USIZ-00	FMP-00
	PMB-00	DSCC-00	DRL-02	G-00	SAS-00	SWCI-00	/008W

P 031505Z NOV 00
FM AMEMBASSY BERN
TO SECSTATE WASHDC PRIORITY 1442
INFO AMEMBASSY LIMA
EUROPEAN POLITICAL COLLECTIVE

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E.O. 12958: N/A
TAGS: EFIN, SNAR, EGOV, PREL, SZ
SUBJECT: POLITICAL/ECONOMIC HIGHLIGHTS NOVEMBER 3, 2000

- SWISS FREEZE PERU SECRET POLICE CHIEF'S FUNDS
- NEW ANTI-MONEY LAUNDERING OFFICIALS NAMED
- SWISS RETURN LAZARENKO MONEY TO UKRAINE

1. BANKS TAKE ACTION AGAINST PERU SECRET POLICE CHIEF
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SWISS AUTHORITIES LAUNCHED A PROACTIVE APPROACH TO FIGHTING MONEY LAUNDERING BY FREEZING AND REPORTING TO THE PERUVIAN GOVERNMENT ASSETS HELD BY DEPOSED SECRET SERVICE CHIEF VLADIMIRO MONTESINOS. THREE ZURICH-BASED BANKS (TWO SUBSIDIARIES OF ISRAELI BANKS AND THE 'CREDIT AGRICOLE INDOSUEZ') FIRST REPORTED THREE BANK ACCOUNTS BELONGING TO MONTESINOS, TOTALING APPROXIMATELY \$48 MILLION. THE BANKS SIMULTANEOUSLY CONTACTED BOTH THE JUSTICE MINISTRY'S MONEY LAUNDERING REPORTING OFFICE (MROS) AND THE ZURICH PROSECUTING ATTORNEYS, WHO IN TURN ADVISED THE BANKS TO FREEZE ASSETS IN THE THREE ACCOUNTS. BASED ON THESE REPORTS,

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UNITED STATES DEPARTMENT OF STATE
REVIEW AUTHORITY: DONALD A. JOHNSTON
DATE/CASE ID: 3 OCT 2001 200004441

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THE DFA DECIDED ON FOREIGN POLICY GROUNDS TO INFORM THE PERUVIAN GOVERNMENT OF THE FROZEN ACCOUNTS WITHOUT ANY PRIOR REQUEST FROM THE PERUVIAN SIDE IN THE MATTER. THIS MARKS A FIRST FOR THE FEDERAL AUTHORITIES, ALTHOUGH THE GENEVA PROSECUTORS HAVE PREVIOUSLY TAKEN SUCH PROACTIVE STEPS WITH FOREIGN GOVERNMENTS.

HEAD OF THE FEDERAL BANKING COMMISSION, DANIEL ZUBERBUEHLER, TOLD EMBASSY NOVEMBER 3 THAT THE REPORTS WERE MADE THROUGH THE JUDICIAL CHANNELS ON THE BANKS' OWN INITIATIVE. HE BELIEVED THE BANKS MAY HAVE HOPED TO TRIGGER REPORTS OF SIMILAR HOLDINGS IN OTHER BANKS, OR MORE IMPORTANTLY, TO PREEMPT THEIR IMPLICATION IN ANOTHER POTENTIAL ABACHA-FUNDS SCANDAL WITH ATTENDANT PENALTIES. THE DFA'S STEP REFLECTS A NEW PRIORITY IN SWISS FOREIGN POLICY THAT DEAL PROMPTLY WITH FIRST

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EVIDENCE OF MONEY LAUNDERING BY FREEZING THE FUNDS, ALERTING THE AFFECTED GOVERNMENT, AND SURGICALLY REMOVING ANY THE SIGNS OF ANY SCANDAL THAT COULD DAMAGE SWITZERLAND'S IMAGE AS A FINANCIAL CENTER.

2. NEW DUO TO HEAD MONEY LAUNDERING REPORTING OFFICE:

SWISS JUSTICE MINISTRIES MOVED SWIFTLY TO FIND A REPLACEMENT FOR THE HEAD OF THE MONEY LAUNDERING REPORTING OFFICE (MROS). 34-YEAR OLD JUDITH VONEY WAS NAMED NEW HEAD ON NOVEMBER 2 TO REPLACE FORMER MROS CHIEF DANIEL THELESKAP, WHO RESIGNED WITH HIS DEPUTY IN SEPTEMBER. VONEY IS CURRENTLY DEPUTY HEAD OF BERN'S CANTONAL CRIMINAL POLICE FORCE AND IN THIS CAPACITY SHE IS IN CHARGE OF POLICE EFFORTS TO FIGHT ECONOMIC AND ORGANIZED CRIME. IN ADDITION TO HER LEGAL BACKGROUND, SHE RECEIVED MANAGEMENT TRAINING AT THE SWISS POLICE INSTITUTE IN NEUCHÂTEL AND SEVERAL MONTHS OF TRAINING AT THE FBI NATIONAL ACADEMY IN THE U.S. LORENZO GERBER, 50-YEAR OLD LAWYER AND BANK DIRECTOR RESPONSIBLE FOR DUE DILIGENCE ISSUES IS TO BE VONEY'S DEPUTY. IN 2001 THE MROS TEAM WILL GROW TO A STAFF OF SIX (FROM FOUR) AND A SECTION FOR PREVENTION AND ANALYSIS WILL BE ADDED TO THE FEDERAL POLICE OFFICE.

3. UKRAINIAN GENERAL ATTORNEY LAUDS SWISS LEGAL ASSISTANCE:

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SWISS LEGAL ASSISTANCE IS "HIGHLY PROFESSIONAL" ACCORDING TO UKRAINIAN ATTORNEY GENERAL MIHAIL POTEBENKO. THE PRAISE WAS EXPRESSED IN A LETTER TO JUSTICE AND POLICE MINISTER RUTH METZLER, WHICH CONFIRMED THE UKRAINE'S RECEIPT OF FUNDS RETURNED IN OCTOBER IN CONNECTION WITH LEGAL PROCEEDINGS AGAINST FORMER UKRAINIAN PRIME MINISTER PAVLO LAZARENKO. THE LETTER DEEMED THE ASSISTANCE GRANTED (BY GENEVA AND ZURICH GENERAL ATTORNEYS' OFFICES AND THE FEDERAL JUSTICE DEPARTMENT) IN RESPONSE TO THE UKRAINIAN LEGAL ASSISTANCE REQUEST VERY HELPFUL TO THEIR INVESTIGATION. AT A MEETING OF CENTRAL AND EASTERN EUROPEAN ATTORNEY GENERALS IN SOFIA OCTOBER 26/27 POTEBENKO INVITED SWISS ATTORNEY GENERAL VALENTIN ROSCHACHER TO VISIT THE UKRAINE. ROSCHACHER INTENDS TO TAKE UP THE INVITATION IN THE MONTHS AHEAD.
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