

# Fidel Castro, Inc.: A Global Conglomerate

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## Introduction

Since 1997, Forbes magazine has featured Fidel Castro in its annual Billionaires' edition as one of the richest rulers in the world. Initially, Forbes assigned to Castro a share of Cuba's reported GDP (gross domestic product) for the previous year, which yielded a fortune of approximately \$150 million. Since 2003, however, it began using a method similar to that used to estimate the fortunes of businesspeople and other royals and rulers. Using academic sources, Forbes identified several enterprises said to be controlled by Castro and determined their value by comparing them to similar publicly-traded companies. This has resulted in the more recent estimate of \$500 million for Castro's fortune.<sup>1</sup>

Aside from the difficulties inherent in estimating the value of privately-held companies lacking financial disclosure, Forbes' calculation of Fidel Castro's fortune is fraught with other obstacles. Due to a severe lack of information, the number of enterprises it took into account was very restricted in relation to the large number of businesses said to be under Castro's control. In addition, Forbes' calculation of Castro's net worth fails to take into account funds in bank accounts all over the world, large inventories of assets inside Cuba, and real estate holdings both in Cuba and overseas, all reported to belong to Castro. Yet, given the serious methodological flaws of Cuba's GDP statistics<sup>2</sup> and Forbes' past practice of using only one year as the basis for its calculation, the new approach provides a sounder approximation to Castro's wealth. Although it probably falls well short of Castro's actual holdings, at least its foundation is the market value of clearly designated assets.

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<sup>1</sup> *Forbes has been estimating the net worth of Royals and Rulers for almost a decade. Because their fortunes are often tied to their positions and their wealth does not come strictly from business operations or inheritance, as in the case of most Forbes billionaires, they are listed separately. The valuations are estimates and not precise numbers and are derived from identified holdings of private companies and estimates of their revenues and, at times, their profits. The list can be viewed at [http://www.forbes.com/billionaires/2005/03/10/cx\\_lg\\_0310royal\\_bill05.html](http://www.forbes.com/billionaires/2005/03/10/cx_lg_0310royal_bill05.html). (Written statement from the Editors of Forbes Billionaires' Edition, E-mail to the author, September 26, 2005.)*

<sup>2</sup> *The methodological deficiencies of Cuba's GDP statistics are detailed in Mesa-Lago, Carmelo, "ECALC's Report on the Cuban Economy in the 1990s" Cuba in Transition, Volume VIII (Washington: Association for the Study of the Cuban Economy, 1998), pp.130-133 <<http://lanic.utexas.edu/la/cb/cuba/asce/cuba8/18mesa.pdf>>; and Sánchez, Nicolás, and Miles Cahill. "The Strengths and Weaknesses of Factor Analysis in Predicting Cuban GDP," Cuba in Transition, Volume VIII (Washington: Association for the Study of the Cuban Economy, 1998 pp. 273-288, see pp. 273-274) <<http://www.ascecuba.org/>>.*

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Not surprisingly, the Cuban government has long disputed Forbes' inclusion of Castro in their list.<sup>3</sup> It publicly responded for the first time in 2004 by issuing a statement that "the revenues of Cuban state companies are used exclusively for the benefit of the people, to whom they belong."<sup>4</sup> Fidel publicly rebuked Forbes' report and said he was considering a lawsuit against the magazine for libel.<sup>5</sup>

Because of the large, intricate, and secret nature of these business activities, expectedly, all estimates of Castro's worth are imprecise. Nonetheless, even the best attempts appear to be well shy of the vast wealth under his command. The testimonies of former regime insiders provide telling snapshots of the enormous assets that Fidel Castro and his brother Raúl control. Arguably, they offer damning substantiation of their existence, regardless of their precise value at any given time –which appears to fluctuate widely as substantial assets apparently flow in and out constantly.

What is striking about defectors' accounts is their consistency. This is more impressive because they originate from independent sources unrelated to one another who have had dissimilar access to the structure of power and whose testimonies cover different events and stages and have been collected over a long period. In fact, over the years, many of these accounts have appeared in low-profile media reports in different countries or have been published as memoirs written almost exclusively in Spanish –far from the best-seller circuits and widely ignored by the international mainstream media. By systematically compiling this assortment of tales, a coherent story emerges of a vast international conglomerate backed up by sophisticated financial dealings in world capital markets. Fidel, Inc. consists of scores of enterprises, sizeable hard currency holdings, and numerous real estate assets inside and outside Cuba, all under Fidel or Raúl Castro's personal control and concealed from official national statistics. It enjoys a rare advantage – the boundless exploitation and use of the resources –both capital and human- of an entire nation, all free of oversight and taxation.

## Background

Cuba is a totalitarian state controlled by Fidel Castro, who is today the longest serving head of state. In power since 1959, he is chief of state with the titles of President, Head of Government, First Secretary of the Communist Party, and Commander in Chief of the Armed Forces. In March of 2003, already after 44 years in power, he officially declared his intent to remain in office for life. During his entire tenure, his brother and designated successor, Raúl, has been Head of Cuba's Armed Forces and his principal and loyal ally. The regime they command denies basic civil, political, and economic rights to its citizens. Those who stand in its way are driven into exile or dealt with swiftly.<sup>6</sup>

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<sup>3</sup> Cuban diplomats angered by Forbes estimate of Castro's wealth," Mexico City, Associated Press, March 17, 2005 Also see "Tacha Cuba de calumnia información sobre supuesta fortuna de Castro," Notimex, México, March 16, 2005.

<sup>4</sup> "Cuban diplomats angered...", Mexico City, Associated Press, March 17, 2005.

<sup>5</sup> Fidel quiere demandar a Forbes por revelar su fortuna, *Infoabe*, Argentina, March 21, 2005.

<sup>6</sup> The Castro regime has killed and imprisoned thousands of political opponents. (See *Cuba's Repressive Machinery: Human Rights Forty Years After the Revolution*, Human Rights Watch, June 1999; *Cuba: Country Reports on Human Rights Practices - 2004*, U.S. Department of State., Bureau of Democracy, Human Rights, and

Arguably, Fidel Castro “owns” most of Cuba. As supreme ruler of one of the world’s most tightly-held and closed economies, the level of usurpation of a country’s resources by one person that he has managed to carry out seems comparable in modern times only to that of present North Korea under the Kim Jong Il and his father, the late Kim Il Sung, before him.

For over four decades, Fidel Castro has arbitrarily controlled and had at his sole disposal practically all of Cuba’s financial and economic resources. According to countless first-hand reports by former regime higher-ups, he alone and at his discretion has the last word on all decisions affecting the political and economic destiny of the entire Cuban nation. Most Cuba experts and scholars agree on this point. Alcibíades Hidalgo, one of the highest-ranking defectors ever to flee the island,<sup>7</sup> explained: “It is simply impossible to undertake any political or economic initiative in Cuba. The only option one has is to surrender to the dictates of the regime and to the thinking of the one and only maximum leader, who is above all the citizens.” (...) “Fidel is accountable to no one and is able to live his own reality.”<sup>8</sup>

Soon after Castro’s takeover in 1959, the state began confiscating bank accounts – personal and commercial- land, businesses, and commercial property, both foreign and national. In 1961, upon consolidating power, Castro declared Cuba a Communist state, an intention he had repeatedly denied, reneging on the promise of democracy under a rule of law. By the late 1960s, no private media was left and almost no property remained in private hands -all commercial and productive enterprises, financial institutions, schools, and even the smallest of businesses had been nationalized, their management taken over by government cadres. Drove of Cubans fled Communism, forbidden from taking anything but a small suitcase of authorized personal belongings and leaving behind residences, works of art, jewelry, and all sorts of valuables, small or large. Their homes were assigned to the *nomenklatura* or leased by the state to embassies and foreigners, while their belongings were distributed to the ruling elite and valuables sold in world markets. The steady exodus is huge -between 1959 and 1999, 1,079,000 Cubans left for different countries.<sup>9</sup>

The Cuban economy is technically under socialist central planning. Since the early 1990s there have been limited elements of state-controlled “capitalism,” such as joint ventures operating with foreign capital in sectors such as tourism, telecommunications, and mining. Yet, in essence, the state controls nearly the entire formal economy and is the sole employer and owner of nearly all resources. Not surprisingly, the Index of Economic Freedom lists Cuba as

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Labor, February 28, 2005 <<http://www.state.gov/g/drl/rls/hrrpt/2004/41756.html>>; and Amnesty International Report 2004, <<http://web.amnesty.org/report2004/cub-summary-eng>>; and [www.CubaArchive.org](http://www.CubaArchive.org) (Research.)

<sup>7</sup> Hidalgo is former chief of staff for Raúl Castro, Minister of the Armed Forces, former member of the Communist Party’s Central Committee, former Cuban Ambassador to the United Nations, and head negotiator for Cuba in talks on the withdrawal of Cuban troops from Angola in the late 1980s. He fled the island by boat to the United States in 2002.

<sup>8</sup> Rui Ferreira, “El desertor que huyó de un país ‘alucinante’”, *El Nuevo Herald*, July 30, 2002. (Translated from Spanish.)

<sup>9</sup> Rolando García Quiñones, Director del Centro de Estudios Demográficos (CEDEM), Universidad de La Habana, “International Migrations in Cuba: persisting trends and changes,” Seminar on Migration and Regional Integration, August 1- 2, 2002. (The 2000 U.S. census provides slightly higher numbers for the foreign-born population of Cuban origin that arrived before 1959.)

one of the least free countries in the world, number 149 of 155 countries (only North Korea, Burma, Libya, Zimbabwe, Turkmenistan, and Laos rank lower).<sup>10</sup>

Ordinary Cuban citizens are banned from engaging in most independent economic activity –including owning businesses, engaging in private commercial, manufacturing, import and export, financial transactions, or any sort of business enterprise, and investing in enterprises with foreigners.<sup>11</sup> The only private activity allowed ordinary Cubans is limited to small-scale sales in farmers markets, a small number of homes licensed to rent rooms to tourists and/or operate family restaurants,<sup>12</sup> some land cultivation in small plots belonging to quasi-independent farmers,<sup>13</sup> and limited self-employment. Currently, less than 100,000 individuals are believed to be self-employed, representing around 2% of the workforce.<sup>14</sup> Just 118 private occupations are authorized for self-employment if allowed by two-year renewable licenses –bricklayer, artisan, electrician, locksmith, gardener, hairdresser and the likes.<sup>15</sup>

Citizens participating in the underground economy face steep fines or prison and the routine confiscation of their goods. Yet, the informal economy is huge, as the end of massive Soviet assistance after 1989, thanks to the demise the end of Soviet Communism, provoked a severe deterioration in the state's delivery of food, social services, and consumer goods. Topping off the staggering level of individual dispossession, ordinary Cuban citizens are

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<sup>10</sup> The *2005 Index of Economic Freedom* measures 161 countries against a list of 50 independent variables divided into 10 broad factors of economic freedom. Low scores are more desirable. The higher the score on a factor, the greater the level of government interference in the economy and the less economic freedom a country enjoys. These 50 variables are grouped into the following categories: Trade policy, Fiscal burden of government, Government intervention in the economy, Monetary policy, Capital Flows and Foreign Investment, Banking and Finance, Wages and Prices, Property Rights, Regulation, and Informal Market Activity. ([http://www.heritage.org/research/features/index/.](http://www.heritage.org/research/features/index/))

<sup>11</sup> In 1993 the Cuban government implemented a series of economic reforms, explained as “necessary evils,” intended to alleviate a severe economic crisis resulting from the demise of massive Soviet support after the fall of Communism in the former USSR. But, in recent years there has been a veering back to near total economic centralism over the economy. Aside from the clampdown in the self-employment sector, in November 2004 the government disallowed the use of the U.S. dollar and began charging a 10 percent surcharge to exchange dollars at a devalued rate to “convertible pesos.”

<sup>12</sup> Small family owned home based restaurants of up to 12 chairs were authorized beginning in 1993, but this has been scaled back considerably by taxing them heavily and not renewing licenses. Those remaining must employ at least 3 workers from their own family unit and are subject to restrictions, such as forbidden from selling potatoes, seafood, and beef. (“Entran en vigor límites al trabajo por cuenta propia, *EFE*, La Habana, 1 de octubre de 2004.)

<sup>13</sup> A very small percentage of the land remains in private hands, in small family-owned plots, many of whom have come together in recent years in independent cooperatives.

<sup>14</sup> Cuba's Central Bank reported 153,800 workers registered for self-employment in 2001. After this date, no reports are available, but independent economists on the island estimate that the figure has fallen to less than 100,000 after a government clampdown that began in 2003. Self employment reached its peak in 1995, at 208,500. (“A una década del autoempleo en Cuba (II),” Havana, *CubaNet*, September 25, 2003.)

<sup>15</sup> Excluded from self-employment are all persons holding political positions, those in the fields of health and education, and university-trained professionals working in their area of specialization. In 2003 a decree called off the issuance of new work licenses in 40 private sector categories –such as magician, masseur, jeweler, mousetrap maker, audio and video operators, computer programmers, sports trainers, and sellers of used books, soap, and flowers. (“Private Business Faces More Curbs in Cuba,” Havana, The Associated Press, May 5, 2004; “Entran en vigor límites al trabajo por cuenta propia,” La Habana, *EFE*, 1 de octubre de 2004.)

prohibited from entering hotels, beaches, resorts, and exclusive medical and other facilities reserved for foreigners and the ruling elite.

The subordination of the common citizen to the state in all economic (as well as political) aspects assures that no one other than designated top government officials can accumulate wealth. In fact, even those within his inner circle are subject to constant monitoring by the intelligence apparatus; despite their privileges, they must stay within certain bounds.<sup>16</sup> Only Fidel Castro enjoys true economic independence –as he retains exclusive discretion over the nation’s resources, his personal and political prerogatives supersede economic rationality and planning.

### **Fidel Castro’s holdings**

Former top government officials and insiders at the highest levels of power who have defected or sought exile from Cuba uniformly describe Fidel Castro’s direct personal control over the country’s finances and the absence of separation between public property and de facto private property under his command. His brother Raúl, head of the Armed Forces and designated successor, is intimately linked to these practices.

A former member of the Castro brothers’ inner circle and comrade from the Sierra Maestra struggle, Dariel Alarcón Ramírez, defected in Paris in 1996 after holding many high-ranking government posts with the closest access to the Fidel and Raúl. Better known as “Benigno,” his autobiographical narration of his many years by Castro’s side provides an incisive look into the patterns of patronage, corruption, and absolute control over state resources by Castro and the highest members of the ruling elite.<sup>17</sup> His sobering account coincides with those of many former higher ups of the Castro regime –some are cited throughout this paper, others have been obtained anecdotally over the years.

### The Comandante’s Reserves

What insiders commonly refer to as "the Comandante's reserves,"<sup>18</sup> consists of an integrated system of overseas bank accounts as well as the national reserve of fleets of automobiles and trucks, and stored food and consumer and luxury goods for the elite.<sup>19</sup> A large

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<sup>16</sup> Many accounts by former high-ranking regime insiders provide first hand testimony on this matter. See for example, Rafael del Pino, *Proa a la Libertad* (Mexico: Editorial Planeta, 1991); Norberto Fuentes, *Dulces Guerreros Cubanos* (Barcelona: Editorial Seix Barral, S.A., 1999); and Dariel Alarcón Ramírez, “Benigno,” *Memorias de un soldado cubano: vida y muerte de la Revolución* (Barcelona: Tusquets Editores, 2003).

<sup>17</sup> See D. Alarcón Ramírez, op. cit., see pp. 276- 280 in particular.

<sup>18</sup> “The Comandante’s Reserves,” *Cuba Monthly Economic Report*, DevTech Systems, Special Issue, August 1997. The report is available at <http://www.fiu.edu/~fcf/fidelsreserves102097.html>. This report is mostly based on the testimony of Jesús Marzo Fernández, which is corroborated by similar accounts from other former insiders. Mr. Fernández left Cuba in May 1996 after holding very high-level positions in the Cuban government that had to do with Fidel Castro’s accounts and personal business. His posts included Secretary of the Food Committee of the Cabinet and Secretary of the Foreign Exchange Commission of the Food Group.

<sup>19</sup> This reserve known as “Reserva Estatal del Comandante” consists of cars, buses, trucks, tractors, repair parts, gasoline, medicine, medical equipment, food, clothing, construction materials, appliances, household and luxury goods, and others. Fidel alone controls this reserve. See “The Comandante’s Reserves,” op. cit., and Eugenio

and complex web of enterprises inside and outside Cuba funnels funds and goods to these reserves and are commanded by high-ranking members of the *nomenklatura* and the Armed Forces, both in active service and retired.

The “Comandante's reserves” are reportedly replenished through schemes that include: 1.) the assigned percentages from tourism, remittances from abroad, the revenues of hard currency businesses operations inside and outside Cuba, 2.) the hard currency earnings of Cubans employed overseas of doing business overseas but under the authority or control of the Cuban state, 3.) the sale of Cuban state assets to foreigners,<sup>20</sup> 4.) the sale abroad of Cuban art, artifacts, jewelry, antiques, and other valuables taken when their owners leave the country, and 5.) revenues from drug trafficking and criminal activities perpetrated by subversive and terrorist groups with the help of Cuban agents or coordinated by Cuba.

Cash resources are systematically diverted to bank accounts over which Castro maintains sole discretion in Switzerland, Grand Cayman, London, Lichtenstein, and Panama.

### The Corporate Conglomerate

Corporations created both inside and outside of Cuba to do business with and in the foreign sector are said to be a primary source of revenues for Castro. Jesús Marzo Fernandez, who left Cuba in May 1996 after holding very high-level positions, explains: “Of unknown ownership, these were enterprises created to generate funds outside the planning system, as if they were the private property of certain government officials.”<sup>21</sup> Many of these businesses are involved in joint venture arrangements or other business relationships with foreign interests, which usually provide a front for Cuba. The companies are not subject to audits or any type of disclosure, so it is impossible to assess the extent of their activities and revenues. Revenues from many of these corporations are said to go directly, often fully, to the Comandante’s Reserves.<sup>22</sup>

One can glean at the complexity of the business conglomerate from the testimony of several defectors and former regime insiders. A civilian holding company under Fidel’s command and a military conglomerate under Raúl’s command effectively assure that all strategic industries are under the Castro brothers’ control. The network includes:

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Yañez, “La riqueza de Fidel Castro: Mito y Realidad,” *La Nueva Cuba*, August 17, 2005, <[www.futurodecuba.org/la\\_riqueza\\_de\\_fidel\\_castro\\_.htm](http://www.futurodecuba.org/la_riqueza_de_fidel_castro_.htm)>.

<sup>20</sup>One such transaction is reported to have been the sale of rum factories and distilleries under the Havana Club name to the French firm Pernaud Ricard for an estimated \$50 million, which is said to have been deposited in its entirety in the Comandante's reserves. (“The Comandante’s Reserves,” op. cit.)

<sup>21</sup>“The Comandante’s Reserves,” op. cit.

<sup>22</sup> Manuel de Beunza, who served as a high-ranking intelligence officer for Cuba handling foreign business activities, reports that the MC Department under the Interior Ministry, which formed and managed many firms dealing in hard currency -mostly overseas- had at one time 270 companies under its control, for which 100% of revenues went into Fidel Castro’s accounts. Beunza worked as an intelligence officer for Cuba for 20 years, for many years he was directly under the orders of Antonio de la Guardia, in the MC Department. (Maria C. Werlau, Interview with Manuel Beunza, Miami, August 8, 2005.)

I. **CIMEX**,<sup>23/24</sup> is the most powerful financial-commercial conglomerate of the Cuban government -a huge holding company for a network of enterprises -reported to range in number from 270 or more to just 80, with revenues estimated at US\$1 billion. CIMEX has commercial representation in dozens of countries and operates joint ventures with foreign enterprises. In Cuba, it owns several store chains that sell only in hard currency, controlling 1,500 stores, gas stations, cafeterias, video rental stores, and other venues for sales to the public (including the **Rapiditos** fast food outlets and the **Panamericana** chain, with sales of up to US\$1 million a day). Other subsidiaries include the airline that handles all international courier mail and the real estate enterprise **Inmobiliaria CIMEX**, **Havanatur**, **Havanautos**, the recording studio **Abdala** and the fashion store **La Maison**. CIMEX also controls many enterprises incorporated abroad. Two merchant marine operations, **Melfi Marine** and **Melbrige**, both under Panamanian flag, are purportedly held by the subsidiary **Transcimax**, which has foreigners acting as fronts. (For a partial list of CIMEX-controlled firms outside of Cuba, see the Appendix.) Two of CIMEX subsidiaries are banks whose operations are extremely secret and believed to be involved in laundering drug monies:

- **Banco Financiero Internacional (BFI)**, founded in 1984 as the first Cuban entity operating in dollars and with total autonomy from the formal state system. By 1999 it had sixteen branches in Cuba and an unknown number abroad (including in the United Kingdom and Canada). Its initial objective was the removal from the National Bank of Cuba transactions intended to leave no trace. Its main clients are the same firms associated with the “Comandante’s reserves,” as described herein. Foreigners stand in for all its official business.

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<sup>23</sup> According to Jesús Marzo Fernández, CIMEX stands for Corporación de Industrias Mixtas de Exportación, (“The Comandante’s Reserves,” op. cit.). Although the acronym remains unchanged, however, its meaning is reported to have changed over time to “Comercio Interior, Mercado Exterior.” (Héctor Maseda (Grupo Decoro), “CIMEX: pulpo financiero,” *CubaNet*, August 29, 2002.

<sup>24</sup> CIMEX reportedly began operating in the 1970s as the MC Department under the Ministry of the Interior to circumvent the U.S. embargo. It began to introduce itself in free trade zones in the Caribbean and Panama during the tenure of Panamanian dictator General Noriega. The first U.S.-manufactured computers, all sorts of consumer goods, machinery, parts, equipment, and raw materials from the U.S. and all over the world, were imported via third countries through a web of companies under MC’s control. In July of 1978, MC officially became CIMEX and many of the high-ranking military officers working there were retired or given license to operate as civilians. Its operations are under the direct control of Cuba’s Council of State. The new CIMEX took over many of the functions until then handled by the MC Department, which reportedly had under its control 270 companies, most outside of Cuba (controlling the domestic commercialization of appliances from 1980 to 1987, exported clothing manufactured by CONTEX (Confecciones Textiles). It also supplied medicine to hospitals for foreigners and the ruling elite (the ‘Cira García’, Centro de Investigaciones Médico-Quirúrgicas (CIMEQ) network)). The MC Department was then left for “much larger and complex business dealings. By the end of 1988, the MC Department and the Ministry of the Interior were purged as a result of what is better known as the Ochoa Affair. (Several high-ranking generals and government officials were accused of drug trafficking; Tony de la Guardia was executed and Patricio de la Guardia given a long prison sentence.) Sources: G. Fernández and M.A. Menéndez, “The economic power of the Castro brothers: Interview with Delfin Fernández, alias “Agent Otto,” *Diario 16*, Madrid, June 24, 2001, reprinted in English in *Cuba Brief*, Center for a Free Cuba, Summer 2001, p. 9-12; Wilfredo Cancio Isla, “Corrupción en la cúpula empresarial cubana,” *El Nuevo Herald*, February 16, 2004; N. Fuentes, *Narcotráfico*, op.cit, p. 95, 96; M. Werlau, Interview with M. de Buena, op.cit.; Juan Antonio Rodríguez Mernier, *Cuba por dentro: el MININT* (Miami: Ediciones Universal, 1994), pp. 78, 99; H. Maseda, op.cit (Maseda’s report includes testimony collected independently in 2002 from two unrelated former CIMEX officials -one held several different administrative positions at CIMEX from 1980 to 1985, one was head of one of CIMEX’s divisions from 1998 to 1999.).

- **Banco de Inversiones, S.A.**, which makes loans to the Cuban government at high interest rates and is allegedly run by or in conjunction with an Israeli citizen. The bank's capital is suspected to come from the Banco Financiero Internacional.

**II. GAESA (Grupo de Administración Empresarial)** is the holding company for a number of corporations under military management and Raúl Castro's control. Headed by his son-in-law Major Luis Alberto Rodríguez López-Callejas,<sup>25</sup> the Chairman of the Board is Raúl's second-in-command and confidant, Division General Julio Casas Regueiro. "Agent Otto," a former intelligence officer directly involved in foreign operations, reports that "Raúl Castro and his son-in-law have been especially meticulous in endowing GAESA with the ability to generate and manipulate foreign-currency, especially U.S. dollars."<sup>26</sup> GAESA is used as a vehicle to stash away money overseas." He adds: "The funds never make it to the state Treasury; this operation runs parallel to the country's economy. The group is enormous: it invoices close to one billion dollars annually."<sup>27</sup> The holding company owns firms dedicated to tourism and the foreign sector such as:<sup>28</sup>

- **Aerogaviota, S.A.**, providing all air transportation to the tourism industry and rentals to foreign businesspersons. It operates an airplane and helicopter fleet from its headquarters at the Baracoa Military Air Base, near Havana, and is staffed only with military personnel.
- **Almacenes Universal, S.A.**, operating several free trade zones.
- **Almest S.A.**, which builds hotel facilities and other real estate for the exclusive use of or sale to foreigners.
- **Agrotex S.A.**, handling activities related to agriculture and cattle –from animal breeding farms and candy factories to the manufacture of honey and general food products.
- **Antex, S.A.**, instrumental in setting up various types of offshore and holding companies, imports and exports (buys and sells timber, ships, and the like), and serving as conduit for introducing spies trained by Military Counterintelligence into other countries. With offices in over ten countries, including Panama, Angola, South Africa, and Namibia, it hires foreign labor in Third World countries and lends itself to infiltrating espionage and intelligence personnel. This company in particular apparently moves lots of money and is said to be one of Raúl Castro's most important endeavors. Its staff is made up of highly qualified and trained military personnel.
- **Empresa de Servicios La Marina**, which takes care of security and maintenance for all of GAESA's support personnel.
- **Habanos, S.A.**, tobacco and rum distributor.<sup>29</sup>
- **Gaviota, S.A.** operating over 30 hotels all over the island, mostly with foreign partners (including Sol Meliá and Club Mediterrané) and involved in other activities in the tourist industry.

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<sup>25</sup> The son of Division General Guillermo Rodríguez del Pozo, he is married to Raúl's daughter, Deborah. (Pablo Alfonso, "España, un paraíso para la jerarquía castrista," *El Nuevo Herald*, June 9, 2002).

<sup>26</sup> G. Fernández, *Diario 16*, op. cit.

<sup>27</sup> G. Fernández, *Diario 16*, op. cit. (Translated from Spanish.)

<sup>28</sup> Most of the information on GAESA operations and companies comes from a 2001 media account of the testimony of Delfín Fernández, alias "Agent Otto," in G. Fernández, *Diario 16*, op. cit. Additional sources are cited when appropriate.

<sup>29</sup> This firm is included in a list provided by Manuel Beunza (M. Werlau, Interview with M. Beunza, op.cit.)

- **Geocuba, S.A.**, dedicated to the cartography business<sup>30</sup> and dealing with land concessions or leasing related to tourism and other sectors such as mining, agriculture, and real estate.<sup>31</sup>
- **Sasa S.A.**, with automobile repair shops and gas stations throughout the country.
- **Sermar S.A.**, operating shipyards for all naval repairs. Under the direction of Captain Luis Fraga Artiles, the company was launched with a fleet of navy vessels and has its own diving team. Sermar is involved in a very lucrative business, the search for sunken treasures in an ocean rich with capsized Spanish ships. According to Agent Otto: “This company is generating enormous amounts of money, for it alone has access to the wealth of treasures under that ocean. Raúl says ‘This is mine’ and it’s final. One cannot begin to calculate what funds go where. Explorer Jacques Cousteau once visited Cuba with the hope of exploring some of these ships, but was not granted permission.”<sup>32</sup>
- **Tecnotex S.A.**, importing and exporting every product needed by the other companies in the holding. Allegedly, it serves as an ideal front for introducing state-of-the-art, dual-purpose (civilian and military application), technology into Cuba barred by the U.S. embargo.
- **TRD Caribe**, operating over 400 “Currency Recovery Stores” (**Tiendas de Recuperación de Divisas**) all throughout the island, selling products only in hard currency. Reportedly, it generates more than one hundred million dollars per year. Because it maintains high business volume with China and Hong Kong, it buys cheap and makes a huge margin on sales by marking products up exorbitantly. This operation is under the **División Financiera**, whose goal is to recycle and reinvest income generated by the GAESA network.
- An enterprise of unknown name serving as a holding group to operate all historic museums and monuments generating fees in high hard currency. **Palacio de Convenciones**, which holds international events -many of a political nature- is presumably part of this group. It has earnings estimated at US\$3 to \$5 million a year, which allegedly go in their entirety into the Comandante's accounts.<sup>33</sup>
- Another network of privately-held enterprises, that operates inside Cuba in the peso economy.<sup>34</sup>

It is unclear if the following enterprises are independent entities separate from the CIMEX or GAESA networks, but their standing and revenues within the entire corporate system controlled by the Castro brothers is very important:

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<sup>30</sup> Management of GeoCuba by the military prevents strategic or military sites from appearing on any maps. (G. Fernández, *Diario 16*, op. cit.)

<sup>31</sup> Domingo Amuchastegui, former intelligence officer for the Cuban military and former professor at the Institute for International Relations and at the National Defense College confirms much of what is reported about GAESA by other former regime insiders cited throughout this work. (Domingo Amuchastegui, “FAR: Mastering Reform, *Cuba in Transition, Volume X* (Washington, DC: Association for the Study of the Cuban Economy, August 2000), p. 438.)

<sup>32</sup> G. Fernández, op. cit.

<sup>33</sup> J. M. Fernández, telephone interview, 8/2/05.

<sup>34</sup> List provided by Manuel Beunza (M. Werlau, Interview with M. Beunza, op. cit.)

- **Cubalse**, a holding company of the Council of State under the direct supervision of Fidel Castro. Its net earnings are estimated at US\$30 million a year and all said to go into Castro's reserve.<sup>35</sup> Cubalse hires out workers to foreign joint ventures operating in Cuba as well as to diplomatic and other foreign representations. The proceeds of the currency exchange from their salaries<sup>36</sup> go directly into the “Comandante’s reserves.”<sup>37</sup> Part of the money generated by Cubalse is deposited directly into Banco Financiero Internacional (BFI), the rest is placed in **Financiera de Cubalse**, in Switzerland.<sup>38</sup> Among Cubalse’s subsidiaries are a store chain originally engaged in hard currency sales for the diplomatic community -now open to anyone with hard currency, Meridiano, S.A. and Automotriz, S.A.<sup>39</sup>
- **Cubanacán**, a group of enterprises that lures foreign investment into tourism and manages hotels, restaurants, and travel agencies. Like CIMEX, it has several store chains that sell only in hard currency and is said to control approximately US\$600 million in foreign capital -primarily in investments by Meliá, LTI International, TRIP, Delta International, Golden Tulip International, Cosmo World, and Super Club. 40% of Cubanacán’s revenues, estimated at US\$30 million, are reportedly funneled into the Comandante’s reserves.<sup>40</sup>
- **Medicuba**, which sells pharmaceutical products manufactured in the country, especially vaccines, generates an unknown amount of revenue estimated at several million dollars.

The enterprises mentioned above and in the Appendix have been specifically named in reports by former regime insiders. Most are classified by the Office of Foreign Assets Control (O.F.A.C.) of the U.S. Treasury Department as blocked entities, or “designated nationals,” of the Cuban government.<sup>41</sup> A large number of the overseas firms are located in Panama and Spain, but others are based in many other countries in Latin American and Europe, while some are located as far as Japan. Aside from this list, many more enterprises controlled by the Castro brothers are said to exist inside and outside Cuba operating in India, South Africa, Malta and Grand Cayman. Some have been designated by O.F.A.C.; others are yet to be identified.

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<sup>35</sup> “The Comandante’s Reserves,” op. cit. For an idea of Cubalse’s reported activities, an official Cuban media report cites its President offering the following results for 2002: an improvement in efficiency with the reduction of inventories from US\$85.8 million in 2001 to US\$71.7 for year-end 2002; a 48.5% domestic share of the foreign exchange sales, considered an improvement over the previous year; and a reduction in the cost of sales from 66 to 63 cents. (S. Lee, op. cit.)

<sup>36</sup> Foreign entities may not hire workers directly, but employ workers provided by Cubalse. Workers are paid in Cuban pesos at a minimal fraction of the hard currency wages the employment agency gets paid (salaries equal that of workers in state enterprises in equivalent or similar jobs). In the case of foreign joint ventures, the Cuban government appears to be appropriating around 98% of the total value added of labor in the production process -in the case of specialized and highly skilled workers, cases even more. (See more in Maria C. Werlau, “Foreign Investment in Cuba: The limits of commercial engagement,” *World Affairs*, Vol. 160, No. 7, Fall 1997, pp. 57 & 59.)

<sup>37</sup> G. Fernández, *Diario 16*, op. cit.

<sup>38</sup> Ibid.

<sup>39</sup> Susana Lee, “Mejoró CUBALSE su eficiencia económica,” *Granma*, March 12, 2003.

<sup>40</sup> Jesús Marzo Fernández, telephone interview, August 2, 2005. (Cubanacán has also been reported to be under the GAESA network under the control of Cuba’s Armed Forces and Raúl Castro.)

<sup>41</sup> A list of more than 200 pages is available of blocked entities (“Specially Designated Nationals”) for countries under U.S. sanctions is available from the U.S. Treasury Department’s Office of Foreign Assets Control at <http://www.treas.gov/offices/enforcement/ofac/sdn/t11sdn.pdf>. Cuban entities are not listed separately.

It may be assumed that the vast majority, if not all, of firms formed inside Cuba to do business in or with the foreign sector is under government control - which generally means under Fidel Castro's control and with the profits, or a designated percentage of them, for his direct account. The "sociedades anónimas" (S.A.) are Cuba's unique version of a capitalist firm -their business activities mirror those under private ownership in free market societies. In Cuba, however, their listed owners are unknown, their operations and financial statements are not subject to scrutiny, and individuals designated by the government manage them. Many of the on-island corporations were formed in the 1990s to take advantage of tourism, particularly looking to capture business from the U.S.<sup>42</sup> Reports vary regarding the percentage of revenues that go into Fidel Castro's reserves. Aside from the fact that this matter is kept within a small circle of high-level officials, it is hard to imagine that any one person would come across that degree of detail regarding the very large number of enterprises involved. Initially, only the Ministry of the Interior managed the corporate web, later other Ministries, such as the Ministry of Trade and the Ministry of Transportation, were included in the scheme.<sup>43</sup>

It is more difficult to identify enterprises formed overseas under the Castro brothers' control. Most have been incorporated under the names of Cuban officials or foreign nationals in association with the Cuban government. Manuel de Beunza, who ran -as its "owner"- a Cuban company involved in all sorts of shipping activities in Montreal, reports having opened many such companies and eighteen bank accounts under his name.<sup>44</sup> Oftentimes, he asserts, the overseas corporations are established under the name of lawyers or other intermediaries in different countries who receive payment for these services. For example, Havanatur, a company with subsidiaries and offices in Cuba as well as Bahamas, Chile, and Argentina, was run by a Chilean.<sup>45</sup> The Cuban and foreign individuals who appear as owners and typically serve as managers are allowed a participation in the business by way of juicy compensation packages, a lavish lifestyle if abroad, and other privileges. This happens as long as Castro is guaranteed a certain share and the leakage remains within certain bounds.

A 2003 El Nuevo Herald article features the accounts of Spanish businessmen of their dealings with Cuban managers of companies such as **Cubatur**, **Caracol S.A.** (which controls all hotel stores in Cuba), **Esicuba**, and **GMS Financial Group**. Their business meetings took place

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<sup>42</sup> The Cuban government dealt with the end of massive financial support after the demise of Soviet Communism with a series of capitalist-style reforms, including the de-criminalization of the holding of U.S. dollars, and a forceful campaign to develop its previously restricted tourist industry. The U.S. government, in turn, eased travel restrictions to Cuba. (For a look at U.S. travel and travel restrictions to Cuba, see Maria C. Werlau, "U.S. travel restrictions to Cuba: Overview and Evolution," *Cuba in Transition: Vol. XIII* (Washington, DC: Association for the Study of the Cuban Economy, 2003, pp. 384-409, <<http://lanic.utexas.edu/project/asce/pdfs/volume13/werlau.pdf>>.)

<sup>43</sup> M. Werlau, interview with M. de Beunza, op. cit.

<sup>44</sup> de Beunza ran a company for Cuba under his name in Montreal, Canada, and managed 18 bank accounts in his name. He employed more than 50 Canadians and carried out diverse activities in the shipping business. The company generated revenues of US\$20 million annually, through legal as well as illegal businesses. He was under close surveillance by Cuban intelligence officers deployed as diplomats to Canada. He deserted in Canada in 1987.

<sup>45</sup> M. Werlau, interview with M. de Beunza, op. cit. (The Chilean Max Marambio, better known as "guatón," was trained in Cuba as an intelligence agent. He is widely known to have direct access to Fidel Castro and the upper echelons of power.)

at the Ministry of Foreign Relations. The Spaniards have documents demonstrating that in September 1998 they created a front company in Panama, the **GFA Financial Group**. This entity was to request loans from the Credicorp Bank of Panama<sup>46</sup> to channel funds to Caracol, S.A. in violation of the U.S. embargo. Fintur, the Cuban financial entity for all state tourism companies, would collateralize the loans.<sup>47</sup> The brainchild of the operation on the Cuban side was Humberto Pérez González, the President of Fintur. The deal called for the Spaniards to receive monetary compensation while the Cuban managers were to obtain material gain only “under the table.”<sup>48</sup> But, the operation was unexpectedly called off on December 3, 1998, when Colombian authorities confiscated a huge shipment of 6,219 kilos of cocaine hidden in a container destined for the crafts’ manufacturing plant AEI Unión de Plástico, a mixed enterprise between Cuba and the same two Spanish businessmen. The Spaniards, accused of drug trafficking by Colombia, blame the Cuban government for the drug shipment.<sup>49</sup>

Spain appears to host a large number of Cuban enterprises. In fact, a considerable number of sons and daughters of the highest-ranking members of the Cuban government and military are overseas, particularly in Spain, running businesses and traveling back to the island regularly. Some live in Cuba, but travel abroad frequently for business or tourism.<sup>50</sup> This corroborates reports by former Cuban intelligence agent “Otto,” who was stationed at the Cuban Embassy in Madrid, where he defected. He asserts that Spain is the nerve center of Cuba’s European operations for obvious reasons- similar culture, language, and idiosyncrasy. Yet, he says, this also responds to the friendly ties Cuban agents enjoy with certain high-ranking members of the Spanish military as well as to their successful infiltration of Spanish intelligence services.<sup>51</sup> Agent Otto explains that some of the one hundred Cuban intelligence and counter-intelligence agents in Spain are not really diplomats, but rather act as representatives of Cuban companies.<sup>52</sup>

An important issue meriting further exploration emerges from reports that Cuba uses overseas companies fronting for Castro as collateral for hard currency loans obtained overseas by

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<sup>46</sup> See website at <https://www.credicorpbank.com>.

<sup>47</sup> Gerardo Reyes, “Aliados contra el embargo,” *El Nuevo Herald*, March 5, 2003.

<sup>48</sup> The first operation was set for US\$2 million. (Ibid.)

<sup>49</sup> Ibid. Also see Gerardo Reyes, “Pruebas apuntan a Cuba en caso de narcotráfico,” *El Nuevo Herald*, March 6, 2003.

<sup>50</sup> P. Alfonso, *El Nuevo Herald*, 2002, op. cit. (Among those identified by *El Nuevo Herald* are Deborah, Raúl Castro’s daughter, married to Luis Alberto Rodríguez López-Calleja, who runs GAESA, the Armed Forces business conglomerate; Raúl’s other daughter Mariela, reported to have a large network of business acquaintances and friends in Spain, to where she travels frequently. A grandson of Ramón Castro, Fidel and Raúl’s older brother, who goes by the nickname “Monchi”, runs a restaurant in Tenerife owned by his uncle Raúl. Javier Leal, son of Eusebio Leal, high-ranking government official and historian of Havana, owns an antique store in Barcelona selling Cuban art and relics. The sons of Juan Almeida also run businesses abroad and travel back and forth to Cuba -Juan Antonio Almeida runs a restaurant in Madrid and Juan Juan Almeida is in charge of successful businesses in Cancún, México. Lourdes Argivaes, niece of Castro confidante Celia Sánchez and former wife of a son of Che Guevara, Ernesto Guevara March, was establishing a restaurant in Marbella.)

<sup>51</sup> G. Fernández/M.Á. Menéndez, “Cuba convierte su embajada en Madrid en un nido de espías; Parte I,” Madrid, *Diario 16*, March 31, 2001.

<sup>52</sup> Ibid.

different entities of the Cuban state.<sup>53</sup> This would provide a plausible explanation to the seeming foolishness of foreign creditors' huge short-term loans to Cuba in recent years.<sup>54</sup> Given Cuba's longstanding default and moratorium on external debt repayments,<sup>55</sup> its obvious lack of creditworthiness<sup>56</sup>, and the wretched state of its economy, the continued extension of credits to Cuba is otherwise perplexing.

### Hard currency bank accounts

Many former regime insiders claim to have direct knowledge of overseas bank accounts controlled by the Castro brothers. Agent Otto, for example, confirms that Fidel Castro has his own foreign bank account network and that million of dollars of Cubalse and CIMEX revenues are regularly deposited into those accounts. Fidel Castro, he reports, has his own special bank accounts with *Banco Fiananciero Internacional* (BFI). The accounts belong to the Council of State, which is to say, Fidel Castro. Otto claims that several million dollars of Cubalse's income is always deposited in those accounts -the same goes for income generated by the Cimex Corporation.<sup>57</sup>

The matter of overseas bank accounts seems to go back a long time. General Rafael del Pino<sup>58</sup> describes a meeting in the late 1960's with Raúl Castro, Cuba's Head of the Armed Forces, when del Pino was in charge of Cubana de Aviación, Cuba's national airline. Raúl

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<sup>53</sup>As per reports by Manuel Beunza (M. Werlau, interview with M. de Beunza, op. cit.) and an anecdotal reference by Jordi Carrasco-Muñiz, Economic Advisor of the European Union to Cuba based in Havana. (Maria C. Werlau, Informal conversation with Jordi Carrasco-Muñiz, Miami, August 6, 2005.)

<sup>54</sup>Financing from European countries to Cuba amounted to US\$1.6 billion in 2004. (*Cuba Facts*, Issue 8 - February 2005, University of Miami, Institute for Cuban and Cuban-American Studies.)

<sup>55</sup>Cuba has a \$7.5 billion debt with the London and Paris Clubs (debtor country syndicates) of which \$2.5 billion consists of arrears (past due principal and accumulated interest), yet to be renegotiated. Many of those loans originated during the 1970's, when Cuba took advantage of a wave of bank lending. In 1986, Cuba declared a moratorium on its payments. Despite Cuba's large defaulted debt, many Western governments and institutions made additional short-term loans, mostly for trade, in the 1990s –many have also fallen into default. Today, Cuba has a huge debt per capita of approximately US\$3,000, an accumulated external hard currency debt of around US\$13.7 billion, held by of Western governments and commercial banks from Japan, Germany, Italy, France, Spain, United Kingdom, Canada, Argentina and Mexico. In addition it owes 25 billion rubles to the former Soviet Union, Romania, Hungary, and Poland and \$6.3 billion in unsatisfied property claims by U.S. citizens whose properties were confiscated in the early days of the Revolution. (Gabriel Fernández, "Cuba's hard currency debt," Cuba in Transition Vol. VI, Washington, DC: *Association for the Study of the Cuban Economy*, 1996, pp.44-53, <<http://lanic.utexas.edu/la/cb/cuba/asce/cuba6/11Gabfdez.fm.pdf>>; "Cuba's Foreign Debt," Fact Sheet, U.S. Department of State, Bureau of Western Hemisphere Affairs, Washington, DC, July 24, 2003, <<http://www.state.gov/p/wha/rls/fs/22743.htm>>; Jane Sutton, "Cuba probablemente no pagará toda su deuda externa: BID", Miami, *Reuters*, Agosto 7, 2003; Juan O. Tamayo, "Panama merchants pinched by Cuba's payment problems," *The Miami Herald*, Sep. 21, 2002; Dustin Guerra, "Panama: Empresas cubanas mantienen morosidad," *La Prensa*, Panama, Octubre 29, 2004; "Cuba has largest defaulted debt with Spain," Madrid, *Europa Press*, 11/5/03; Marc de Man (Gottlieb & Pearson, Montreal), "Enforcement of Cuban maritime debts in the Canadian courts," *The Maritime Advocate*, Issue 7, April 1999, <[www.maritimeadvocate.com/i7\\_debt.htm](http://www.maritimeadvocate.com/i7_debt.htm)>.)

<sup>56</sup>Cuba consistently obtains one of the lowest country ratings in the world, barely ahead of Sudan, and Haiti, in rankings by *Institutional Investor* and *Euromoney*.

<sup>57</sup>G. Fernández, op. cit.

<sup>58</sup>General Rafael del Pino is the highest-ranking member of the Cuban Armed Forces ever to defect. He began his career in Cuba's Air Force with Fidel Castro's assumption of power in 1959. In 1983 he became a Brigadier General and named Second in Command of Cuba's Air Force. In May 1987 he defected and escaped Cuba with his family.

instructed him to open a bank account in Zurich, Switzerland, to deposit all the funds received from foreign airlines in fees for air passage over Cuba. The accounts were opened in the name of Vilma Espín, Raúl's wife, and Rodolfo Fernández, the right hand man of Celia Sánchez, Fidel's longtime friend and confidant.<sup>59</sup> Del Pino reproduced in his biography a hand written note to him from Raúl Castro, dated May 9, 1968, referring to "the Swiss matter."<sup>60</sup>

To funnel monies to the foreign banks, complex evasion operations are undertaken to deliver cash through courier routes that, at least in the past, went through Moscow. One route is reported to have ended in accounts at Cantonal Bank in Geneva. Otto also reports that at the time of his defection a few years ago the Banco Financiero Internacional (BFI), a subsidiary of Promotora S.A. of Panama, was a key part of this system. Reportedly, the Office of the Secretary of Cuba's Council of State opened an office in Zurich under the name Financiera de Cubalse (Cubalse's Financial Institution), an entity that works with an office of Cantonal Bank in Geneva. In addition, large amounts of moneys are "transferred" from BFI to Financiera de Cubalse.

*Fidel's Hard Currency Fund.* Since the 1990's Fidel Castro is said to have a fund called "Fondo de Divisas del Comandante en Jefe," to which 15% of all hard currency revenues generated by Cubans overseas –trainers, artists, professionals, technicians, etc.- is deposited via a state agency or corporation called CubaTécnica. Cubans sent on internationalist missions abroad –doctors and other professionals sent to Third World countries- for which Cuba charges the receiving country in hard currency, are paid in local currency and guaranteed very basic, often substandard, living conditions.<sup>61</sup> In 2003 Cuba's Foreign Minister reported that nearly 3,000 doctors worked in rural areas in 21 countries -13 in Africa and 8 in Latin America.<sup>62</sup> Based on this data, just for doctors, approximately US\$8 million would be going into Castro's reserves.<sup>63</sup> The location of the accounts in which these funds are deposited is unknown, but it appears they are part of the overall network of "the Comandante's Reserves."

A story consistently repeated by several former high-ranking Cuban government officials is that in the 1980s Fidel Castro received suitcases full of hard currency as "gifts" for his birthday each August 13<sup>th</sup> -a practice that may continue, but has not been corroborated in recent years. The amounts varied from year to year. After his defection in 1987, Major Florentino Aspíllaga Lombard, a former high-ranking MININT (Ministry of the Interior) official, reported that each year, MININT agents stationed abroad would bestow on Fidel for his birthday with millions of dollars obtained from illicit businesses. The monies, he said, were deposited in Swiss bank accounts and were used to support favored guerilla movements internationally or bribe

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<sup>59</sup> R. del Pino, op.cit, p. 415-416.

<sup>60</sup> R. del Pino, op. cit., p. 166.

<sup>61</sup> E. Yañez, op. cit.

<sup>62</sup> Alina M. Lotti, "El bloqueo norteamericano contra Cuba no tiene futuro," Cuba, *Trabajadores Digital* – 1/5/2003.

<sup>63</sup> Calculated at the 15% rate for an averaged receipt of \$1,500 per month for 3,000 doctors. In 1999 The Dallas Morning News reported: "Contracts with host governments to earn the Castro regime between \$ 1,000 and \$ 2,000 a month per person. The workers themselves say they get small cash stipends, food and shelter and are closely watched to make sure they don't defect." This is consistent with many other reports from the island. (Todd Bensman, "Cuba uses humanitarian aid in fight for foothold in Africa; Expertise from doctors, educators fulfills need in developing countries," *The Dallas Morning News*, Sunday, May 9, 1999, p.14A.)

world leaders.<sup>64</sup> In 1985, he says, Castro received 3.7 million Cuban pesos and in 1986, he received US\$4.2 million.<sup>65</sup> Jesús Fernández reports that he witnessed at a birthday party for Castro in the 1980s when a prominent government official gave Castro a suitcase with US\$10 million.<sup>66</sup> Large amounts of cash are delivered to Castro at other times. Manuel de Beunza, who managed Cuban businesses in Canada, reports having on one occasion personally delivered US\$2 million to Fidel through his most trusted Assistant, “Chomy,” José Miyar Barruecos.<sup>67</sup>

Castro allegedly makes loans from his overseas “reserves” to the national economy to cover hard currency shortfalls at an interest of ten percent, regardless of the length of the loan.<sup>68</sup> In the 1980’s, Jesús Marzo Fernández was aware of transactions to cover oil imports as well as two specific transactions –for US\$20 million and US\$30 million respectively- to import foodstuffs, mostly cereals.<sup>69</sup> This, of course, represents a steady source of income to replenish Fidel’s reserves.

### Real estate

After 46 years in power many government insiders, foreign visitors, and average Cubans –former staff, acquaintances of children of the elite, etc.- have reported of multiple residences and recreational facilities in Cuba set aside for Fidel Castro and his family for their personal use. Fidel’s daughter, Alina,<sup>70</sup> mentions several “Protocol Houses” used for dignitaries and friends of Castro, information that is confirmed in accounts by other defectors.<sup>71</sup> The long list includes several yachts<sup>72</sup> and anywhere from 25 to 37 homes<sup>73</sup> all over the island –many are said to be

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<sup>64</sup> Aspillaga escaped from the Cuban embassy in Czechoslovakia to Vienna on June 8, 1987. (Georgie Anne Geyer, *Guerrilla Prince: The Untold Story of Fidel Castro*, 3<sup>rd</sup> revised edition (Kansas City: Andrews McMill Publishing, 200, p. 371; Rex A. Hudson, op. cit.)

<sup>65</sup> Rex A. Hudson, *Castro’s Americas Department: Coordinating Cuba’s Support for Marxist-Leninist Violence in the Americas* (Miami: The Cuban American National Foundation, 1987), <<http://www.latinamericanstudies.org/rex-hudson.htm>>.

<sup>66</sup> “The Comandante’s Reserves,” op. cit.

<sup>67</sup> M. Beunza, interview, op. cit.

<sup>68</sup> “The Comandante’s Reserves,” op. cit.

<sup>69</sup> According to Fernández, the loan requests were presented as the need arose to Minister Carlos Lage, who decided whether to pass on the request to Castro. Castro would then approve the term and interest rate of the loan.

<sup>69</sup> “The Comandante’s Reserves,” op. cit.

<sup>70</sup> Alina Fernández, *Alina: Memorias de la hija rebelde de Fidel Castro* (México: Plaza y Janés Editores, S.A., 1997). Alina fled Cuba in 1993 disguised as a Spanish tourist with a false Spanish passport.

<sup>71</sup> The Protocol Houses are known by numbers. Gabriel García Márquez, the Colombian Nobel in Literature who is an intimate friend of Fidel’s is said to have at his disposal during his visits to Cuba a chauffer-driven Mercedes Benz, and two or three suites at Havana’s best hotels, all courtesy of the Comandante. (Alina Fernández, *Alina: Memorias de la hija rebelde de Fidel Castro* (México: Plaza y Janés Editores, S.A., 1997, p. 174.). Alina fled Cuba in 1993 disguised as a Spanish tourist with a false Spanish passport.). Agent Otto reports García Márquez uses Protocol House Six. (G. Fernández/M.A. Menéndez, “El régimen cubano grabó la vida privada de artistas españoles,” *Nobel Gabriel García Márquez son algunos de los personajes espiaados*, Madrid, Diario 16, marzo 12, 2001). Former Cuban intelligence officer Manuel de Beunza reported he had seen Robert Vesco in House Number Four, which was given to him by Fidel. (Manuel de Beunza in PBS #910, op. cit.

<sup>72</sup> Manuel de Beunza, General Rafael del Pino, and other former insiders have reported on the yachts, citing names and guests who were entertained in them by Castro. (See M. Beunza, PBS, op. cit. Rafael del Pino, Proa, op. cit.)

<sup>73</sup> Roberto Ampuero, a Chilean formerly married to a member of Cuba’s nomenclatura, mentions 25 homes spread over the island. (R. Ampuero, op. cit.) Other sources list 37 homes.

used only occasionally for short rest periods during travels throughout the island or to entertain guests. These include a number of recreational residences at beaches and in the countryside, ranches, hunting grounds, specialized fishing and cattle reserves, a shrimp breeding facility, and luxurious underground bunkers outfitted with the latest technology.<sup>74</sup> Some have their own electric generation and water plants, sophisticated communications' command facilities, and enjoy amenities such as pools, tennis courts, runways, marinas, and even golf courses.

Among the overseas properties Castro is said to own are a castle in Austria,<sup>75</sup> and large ranches in Galicia, Spain, Monterrey, Mexico, and near New Delhi, India.<sup>76</sup> According to a former insider who had access to the information in the 1980s, those four properties were at the time considered the preferred safe havens in case Castro had to leave Cuba, as the leaders of those countries could be relied on to offer Castro personal protection.<sup>77</sup> Reportedly, properties have been also purchased in France, Sweden, Switzerland, Finland, Italy, Bahamas, Tanzania, and Egypt, and properties in Ecuador are said to be under the control of Raúl and his wife's family.<sup>78</sup> Different mechanisms are used to disguise the ownership –designating trustworthy people or foreign companies or individuals receiving compensation. Because the sources for this information have had access to the data at a given time period, it is impossible to ascertain which properties might presently be held by Castro.

#### Drug trafficking, criminal activities and money laundering

The involvement of high-ranking Cuban government officials in international drug trafficking under the orders or with the knowledge and acquiescence of the Castro brothers has been long known. Consistent reports abound from former regime insiders, members of Colombian and Mexican drug cartels, from intelligence officials of the former Soviet Union and its satellites, and from journalists, governments, and even world leaders –including the

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<sup>74</sup> Manuel de Beunza claims to have purchased in Canada all materials, furnishings, showers with water recycling mechanisms, generators, technical equipment and requirements to outfit one of Castro's bunkers. This particular bunker could house Fidel, 57 generals, and 100 more persons. (M. Werlau, interview with M. Beunza, op. cit.).

<sup>75</sup> According to Jesús Marzo Fernández, Castro bought the castle initially for his son "Fidelito" to use with his family, when he went to Vienna to serve as Executive Secretary of the Cuban Atomic Energy Commission in 1980, for a number of years. ("Fidelito" has used the cover name José Raúl Fernández for many years and is known by this name in Cuba.) At the time, Fernández was stationed at the Cuban Embassy in London, where top Cuban government representatives widely commented on the purchase, handled at the Embassy. A check was issued from an account under Castro's control at Havana International Bank (HAVIN Bank), Cuba's bank in London for an amount Fernández cannot exactly recollect, but puts between US\$13.9 and \$17 million. (Maria C. Werlau, telephone conversations with Jesús Marzo Fernández, 8/2005 and 10/10/2005). The author has had received other anecdotal reports of the existence of this castle, owned by Fidel Castro.

<sup>76</sup> The ranch in New Delhi was purchased the year before the Seventh Conference of Non-Aligned Nations in New Delhi, March 7-12, 1983, to afford Castro the required seclusion and security while attending the Conference. Plus, it was considered a favorable place to have as possible safe haven, in case Castro had to leave Cuba. After the Conference, a contingent of at least 50 Cubans remained to guard the property. Current information on the status of this property is unavailable at this time. (Maria C. Werlau, telephone conversation with Jesús Marzo Fernández, October 10, 2005.)

<sup>77</sup> Ibid. (It is unclear if Castro still owns these properties, as Mr. Fernández held posts in Cuba in which he had access to this information in the 1980s.)

<sup>78</sup> See, for example, the report by Movimiento Insurreccional Martiano, "La Fortuna de Castro, denuncia pública del MIM," op. cit.

Presidents of the United States and Colombia.<sup>79</sup> In fact, four high-ranking Cuban officials have been indicted in the United States on drug charges. In addition, there are plentiful reports of the links between Fidel Castro and Robert Vesco in money laundering and drug trafficking activities. Vesco, a fugitive from U.S. justice, lived in luxury and with the protection of the Cuban leader since 1980, but fell in disgrace in 1995 and was sentenced to thirteen years in prison, which he is serving on the island.<sup>80</sup>

Juan Antonio Rodríguez Mernier, a former Cuban Intelligence Mayor who obtained political asylum in the United States in 1987, has written about the drug trafficking and criminal activities with terrorist-guerrilla networks of Cuba's intelligence apparatus. He claims that in the 1970s the de la Guardia brothers, heavily into international terrorist, subversive, and criminal activities, convinced then Interior Minister Abrahantes to persuade Fidel of the benefits of cooperating with international drug traffickers. Fidel's approval was won with the argument that it would not only weaken the United States, but also bring in funds for international subversive activities and hard currency for Cuba.<sup>81</sup> Rodríguez Mernier relates that drug trafficking became a substantial source of hard currency revenue for Fidel Castro.<sup>82</sup> Major Florentino Aspillaga explains that millions of dollars in cash delivered by Cuban intelligence agents to Castro were to be deposited in his Swiss bank accounts "in order to finance liberation movements."<sup>83</sup>

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<sup>79</sup>A full list of bibliographic sources is not possible here, but a sample includes: Santiago Botello and Mauricio Angulo, *Conexión Habana: Una peligrosa infiltración en las mafias cubanas* (Madrid: Ediciones Temas de Hoy, S.A., 2005); José Friedl Zapata, *El gran engaño: Fidel Castro y su íntima relación con el narcotráfico internacional* (Buenos Aires: Editorial Santiago Apóstol, 2005); Juan F. Benemelis, *Las guerras secretas de Fidel Castro* (Miami: GAD, 2003), particularly chapters 24, 25 and 26; Rachel Ehrenfeld, *Narco-Terrorism and the Cuban Connection* (Miami: Cuban American National Foundation); Brian Freemantle, Chapter 19: "Cuba, Castro and Coke," (pp. 255-266), in *The Fix: Inside the World Drug Trade* (New York: Tom Doherty Associates, Inc., 1987); Joseph D. Douglass, Jr., *Red Cocaine: The Drugging of America* (Atlanta: Clarion House, 1990) - See Chapter 19: "Cuba and the rise of narcoterrorism" (pp. 91-105) and many other references to Cuba throughout the book.; a number of incisive articles in *El Nuevo Herald* by its reporter Gerardo Reyes (See Archives at [www.elherald.com](http://www.elherald.com)); *PBS #910: Cuba and Cocaine*, Original Air Date: February 5, 1991, by Stephanie Tepper and William Cran <[www.pbs.org/wgbh/pages/frontline/shows/drugs/archive/cubaandcocaine.html](http://www.pbs.org/wgbh/pages/frontline/shows/drugs/archive/cubaandcocaine.html)>. Jorge Masetti provides details of drug trafficking activities in pages 69-73 of his book *In the Pirate's Den*, (San Francisco: Encounter Books, 1993). N. Fuentes, *Narcotráfico*, op. cit.

<sup>80</sup> Robert Vesco is wanted in the U.S. for stealing \$224 million from Investors Overseas Services, a Geneva-based investment fund and making an illegal \$200,000 contribution to President Nixon's 1972 re-election campaign. In 1972, he fled the U.S. to avoid numerous racketeering charges and lived in several countries until finding his way to Cuba in 1982. There, Vesco enjoyed the personal protection of Fidel Castro and under his patronage, became the high financier of several of the region's dictators and the island's criminal elite. For these activities, he was indicted by a U.S. grand jury in 1984 for cocaine trafficking and, in 1989, for conspiring with the leader of a Colombian drug ring to smuggle narcotics. In 1995, Vesco fell in disgrace with his Cuban hosts for trying to cheat Castro allegedly by marketing a new "miracle" drug against cancer and arthritis behind his back. He was sentenced to 13 years in prison for "fraud and illicit economic activity." The U.S. government has issued repeated requests to Cuba to return Vesco to face U.S. justice. There is a large bibliography of media reports on this matter. First hand accounts of Vesco's activities in Cuba and his friendship with Castro can be seen in Masetti, p. 127; Fuentes, *Narcotráfico*, op. cit., pp. 97, 101, 114, 116, 146, 179, 180; and M. Werlau, interview with M. Beunza, op. cit. Also see Maria C. Werlau, "Cuba: Safe Haven for Fugitives and Hotbed for Terrorists," Chapter 4 (pp. 61-83) in Adolfo Leyva, ed., *Cuba: Assessing the Threat to U.S. Security* (Miami: The Endowment for Cuban American Studies, 2001).

<sup>81</sup> J.A. Rodríguez Mernier, op.cit, pp. 78, 99.

<sup>82</sup> Ibid, p. 99. (Translated from Spanish.)

<sup>83</sup> G. A. Geyer, *Guerrilla Prince*, op. cit., p. 371.

Cuban Air Force Brigadier General Rafael del Pino, the highest-ranking defector from Cuba's Armed Forces, describes how during his command small planes carrying drugs were systematically and in large numbers given free reign of Cuban airspace.<sup>84</sup> Del Pino also provides details on how Cuban radar and air-traffic control installations make it impossible for such missions to fly undetected.<sup>85</sup> For his part, former Cuban Intelligence Major Florentino Aspillaga also confirms the long-term personal involvement of the Castro brothers in the drug trade. Just like the others, he explains that it would be impossible for these operations to be carried out without the personal approval of Fidel.<sup>86</sup>

Cuba has been a sort of clearinghouse for international terrorist and subversive activities, for which Castro seems to have considerable funding discretion. Subversive groups from Latin America and the Middle East have routinely delivered funds for Castro's reserves with the proceeds of bank robberies, kidnappings, robberies, contraband, and other criminal activities that Cuba has planned, coordinated or in which Cuba had some participation.<sup>87</sup> These, together with operations to eliminate opponents overseas by way of assassination, were carried out under the command of twins Antonio and Patricio de la Guardia, first by the MC Department and, subsequently, by the M-Z departments of the latter CIMEX.<sup>88</sup>

Norberto Fuentes, the Revolution's former author and a member of the Castro brother's inner circle, has provided a wealth of information on drug, money laundering, robberies perpetrated by Cuban agents or coordinated by Cuba with full knowledge and direction from Fidel Castro.<sup>89</sup> He gives ample detail on the criminal activities of terrorist groups that have netted Cuba millions of dollars to sustain the Castro regime and finance international terrorism, subversion, and "liberation movements." According to Fuentes, an operation conducted with the Democratic Front for the Liberation of Palestine resulted in booty of one billion dollar from bank robberies in Lebanon during the 1975-76 civil war there.<sup>90</sup> Cuban agents Alfredo Sugve del

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<sup>84</sup> R. del Pino, op. cit., pp. 426-431. (General del Pino was directly responsible from 1976 to 1986 for the planning, organization, and use of Cuba's airspace. As per the laws and regulations on the books, the Ministry of the Armed Forces has absolute control of all daily activities in Cuban airspace. Del Pino describes how he personally came to understand, beginning in 1982, that orders from the highest command within Cuba's Armed Forces had been issued to not intercept flights by drug traffickers in Cuban airspace.)

<sup>85</sup> General del Pino, op. cit. See Epilogue, "Fidel Castro y el Narcotráfico," op. cit., pp. 383-432.

<sup>86</sup> Joseph D. Douglass, Jr., *Drug War on the West*, The New American, April 10, 2000, <[http://www.stoptheftaa.org/artman/publish/article\\_81.shtml](http://www.stoptheftaa.org/artman/publish/article_81.shtml)>.

<sup>87</sup> In the past, Manuel Piñero (alias "Barbarroja") head of Cuba's former subversive arm for the hemisphere - the Americas Department- received the funds, over which Fidel Castro had discretion. (Alarcón Ramírez, op. cit., p. 276. Other such accounts appear in R. Hudson, op. cit. and J. Benemelis, op. cit., and J. Masetti, op. cit.)

<sup>88</sup> See, among others, J.A. Rodríguez, op. cit., p. 99; R. del Pino, op. cit., p.419 and 428. Norberto Fuentes' two biographical accounts, op. cit., Jorge Masetti, op. cit., and Daniel Alarcón Ramírez, op. cit., are packed with examples.

<sup>89</sup> See Norberto Fuentes, *Dulces Guerreros Cubanos*, op. cit., and *Narcotráfico y tareas revolucionarias: el concepto cubano* (Ediciones Universal: Miami, 2002).

<sup>90</sup> N. Fuentes, *Narcotráfico*, p. 92. (During the Lebanese War, the Palestinians gained effective control of Bank Street, setting the stage for what is considered the biggest bank robbery in modern history. General looting of the banks was followed by failed attempts to dynamite the vaults; subsequently, the Palestinians brought in professional safecrackers from Europe. Eleven banks were robbed. Saiqa, the pro Syrian wing of the PLO was implicated in the Banca di Roma thefts and the Marxist Democratic Front for the Liberation of Palestine was deemed responsible for the theft of the BBME. At one point, a firefight broke out between the two factions as Saiqa tried to steal the DFLP loot. <[www.cedarland.org/war.html](http://www.cedarland.org/war.html) and [www.1stbusinesslebanon.com/civilwar/civil.html](http://www.1stbusinesslebanon.com/civilwar/civil.html)>.

Rosario and Filiberto Catiñeiras (known as “Felo”) headed the small Cuban team that transported the treasure to Cuba –gold bars, jewelry, gems, and museum pieces. The fortune was dispatched in diplomatic pouches, each carried by two Cuban agents during 28 successive days via air Beirut-Moscow-Havana. Castro personally greeted Sugve and Catiñeiras upon their arrival on the last flight of the transfer, declaring them “heroes.” Fuentes reports that the treasure was displayed in eleven tables set up inside vaults, where Castro took members of the Political Bureau for viewings. The whereabouts of the treasure are unknown.<sup>91</sup>

Jorge Masetti’s compelling autobiography describes his participation in drug trafficking, counterfeiting, kidnappings, bank robberies, and other criminal and terrorist operations in Latin America on Cuba’s behalf under Manuel Piñeiro and the Americas Department.<sup>92</sup> Among many accounts, Masetti describes Cuba’s role in a Puerto Rican terrorist group’s bank robbery in Connecticut and the delivery of the booty to Cuba.<sup>93</sup> Likewise, former Interior Ministry Colonel Filiberto Catiñeiras, “Felo,” was involved in the transfer to Cuba of US\$46 million of ransom obtained by the Argentine terrorist group Montoneros for the release of two brothers of a very wealthy family, Juan and Jorge Born.<sup>94</sup> He reports that Cuban agents were ordered to launder the ransom, which was later deposited in banks of the former Czechoslovakia.<sup>95</sup> He also tells of having taken “Pepe” (Mario) Firmenich, leader of the Montoneros, to meet Yasser Arafat in Lebanon.<sup>96</sup>

Castro’s efforts to diffuse mounting evidence of his involvement in drug trafficking is said to be behind what is known as “the Ochoa affair.” By many accounts, the 1989 internal purge was unleashed by the Castro brothers on high-ranking members of the regime to conveniently use them as scapegoats at a time when the U.S. had irrefutable evidence of Cuba’s role in the drug trade. Decorated Cuban General Arnaldo Ochoa, the de la Guardia brothers, Interior Minister Abrahantes, and many top government officials at the Interior Ministry and Armed Forces were executed or imprisoned for alleged drug trafficking and embezzlement of state funds. Reportedly, Castro had found an expedient way to deflect responsibility because Ochoa, who was very popular, and the others had become too cocky and empowered and were grumbling for perestroika and glasnost following the reforms in the former Soviet Union.<sup>97</sup> Yet,

<sup>91</sup> Fuentes, *Narcotráfico*, op. cit., p. 92.<sup>91</sup> “Felo,” was an Interior Ministry Colonel with 25 years of service when, as an underling of Interior Minister Abrahantes, he fell in disgrace during the 1989 Ochoa affair/purge. He served a year of prison and in 1993 he fled Cuba by boat with his family. He lives in hiding in Miami under death threats from Cuba.

<sup>92</sup> Jorge Masetti, *In the Pirate’s Den: My Life as a Secret Agent for Castro* (San Francisco: Encounter Books, 1993). Masetti, Argentine-born, became a revolutionary and international terrorist under Cuba’s tutelage. He married the daughter of top Cuban Intelligence agent Antonio de la Guardia. When the family fell in disgrace and Antonio was executed during the Ochoa affair, he and his wife Ileana were allowed to go into exile in France.

<sup>93</sup> J. Masetti, op. cit., pp. 75-77.

<sup>94</sup> Other accounts of the kidnapping appear in Fuentes, *Narcotráfico*, p. 89 and Mario Diamant, “La historia secreta del botín de los Montoneros, obtenidos con terrorismo, atracos y secuestros,” Miami, 1996 <<http://www.cubaeuropa.com/historia/Articulos/Montoneros.htm>>.

<sup>95</sup> M. Daminet, op. cit.

<sup>96</sup> M. Diamant, op. cit. Diamant reports Felo’s name as Filiberto Castañerías, whereas Fuentes reports his last name as Catiñeiras.

<sup>97</sup> See detailed accounts in Andrés Oppenheimer, *Castro’s Final Hour* (New York: Touchstone, Simon & Shuster, 1993), in Rafael del Pino, op. cit., pps.383-432, and in J. Friedl Zapata, op.cit, pp. 131-192.

defectors consistently report that Fidel and Raul were the ones directing the drug trade. Ileana de la Guardia testified before the U.S. Congress in 1999 that her father -Tony de la Guardia, who was executed- had told her that Fidel Castro had several bank accounts to which proceeds of drug trafficking operations were sent.<sup>98</sup>

Money-laundering comes up repeatedly in the accounts of former regime insiders. Jesús Marzo Fernández sustains that the business enterprises under Castro's control, aside from providing him revenues, also serve to launder drug money.<sup>99</sup> Rodríguez Mernier relates how former Panamanian strongman, Manuel Noriega, would meet with Castro to discuss money-laundering solutions for drug monies.<sup>100</sup> Manuel de Beunza claims that monies obtained by Cuba from drug trafficking were laundered through Swiss banks by way of delivering old U.S. dollar bills in exchange for credits to bank accounts held by Cuba.<sup>101</sup> Former agent Otto claims that there were people in the Intelligence Department of the Interior Ministry specifically responsible for delivering money in cash overseas. Cuban Intelligence, he asserts, "uses its own diplomatic courier system for this and other deliveries. The couriers don't even know what is in the suitcases—they are sealed."<sup>102</sup>

The money-laundering question was recently fueled by a May 2004 US \$100 million fine imposed on UBS -Union of Banques Suisses Investment Bank- of Switzerland by the New York Federal Reserve. The fine was announced in conjunction with the Swiss Federal Banking Commission and was imposed for violating the terms of an agreement to act as repository of U.S. banknotes, as per the Extended Custodial Inventory Program (ECIP)). This program allowed foreign and U.S.-owned banks that contracted with the New York Federal Reserve Bank to be repositories of large inventories of new U.S. bank notes in order to remove old bills in circulation. UBS had been caught buying and selling U.S. dollars to countries under U.S. sanctions – Iran, Libya, Yugoslavia, and Cuba- and filing fraudulent reports to conceal this activity.<sup>103</sup> The transactions with Cuba, totaling US\$3.9 billion over a period of seven years,

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<sup>98</sup> J.A. Friedl, op. cit., p. 197. (Ileana de la Guardia's testimony was given at a Hearing at the U.S. House of Representatives, Subcommittee on Government Reform, November 17, 1999.)

<sup>99</sup> The Comandante's Reserves, op. cit.

<sup>100</sup> J.A. Rodríguez Mernier, op. cit., p. 79. (Noriega was removed in a U.S. military operation in 1989, extradited to the United States to stand trial on drug trafficking charges, and sentenced to 40 years of prison, which he is serving in the U.S.)

<sup>101</sup> M. Beunza, interview, op. cit.

<sup>102</sup> G. Fernández, op. cit. (Translated from Spanish.) (Agent Otto confirmed that the Castro brothers have Swiss bank accounts and disclosed that he personally delivered suitcases with money to individuals abroad. He clarifies, however, that money delivery was not part of his duties.)

<sup>103</sup> In response to the widespread counterfeiting of U.S. banknotes, particularly in the \$100 denomination, and to ensure the global availability of fresh currency and the removal from circulation of old, worn-out bills, in 1996 the U.S. Government issued newly-designed banknotes, and the Federal Reserve Bank began a program called the Extended Custodial Inventory Program (ECIP). Under the ECIP, both foreign and U.S.-owned banks contracted with the New York Fed to be repositories of large inventories of new U.S. bank notes. Each repository may hold up to \$100-\$200 million in U.S. banknotes and would essentially provide vault services, where U.S. banknotes are physically stored until placed into circulation. When U.S. forces entered Baghdad in April 2003 and proceeded to search the presidential palaces, they discovered millions of dollars in U.S. currency, much of it in \$100 banknotes, neatly wrapped in plastic and bearing the markings of the Federal Reserve Banks of New York, Boston, and Philadelphia. Iraq, however, was under the tightest U.S. sanctions at the time and no fresh U.S. currency should have been there, especially in the quantities and qualities discovered. The New York Federal Reserve Bank began an investigation into how the currency got to Iraq. Subsequent investigations involving the Fed and the Swiss

were by the largest by far. In essence, UBS had knowingly been accepting old dollar bills from Cuba and, instead of exchanging them for new bills, as required, had been crediting accounts held by Cuba or unnamed sources from Cuba and filing phony reports. Importantly, UBS has refused to publicly reveal in whose name were the accounts controlled by Cuba, alleging “client confidentiality.”<sup>104</sup> This is strange, as the obvious holders of such accounts would be official entities of the Cuban government -the Cuban Central Bank the most logical one.

A respected economist and expert in Cuban affairs, Ernesto Betancourt, states that "Cuba cannot justify 600 or 700 million dollars annually in cash through tourism income. The tourists - Canadians, Europeans and Latin Americans- buy their travel packages with credit cards at travel agencies."<sup>105</sup> As a result, the largest portion of this income cannot be cash. Remittances from abroad would also be insufficient to explain the large volume of cash. That money is usually sent via wire transfers, not paper money, and only a portion of remittances is carried into Cuba as cash in violation of U.S. embargo limits. In addition, total remittances are estimated between US\$450 million and \$800 million annually and are mostly absorbed into the economy by way of the Tiendas de Recuperación de Divisas, state-owned stores that sell goods only in dollars. A large percentage of the recovered dollars would be used to purchase imports and would be reflected in official Balance of Payment accounts.

In October 2004 the Financial Action Task Force,<sup>106</sup> an intergovernmental policy-making body whose purpose is to combat money laundering and financing of terrorism, passed a new

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Banking Commission turned up evidence that the UBS Investment Bank's Zurich branch had engaged in U.S. banknote transactions with Iran (about \$450 million), Libya (about \$30 million), Yugoslavia (less than \$1 million), and Cuba (about \$3.9 billion). The Cuban transactions involved exchanges of currency for dollar credits. The UBS/Zurich ECI contract was terminated for breach on October 28, 2003. On May 10, 2004, the Federal Reserve Bank issued an Order of Assessment of a Civil Money Penalty in the amount of \$100 million against UBS. UBS was able to violate the terms of its contract for seven or eight years by filing fraudulent reports with the Federal Reserve Bank regarding the illicit transactions with the four sanctioned countries. UBS, however, apparently maintained accurate internal records, specifying the countries to which it had sold U.S. currency, including those from whom it was contractually prohibited from doing ECIP-related business. The Swiss Federal Banking Commission issued a formal public reprimand to the largest bank in Switzerland. UBS staff said to be involved in the banknote transactions lost their jobs and UBS paid the civil penalty fine. The UBS business franchise ceased to exist. (Senate 108-752, Oversight of the Extended Custodial Inventory Program, Hearing before the Committee on Banking, Housing and Urban Affairs, May 20, 2004; and Background materials of the U.S. Senate Banking Committee Staff in preparation for the hearing, May 19, 2004.)

<sup>104</sup> Presumably, it did so for the purposes of the investigation that ended in the fine. OFAC prepared a report, which has not been made public.

<sup>105</sup> Mary Anastasia O'Grady, “Castro's Scheme To Shake Down The Miami Cubans”, *The Wall Street Journal*, The Americas section, November 12, 2004, P.A13. Also see: Ernesto Betancourt, “Cuba lavó US\$ 3,900 millones en banco suizo,” *El Nuevo Herald*, junio 5, 2004. Ernesto Betancourt, “Más sobre el escándalo del lavado de dinero,” *El Nuevo Herald*, julio 17, 2004. Ernesto F. Betancourt, ¿Se acabó el lavado de dinero?, *El Nuevo Herald*, 2 de abril de 2005.

<sup>106</sup> The Financial Action Task Force (FATF) is an inter-governmental body with headquarters in Paris. In existence since 1989, its purpose is the development and promotion of policies, both at national and international levels, to combat money laundering and terrorist financing. Established by the G-7 Summit that was held in Paris in 1989, it is a "policy-making body" which works to generate the necessary political will to bring about national legislative and regulatory reforms in these areas. The FATF monitors members' progress in implementing necessary measures, reviews money laundering and terrorist financing techniques and counter-measures, and promotes the adoption and implementation of appropriate measures globally. In performing these activities, the FATF collaborates with other international bodies involved in combating money laundering and the financing of terrorism.

measure, Special Recommendation IX, that further tightened already important and binding regulations to stop cross-border movements of currency and monetary instruments related to terrorist financing and money laundering and to confiscate such funds. The Resolution also called for enhanced information sharing between countries on the movement of illicit cash.<sup>107</sup> Just one day later, Cuba's Central Bank issued Resolution No. 80 to end the free circulation of dollars on the island.<sup>108</sup> As of November 8, 2004, the convertible Cuban peso, the Cuban currency that circulates internally and trades at par with the dollar, was to be used for domestic operations and euros and other hard currency were to replace the dollar in foreign exchange operations. All entities in Cuba accepting payment in dollars would only accept the convertible peso and a ten percent surcharge would be levied on the purchase of convertible pesos using U.S. dollars (surcharge that would not be imposed on the purchase of convertible pesos with other currencies).<sup>109</sup>

As per the Cuban government resolution, the move came in response to new measures dictated by the U.S. government "directed at systematically hindering the flow of Cuba's external finances, which would provoke grave damage and serious risks for our country. As part of this policy, the Bush administration has intensified pressure and threats on foreign banks to prevent the island from making deposits abroad..."<sup>110</sup> The Cuban regime's reaction seemed extreme. Both Castro and Cuba's Central Bank President denied accusations of money laundering as "colossal lies" that are "part of the U.S. imperialist campaign against Cuba."<sup>111</sup> Castro declared that the measures were the response to the "acts of banditry of the empire"<sup>112</sup> and vented with particular anger in long public ratings on Cuban TV.<sup>113</sup>

### ***What does the Comandante do with his reserves?***

Fidel rules over one of the poorest countries in the world, yet he could well be, as a Cuba scholar suggests, the most powerful world leader in terms of the discretion and lack of oversight over his financial decisions.<sup>114</sup> He can do what not even the political leaders of wealthy and

Cuba is not a member. Member states must commit to implement the FATF Recommendations and effectively criminalise money laundering and terrorist financing, make it mandatory for financial institutions to identify their customers, to keep customer records and to report suspicious transactions, and establish effective mechanisms to assess its compliance with several key FATF Recommendations. (See FAFT website at <http://www.fatf-gafi.org>).

<sup>107</sup> FAFT website, News, < <http://www.fatf-gafi.org/dataoecd/8/5/34301987.pdf>>

<sup>108</sup> "Cuba Moves to Stop Trade in U.S. Dollars," Associated Press, October 25, 2004. See text of Resolution 80-2004, announced October 23, 2004, by Francisco Soberón Valdés, President of the Central Bank of Cuba, in *Granma Internacional Digital*, Havana, October 26, 2004, <<http://www.granma.cu/ingles/2004/octubre/mart26/44resol-i.html>>.

<sup>109</sup> Anthony Boadle, "Cuba to end circulation of U.S. dollar Nov. 8," October 25, 2004 (Foreign bankers in Havana said this created serious problems for Cuba to deposit its dollars abroad and renew bills in circulation.)

<sup>110</sup> "Nothing and nobody can intimidate or threaten us: Fidel affirms that the country needed to act urgently in the face of the latest imperialist action in the field of finance," *Granma Internacional Digital*, Havana, October 26, 2004.

<sup>111</sup> Ibid; "Castro califica de colosal mentira que Cuba lave dinero," *Todito*, México, October 26, 2004.

<sup>112</sup> "Crítica las 'acciones bandisescas' de EEUU," EFE, 26 de Octubre de 2004.

<sup>113</sup> "Respuesta a una amenaza real por una criminal medida del gobierno de Estados Unidos," Mensaje del Comandante en Jefe Fidel Castro Ruz, leído en la Mesa Redonda Informativa sobre las nuevas agresiones económicas del Gobierno norteamericano y la respuesta cubana, efectuada el 25 de octubre de 2004, "Año del 45 aniversario del triunfo de la Revolución."

<sup>114</sup> E. Yañez, op. cit.

powerful countries or the CEO's of the world's richest companies are able to. On his sole command, he can give away houses, cars, and luxury goods to the Cuban ruling elite, donate hospitals, airports, manufacturing plants, sugar mills,<sup>115</sup> vaccines, and humanitarian assistance to other countries, provide scholarships to thousands of students from around the world to study in Cuba,<sup>116</sup> or offer medical treatment -all expenses paid- to people from all over the world.<sup>117</sup> He is able to do all this without audits or accountability, regardless of any budgetary or fiscal considerations, beyond the constraints of any laws, and mostly outside the realm of national accounts.

Historical examples abound of Cuba's financing and support of international terrorism, subversion, and liberation movements.<sup>118</sup> Propaganda and public relations, including bribing world leaders, has long been a priority for Castro –one that helps explain the regime's disproportionate international influence.<sup>119</sup> Historically, a huge amount of resources has been spent on swaying international public opinion to further Castro's political goals<sup>120</sup> and cultivating the support of influential international figures in all fields.

<sup>115</sup> General del Pino relates how Castro, in a moment of impulsivity during a trip to Nicaragua, donated a US\$40 million sugar mill, built by Cuba, to Nicaragua. (G. del Pino, op. cit., p. 407.)

<sup>116</sup> In 2003 Cuba's Foreign Minister Felipe Pérez Roque reported that at the time 13,000 youngsters from 100 different countries were studying in Cuba, 8,000 of those in Medical School. (A. M. Lotti, op. cit.) Most, if not all, are understood to enjoy scholarships from the Cuban government. In 2002, for example, Cuban media reported that Cuba gave 11,366 scholarships to foreigners to study on the island and that a year of study for each medical student cost between US \$7 to \$9 thousand. (Yolanda Martínez, "Abre Cuba puerta a mexicanos," Cuba, *Mural*, 2 de febrero 2004.)

<sup>117</sup> One case personally known to the author was that of the young son of a prominent Chilean right-wing politician, Andrés Allamand, who had been brain damaged from near drowning in the family's pool. Cuban specialists were sent to Chile to evaluate and treat child. Then, he and members of his family were flown to Cuba, where he was treated for some time, returning to Chile with a staff of dedicated Cuban medical personnel. Allegedly, most if not all, of the expenses related to this case were covered by the Cuban government. This account was related to the author by several close friends of the Allamand family.

<sup>118</sup> Juan Benemelis' excellent compendium is a primer on this issue, op. cit. Benemelis is a former Cuban intelligence officer. Masetti, Alarcón Ramírez and other former insiders relate many insightful anecdotes on this matter. Manuel de Beunza, for example, reports having traveled with his then boss Antonio de la Guardia to Lebanon with several steel suitcases containing US\$25 million for Yasser Arafat, which they handed to him personally. (M. Werlau, interview with M. Beunza, op. cit.) In his memoir, General Rafael del Pino describes how in 1980 Fidel Castro on a whim immediately approved a US\$60 million budget for the construction of a large air base in Nicaragua, in Punta Huetes, approximately 20 miles from Managua. (R. del Pino, *Proa a la libertad*, op.cit, p. 253).

<sup>119</sup> For example, Cuba, a country of eleven million and the second lowest GDP per capita in the Western Hemisphere after Haiti, maintains a huge presence at international organizations. Its Mission to the United Nations in New York -one of the costliest cities in the world- exceeds most countries in number of diplomatic representatives, including the likes of China, Russia, France, Brazil.

<sup>120</sup> For example, Castro places enormous attention on promoting the idea that Cuba is a world leader in education and health and spends huge resources on conveying this message worldwide. General Rafael del Pino explains that Castro believes that anyone who had been given free education of medical attention will become an ally or at least never be an enemy. (R.del Pino, *Proa a la libertad*, op. cit. p. 250). As a result, Fidel spends countless millions delivering medical assistance globally in the form of vaccines and other resources, hosting many foreigners in Cuba for medical attention at no cost to them, and giving scholarships for foreigners to study Medicine in exclusive universities on the island not available to Cubans. ("Cuba envía brigada médica a Colombia por terremoto," Reuters, La Habana, Febrero 12, 1999. Anita Snow, "Chernobyl victims get help in Cuba," *The Associated Press*, May 27, 1999; Todd Bensman, *The Dallas Morning News*, op. cit.)

Huge sums are also involved in Castro's personal security and travels inside Cuba, although specifics regarding how this is funded are lacking from defectors and remain unclear by looking at Cuba's financial statistics.<sup>121</sup> The cost of his foreign travels is enormous. Castro's former bodyguard reported that 200 bodyguards and a medical team accompany Castro on his trips abroad.<sup>122 / 123</sup> Likewise, there seems to be no limit to the resources available to Fidel Castro, whether for his pet projects or his personal security and enjoyment. Although top members of the *nomenklatura* enjoy privileges unavailable to the population,<sup>124</sup> the lifestyle of Fidel and Raul's families and their access to all sorts of goods and services inaccessible to the Cuban population is unrivaled. Yet, they together with the highest members of the government elite have strict orders to avoid appearing ostentatious and to stay out of the limelight.<sup>125</sup> Rampant excess by former insiders such as former Minister of the Interior Jose Abrahantes and the de la Guardia brothers, was widely reported in the seventies and eighties, and was tied to activities at the MC Department and the initial CIMEX.<sup>126</sup> But, after they were purged, the most outlandish practices at the top of the power ladder have apparently been greatly curtailed.

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<sup>121</sup>A former member of Castro's security detail, second in command of an elite anti-terrorism and anti-kidnapping military unit, reported in 1999 that his group was one of several within a security entourage of about 1,000 men protecting Castro. (Ana Aclé, "Ex-Castro bodyguard describes Fidel's fear," *The Miami Herald*, June 15, 1999.)

<sup>122</sup> "Four decades of watching the back of Cuba's 'El Jefe'," Havana, *CNN*, Associated Press, January 7, 2002, <<http://www.latinamericanstudies.org/fidel/watching.htm>>. Betancourt alleges that his security group was one of several within a security entourage of about 1,000 men who protect Castro.

<sup>123</sup>During a 16-hour layover in Brasilia on his way back from South Africa, Brazilian hotel executives reported that Castro occupied the presidential suite of the deluxe Naoum hotel at a daily rate of \$1,560. An entourage of 89 occupied 45 rooms. Although the dollar has a move favorable exchange rate to Brazil's currency, the bill for the one-day stay totaled almost US\$20,000. ("Castro regresa a la isla tras hacer escala en Brasilia," Brasilia: *Associated Press*, in *El Nuevo Herald*, 4 de septiembre de 2001.) A stopover in Vancouver, Canada, on his way back to Havana from an eleven-day trip to Asia was reported by the Canadian press to require refueling for the three planes in which Fidel brought his 175-member delegation. (Derrick Penner, "Take care of the salmon,' Castro advises during Vancouver stopover," *The Vancouver Sun*, March 5, 2003.)

<sup>124</sup> Roberto Ampuero, a Chilean revolutionary who in the 1970's married the daughter of Cuba's Attorney General Ulises Cienfuegos, depicts the privileged lifestyle of a select few in Castro's inner circle. First arriving in Cuba for his wedding, his bride's wedding gown had been purchased in Paris by the Cuban Ambassador to France. At the wedding, guests from Cuba's elite delivered a small fortune in envelopes full of cash. Ampuero soon became disaffected with the Cuban Revolution as he witnessed rampant corruption by the Cuban political elite living in the mansions of those who had fled the country, with servants, drivers, and plentiful access to food and all sorts of consumer goods while the Cuban population was under strict food rationing and material deprivation. (R. Ampuero, op. cit.); Alina Fernández, *Alina: Memorias de la hija rebelde de Fidel Castro* (México: Plaza y Janés Editores, S.A., 1997). Alina fled Cuba in 1993 disguised as a Spanish tourist with a false Spanish passport.

<sup>125</sup> Juan O. Tamayo, *The Miami Herald*, October 8, 2000.

<sup>126</sup> According to Rodríguez Mernier, Abrahantes is said to have stationed a Secret Police Mayor with his family in China just to provide him with shrimp, one in Mexico to provide his with Chesterfield and Camel cigarettes, and one in Paris to deliver all sorts of cosmetics and perfumes. Fidel Castro not only allowed this, but took advantage of it, partaking from Abrahantes "small reserve" to send gifts to diplomats, high-ranking government officials and for his own personal use. Fidel would send Colonel Cesareo by car to the secret and heavily guarded warehouse in Siboney. (J.A. Rodríguez Mernier, op. cit., p. 277-278.) According to "Benigno," in the eighties, then Minister of the Interior Abrahantes and the de la Guardia brothers, had large discretion over hard currency funds generated through the MC (Moneda Convertible) Department of the Interior Ministry, which controlled diverse hard currency financial operations worldwide through a web of foreign companies. Its activities were diversified into circumventing the U.S. embargo, guaranteeing access to all American and high-quality goods available in overseas markets for Castro and the ruling elite, selling overseas art and luxury goods kept from people who fled the country, and undertaking drug trafficking, money laundering, counterfeiting, contraband, and all sorts of illicit operations.

### *Keeping things under control*

The business conglomerates are all managed by the Castro brothers, within their family or by their most trusted people. CIMEX's President, for example, is Eduardo Bencomo Zurdos, a doctor who took care of Fidel Castro for years and is considered a very loyal personal friend.<sup>127</sup> Generally, only high-ranking military and intelligence officers are put in charge of business operations. CIMEX officers are recruited from the Armed Forces or the Ministry of the Interior and the Communist Youth Union and must be recommended by at least three individuals considered by the government as deserving of the highest degree of trust.<sup>128</sup> This not only bolsters the Castro brothers' discretion over operation and funds, but also guarantees regime survival by providing its most dependable soldiers access to the lucrative aspects of its capitalistic forays and alleviating problems of morale and conflict within the military and cementing loyalty. It also guarantees a source of funding for its Armed Forces after the end of Soviet assistance. In words of one analyst, "the regime has assured their loyalty, institutional economic self-sufficiency and a direct link between their economic wellbeing and the survival of the Revolution."<sup>129</sup>

Closing the circle, to guarantee Fidel Castro's personal command over all decisions in the country, is the "Equipo de Coordinación y Apoyo al Comandante en Jefe," designated by the C.I.A. as the "Coordination and Support Staff", or "GCA." The GCA is a parallel structure of government composed of six carefully chosen individuals<sup>130</sup> charged with implementing and executing Fidel Castro's wishes and directives. It skirts the institutional structures of government and overrides all other decisions, including those of government ministers. According to Carlos Cajaraville, a former intelligence officer, "The group was the direct thread between the different economic sectors and the Comandante."<sup>131</sup>

To keep things in check, Cuba has a gigantic internal repressive apparatus that is said to cost hundreds of millions of dollars.<sup>132</sup> The police state at Castro's command has perfected a

Abrahantes managed all of Castro's personal luxury goods, including a cognac-making facility in the Isles of Youth that ships out the bottles in wooden boxes labeled "Gift from the Council of State. Fidel Castro," a separate cigar rolling facility in Cubanacán, with the best tobacco rollers in the country for his own brand "Laguito," a climate controlled warehouse for his cache of cigars, and a warehouse stashed with all sorts of appliances inaccessible to the population, including dishwashers, which are a rarity in Cuba. (D. Alarcon Ramirez, op. cit., p. 276-278.)

<sup>127</sup> W. Cancio, op. cit.

<sup>128</sup> Several experts in the Cuban military have written about its direct and critical involvement in the management of the economy, particularly in the tourist industry. See for example, Domingo Amuchastegui, op.cit; J.Carlos Espinosa, Frank Mora, and Armando Mastrapa, "Soldiers and Businessmen: The FAR during the Special Period," *Cuba in Transition, Volume X* (Washington, DC: Association for the Study of the Cuban Economy, August 2000).

<sup>129</sup> Armando Mastrapa, op.cit, p. 431.

<sup>130</sup> The GCA is a notable route to the pinnacle of power in Cuba. Among its former members are Carlos Lage, now Vice President of the Council of State, and Felipe Pérez Roque, currently Foreign Minister. (Armando Mastrapa, "Equipo de Coordinación y Apoyo al Comandante: Cuba's Parallel Government?" *Cuba in Transition, Volume XI*, (Washington, DC: Association for the Study of the Cuban Economy, 2001), pp.476-480.)

<sup>131</sup> Ibid, p. 479.

<sup>132</sup> General del Pino is the highest-ranking member of Cuba's military ever to defect. (R. del Pino, *Proa a la Libertad*, p. 304.) Former Cuban intelligence officer Juan Antonio Rodríguez Mernier reports that in the 1980s Cuba's Ministry of the Interior employed 100,000 people (the Cuban population was then around 10 million), with

highly sophisticated and effective machinery of repression to monitor and control all citizens, foreign visitors, and businesspeople, as well as even the highest members of the ruling elite.<sup>133</sup> This has been amply described by former regime higher ups, including General Rafael del Pino.<sup>134</sup> Raúl Castro's son-in-law Major Luis Alberto Rodríguez López Callejas, who is head of GAESA, also heads the MINFAR's (Armed Forces Ministry) Section V, the unit in charge of the Armed Forces' economic activity, as well as Department VI, located on the fourth floor of the Armed Forces Ministry. This division monitors and controls all GAESA operations, including policing, spying, taping and recording all GAESA personnel activities.<sup>135</sup>

Cubans posing as business owners and managers for the Cuban enterprises abroad are kept under close surveillance by intelligence officers deployed as diplomats or in other capacities. Manuel Beunza, for example, describes a lingering fear of overstepping boundaries that would affect his family with him in Canada or those left behind in Cuba.<sup>136</sup>

Although a degree of personal enrichment and bleeding from state enterprises seems to be part of the arrangement for those at the highest levels of power, purges for corruption are common when government officials become "too greedy" or keep large transactions under wraps. Some coincide with reports of disaffection or criticism of the regime or of Castro synchronized with an urgent need to cover up drug trafficking operations when international authorities uncover unimpeachable Cuban involvement. The 1989 purge of the Ministry of the Interior and Armed Forces under the command of General Ochoa is the better known incident. Nevertheless, there have been many others.<sup>137</sup> In 1982, Chilean Max Marambio, until then heading some of CIMEX's illegal businesses such as drug trafficking, was removed for corruption.<sup>138</sup> Antonio de la Guardia and Jose Luis Padrón were fired from their high-level

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half a million agents generating the bulk of the intelligence data and up to three million sources, to be activated when necessary. (J.A. Rodríguez-Mernier, op. cit., p.51).

<sup>133</sup> The Communist Party controls all government positions and the regime exercises control over all aspects of life; even the judiciary is subordinate to the Party. A huge and intricate system of spies, informants, and neighborhood block committees monitor and controls the citizenry and communications from abroad and access to the internet are strictly controlled. (See, for example, *Cuba's Repressive Machinery*, Human Rights Watch, op.cit; and Cuba: Country Reports on Human Rights Practices - 2004, U.S. Department of State, op. cit.)

<sup>134</sup> See Rafael del Pino, *Perspectiva*, *El Nuevo Día*, domingo 23 de abril del 1989.

<sup>135</sup> G. Fernández, *Diario 16*, op. cit.

<sup>136</sup> M. Beunza, op. cit.

<sup>137</sup> Foreign Minister Roberto Robaina was fired and placed under house arrest for engaging in "dishonest" international business ventures without the approval of the government and for his personal benefit and for "sharing state secrets" (reportedly for expressing dissatisfaction with certain policy decisions of Fidel Castro). Robaina came under fire just at the time that Mario Villanueva, the former Mexican governor of Quintana Roo, went into hiding to avoid charges of drug trafficking. Robaina was accused of accepting money from former Mexican governor of Quintana Roo, Mario Villanueva, who was later apprehended and convicted of drug trafficking and for whom the United States had requested extradition for shipping cocaine there. Although Villanueva was later exonerated by a Mexican court, the case bears striking similarities with the Ochoa affair, although Robaina's life was spared. See: Gerardo Arreola, "Expulsa el PC cubano 'deshonrosamente' al ex canciller Roberto Robaina; lo acusa de corrupción," *La Jornada de Mexico*, 31 de Julio del 2002; "Cuba: el ex canciller Roberto Robaina habla con CNN," *La Habana, CNN*, 4 de agosto de 2002 (interview by CNN correspondent in Havana, Lucia Newman); EE.UU pide extradición de ex gobernador mexicano Mario Villanueva, USA, 25 de enero del 2002 <http://www.terra.com/actualidad/articulo/html/act61723.htm#>; Pablo Alfonso, "Comienza a develarse el 'misterio' de la destitución de Robaina," *El Nuevo Herald*, October 6, 1999.

<sup>138</sup> N. Fuentes, *Narcotráfico*, p. 107.

CIMEX jobs in 1985 when they were discovered to have used US\$60 million that was to be in deposit in a Swiss bank for other unauthorized business transactions.<sup>139</sup> In 2003, several senior officials of the tourism enterprise Cubanacán, including its President Juan Jose Vega, were demoted, accused of corruption, and placed under house arrest. Millions of dollars were said to be missing.<sup>140</sup> A dozen CIMEX executives, including the head of foreign business management of MINCEX and the Cuban manager of the Spanish firm Provimar S.A., were also reportedly demoted and prosecuted during the purge. A source within CIMEX leaked details of the scandal and stated: “Now they are after the scapegoats to protect the fat cats of the *nomenklatura* and the foreign businessmen.”<sup>141</sup> The purge in the tourism and foreign sector continued during 2004, with 26 individuals arrested in Camagüey alone for corruption, including the general managers of the Gran Antillana and La Vajilla stores and the warehouse manager of the latter.<sup>142</sup>

## Conclusion

To keep Fidel, Inc. running efficiently, profitably, and successfully it is critical—as in all capitalist ventures—to have a clear vision, to implement a coherent strategy, to offer products that sell thanks to winning marketing techniques, and to maintain effective operational systems and management controls. Fidel Inc. is gigantic enterprise posed to remain extraordinarily successful as long as those fundamentals remain in place.

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<sup>139</sup> Ibid, p. 115.

<sup>140</sup> “Top Cuban tourism officials held,” *BBC News*, 2003/12/04 08:01:25 GMT, <<http://news.bbc.co.uk/go/pr/fr/-/2/hi/americas/3289843.stm>>

<sup>141</sup> Wilfredo Cancio Isla, “Corrupción en la cúpula empresarial cubana,” *El Nuevo Herald*, February 16, 2004.

<sup>142</sup> Moisés Leonardo Rodríguez (Grupo Decoro), “High-ranking Cuban government officials arrested in corruption sweep,” Havana, *CubaNet*, April 19, 2004.

Appendix

**Companies run by Cuba's Ministry of the Interior under the holding company CIMEX  
Partial list provided by former Cuban intelligence officer<sup>143</sup>**

The following companies except those marked \* are also listed by the U.S. government as blocked front entities (known as "Specially Designated Nationals").<sup>1</sup>

**Africa**

21. *Elshippers, Inc. (Monrovia, Liberia)*

**Canada**

22. *Galax, Inc.\* (Montreal)*

**Europe**

23. *Acemex Holding (Lietchenstein)*

24. *AngloCaribbean Shipping Co.  
(London)*

25. *Cariberia (Spain)*

26. *Cotei (Milan, Italy)*

27. *Coprova (Paris, France)*

28. *Crymsa (Madrid, Spain)*

29. *Dalvest (Genoa, Switzerland)*

30. *Dicesa, S.A. (Madrid, Spain)\**

31. *Flight Dragon Shipping Co. (Malta)\**

32. *Gemex (Frankfurt, Germany)*

33. *Havana International Bank of London  
(London)*

34. *Nordstrand, Ltd. (Germany)*

35. *Norstrand, Ltd. (Lietchenstein)*

36. *Quiminter (Viena)*

37. *Taina Shipping (Rôtterdam)*

**Japan**

38. *Kyoei International Co.*

39. *Nippon Caribbean Co.*

**Latin America**

Mexico

1. *Cumexint, S.A.\**

2. *Exportadora del Caribe*

Panama

3. *Abastecedora Naval e Industrial*

4. *Anaisa, S.A.*

5. *Angelini, S.A.\**

6. *Avalon, S.A.*

7. *Azrak, S.A. (Panama)*

8. *Bewell Corporation, Inc.*

9. *Boutique La Maison*

10. *Bradfield Maritime Corp., Inc.*

11. *Canapel, S.A.*

12. *Carisub, S.A. Casa del Repuesto*

13. *Chamet Import*

14. *Elham Financial Corporation (holding  
company)*

15. *Global Marine Overseas, Inc.*

16. *Guamar Shipping Co.\**

17. *Havanatur\**

18. *Havinpex\**

19. *Imprisa*

20. *Mercurius Import & Export*

<sup>1</sup> Manuel Beunza, a Cuban intelligence officer for 20 years, provided this list. He ran a front company for Cuba in Canada and was involved in numerous overseas business activities for Cuba. He delivered the list by hand in Miami to the author. (M. Werlau, interview with M. Beunza, op. cit.)