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Seven former officers of the defunct state-owned Banco Anglo Costarricense (BAC) were given prison terms and heavy fines on June 19 for their part in what is being called the greatest bank disaster in Costa Rican history. The Superior Court in San Jose convicted Carlos Robles, former Banco Anglo general manager, and six former BAC directors of embezzlement and related crimes.

The scandal surfaced in 1994 when government auditors found that BAC officers had bought Venezuelan foreign-debt bonds in 1992 and 1993 at inflated prices from Ariana Trading and Finance, a firm owned by Chilean businessmen Jose and Mariano Lopez. Among other irregularities, the bank had loaned money to Jose Lopez and other insiders on questionable terms (see Chronicle, 1995-10-12). By the time the government shut down the bank, BAC had lost US$55 million from the sale of foreign-debt bonds alone (see NotiSur, 1994-09-30). The government absorbed more than US $100 million in losses that included uncollectible loans.

Aside from the bank losses, taxpayers have had to absorb investigation and prosecution costs, which ombud Sandra Piszk calculated at US$140 million during just the first three years of the seven-year process (see EcoCentral, 1997-11-06).

The three-judge panel found Robles guilty on nine counts of embezzlement. The 158-page decision recounted Robles' illegal transfer of US$36.5 million in bank funds to Ariana Trading and Finance. That amount included generous brokerage fees. The fees, which went as high as 16% of the bond value, were considered at least 10 points higher than customary. In return, BAC received false certificates of deposit from Ariana. The bank never actually received the foreign-debt bonds it paid for.

The collapse became unavoidable when the market value of the debt bonds declined. Former bank manager gets 25-year sentence For his part in the bank failure, Robles received a 25-year prison sentence and a fine of US$45.5 million. Former members of BAC's board of directors Manfred Amrhein Pinto, Ronald Fernandez Pinto, Carlos Manuel Gonzalez Lizano, Carlos Enrique Osborne Escalante, Edwin Salazar Arroyo, and Arturo Fallas Zuniga received 15-year sentences. The six were each fined US$38.8 million. The court also deprived all seven defendants of their right to hold public office. Robles' lawyers Sergio Triunfo and Mariana Brenes said they would appeal.

Triunfo said that the sentence contained contradictions and that the court had misinterpreted banking laws. He said the purchase of foreign-debt bonds was not speculative as the court said. Attorney General Jose Castro intends to seek a court order to seize various properties, including Ariana Trading and Finance, that the Lopez bothers still own in Costa Rica. The two men fled to Chile in 1999. The Chilean Corte Suprema rejected a request for their extradition.

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Robles told the daily La Nacion he was a "scapegoat" for everything that happened to the bank and blamed the bank failure on the Lopez brothers. Asked by the daily La Nacion what he would do if he were the manager of a state bank again, Robles said he would recommend reforms in banking laws. "Many operations that are carried out every day in banks are [now] illegal and penalized; the sentence penalized all typical bank activity," Robles said. Robles said he was essentially broke, that his main diversion was pingpong, and that his ambition now was "to move ahead."

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