

#20 Jack Blum: tropical termites

Jack Blum: Costa Rica was a pretty interesting place. It was a country that had no army.

Naomi Fowler: This is the Corruption Diaries from the Tax Justice Network. I'm Naomi Fowler.

Jack Blum: When I got there, cops were wearing holsters, but instead of having a gun in the holster, they had screwdrivers. And when I asked what the screwdrivers were for, they were for removing the licence plate of cars that had been involved in traffic offences, and the owner could get the licence plate back after appearing in court. So, there was a kind of quaintness to the whole place and a very small country, and, one that was, on many levels absolutely fascinating.

Naomi Fowler: Jack Blum's work with the Subcommittee on Multinational Corporations took him to many countries. The cases he was investigating involved political institutions and US corporations. In the early 1970s Jack was called to Costa Rica in the wake of the Watergate scandal in the US. He was on the trail of a man named Robert Vesco

Jack Blum: Vesco had been a New Jersey businessman who provided a bundle of cash to the Nixon crowd which then later got laundered through Mexico, came back to the United States in a mailbag, as I remember, and there was a, a guy in, New York who, uh, handled the payoff of the Watergate burglars with the money that Vesco provided. You say, well, what does the Foreign Relations Committee have to do with that? Well, it turned out that the prosecutor in the Southern District of New York indicted Vesco. Vesco took it on the lam to Costa Rica and was living in Costa Rica and the U. S. was not exactly doing a spectacular job of trying to extradite him.

So, one of the opening gambits was to go to Costa Rica and find out what was happening. And the question was, how did Vesco come to wind up in Costa Rica and what was his protection? Well, the on and off president of Costa Rica had been Don Pepe Figueres. And he was the hero of Costa Rica because he's the guy who abolished the army, got rid of the government that had preceded that was an autocratic government, and he set it up so that presidents could serve only one term, and he would alternate a term as President with a term out and then he'd come back and run again and the guy was sort of the national hero. But Figueres had all kinds of very interesting dreams and very little money to implement them. And all of a sudden, Vesco shows up and he's got a pile of cash and he's offering Figueres money to fund a newspaper, to fund an agricultural adventure that Figueres wanted to run. And here's Vesco, uh, getting protection from Figueres.

What happened was that I started hearing the stories of Vesco and Costa Rica. They were absolutely marvellous. I was invited to dinner at the home of the American Ambassador, a really first class guy named Pete Vahey. I came into the Embassy residence and it was a brand new house for the ambassador, really quite classy. I said, My God, what happened here? The State Department budget doesn't allow for this sort of thing. How did it happen that you got this new house? He's laughing. He said it starts with the problem of tropical termites. Tropical termites don't give in to normal efforts to control termites. So when you have an infestation of tropical termites, you have a very serious problem.

So the former ambassador's residence was built by a wealthy Costa Rican planter who insisted on having a house built that was exactly like Tara in *Gone with the Wind*. And he actually brought some of the people who had done the set construction for *Gone with the Wind* to Costa Rica to make sure that the house was a replica. And, back in the time the American Foreign Service believed that that was the American ambassador to Costa Rica.

He said, then the tropical termites set in. And the termites were a really serious problem. He said, when I got here we would hold a dinner party and they'd start coming out of the furniture and that was not acceptable. So, they built this new place and moved us out of, uh, the old tower into this new place. So I said, how did they solve the problem of the furniture? He said, well, we sent it to a, uh, shrimp place that did flash freezing because, uh, freezing temperatures kill the termites. So we were able to salvage the furniture, he said, but the house, that was another story. He said Vesco arrived in Costa Rica and was immediately beset by all of these Costa Rican real estate agents who wanted to sell him property. One of them had the listing for Termite Ridden Tara. Vesco thought it was just wonderful to be the resident in the home of the former American ambassador in a house that looked like it was out of *Gone with the Wind*. So he buys the house, essentially sight unseen. And, supposedly when he came in to, for the first time to really see what he'd purchased, he fell through the floor coming through the front door.

I met with the guy who was Don Pepe's confessor, father confessor, Padre Nuñez. Padre Nuñez was a really interesting character too because he had been Costa Rica's ambassador to the UN. Uh, he, uh, had founded, and I met him uh, at, uh, this university that he set up, the University of Costa Rica in Heredia, and, he said, uh, the problem of Vesco was really, uh, terrible. He said Vesco got himself inserted in things and he, he was just a corrupting influence. I said, well, what do you mean? He said, well, when Don Pepe's grandchild was being baptised, Vesco was there at the baptism. And he's interrupting the service because he's getting a phone call from this character in Panama named Noriega, who is this intelligence guy and they're doing some business deal. This shouldn't be happening here in a place like Costa Rica. So, okay, I got all that.

Anyway, I, I came away from that with a wonderful feeling about the country, but Vesco was still there and when I came back, we put extra heat on the State Department, you've got to get this guy extradited, you've got to get him out of there. So, they had been using some recent law school graduate as the lawyer for the extradition case in Costa Rica, and now because of the pressure from the committee, began to look for tougher counsel and it began to really turn the heat up. It was at that point that, uh, Pepe called his friend Fidel Castro in, in Cuba and said, uh, the Americans are really putting the heat on me to do something about Vesco, I can't keep him here any longer. Uh, would you please take him in? And lo and behold, Fidel said okay, send him over. He'll be welcome here in Havana.

What happened next was that Vesco became Havana's point person in running the American embargo. And, it was my great pleasure, 15 years later to fix the Vesco problem finally. Vesco was indicted in 1989 for smuggling over a ton of cocaine through Cuba

Naomi Fowler: The Corruption Diaries is a production of The Tax Justice Network, made by Naomi Fowler and Jo Barratt. Interviews with Jack Blum were recorded over several days at Jack's home in Maryland by Zoe Sullivan.