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PERUVIAN AIRLINE WHIZ FACES NEW DRUG TEST

Miami Herald (MH) - Monday, April 21, 1997
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Edition: Final Section: Front Page: 8A
Word Count: 880

Text:

LIMA, Peru

In his successful career as an aviation tycoon, **Fernando Zevallos** of the upstart Aero Continente airline has had both misfortune and amazing luck.

His misfortune: He keeps getting charged with cocaine trafficking.

His good luck: He has always gotten off the hook.

Zevallos will soon have his fate tested again. Peru is about to embark on a series of the most important drug-trafficking trials in its history. As one of the scores of defendants, Zevallos is the most influential Peruvian businessman ever to be accused of serving as a front for drug traffickers.

A self-confident former air force cadet, Zevallos has steered Aero Continente on a sharp takeoff. After barely five years in business, it dominates Peru's domestic airline service. Its revenues hit \$45 million last year and may rise to \$70 million this year.

While the airline flies high, Zevallos is hitting turbulence. He has tangled with the U.S. Drug Enforcement Administration and battled local reporters looking into his 1980s charter plane operation in Peru's prime coca-growing region, the Upper Huallaga Valley.

Faced with stories he didn't like, Zevallos sued one TV station for slander last fall and launched an ad blitz against El Comercio, Peru's most distinguished daily newspaper.

Never convicted

Each time, the 39-year-old Zevallos points out a simple truth: No court of law has ever found him guilty of anything.

"Neither I nor any of my businesses have had anything to do with the drug trade," he said in an interview. "I am a man who has been totally slandered. . . . If the DEA hasn't brought a case against me, it's because they have nothing against me."

A native of Uchiza, in the heart of the Huallaga Valley, Zevallos said his legal problems arise from his aggressive business style, which has angered elite business groups and competitors.

"When you begin to make money in our country, people speak badly of you," he said. "Everyone here speaks badly of those who pick themselves up."

Twice in the early 1980s, Zevallos faced cocaine-trafficking charges in central Peru. After the first charges were filed in 1981, after seizure of 105 pounds of a cocaine derivative, Zevallos remained a fugitive until he was hit with new charges in a separate case in 1982. In both cases, courts

acquitted him, and he continued running a small jungle charter airplane operation.

Years later, Zevallos was found innocent of ordering the 1987 murder of Leonardo Gonzales, the owner of a competing charter operation.

None of the cases made much news in Peru, the world's No. 1 source for the coca leaves used in making cocaine.

Broward resident

In 1992, Zevallos became a U.S. resident and moved to Coral Springs, Fla. Using millions of dollars earned by flying workers of the Occidental Petroleum Corp. between Lima and northern jungle oil fields, Zevallos and several companies he controlled in Florida acquired aircraft and leased them to his new Peruvian airline, Aero Continente.

It wasn't until a major drug bust Jan. 10, 1995, that Zevallos' name was linked to the cocaine trade again. Police seized 3.3 tons of cocaine in the northern city of Piura, smashing a cartel allegedly headed by three brothers of the Lopez Paredes family -- Jorge, Manuel and Tito.

Police swooped in after receiving word that the brothers had dispatched two Boeing jetliners filled with cocaine to Mexico in previous months.

Zevallos was indicted after a police officer arrested the companion of Manuel Lopez Paredes and observed her repeatedly calling a cellular telephone listed to Zevallos' office.

The charges against Zevallos sparked police inquiries that led to a final report that questioned how Zevallos paid for 12 airliners valued at \$43.5 million between April 1992 and January 1995.

Coincidentally, another alleged member of the cartel, Jose Mendiola, claimed that drug traffickers -- not Zevallos -- were the real owners of Aero Continente and that the Lopez Paredes family paid Zevallos \$1.4 million to transport cocaine for them.

Zevallos is livid at suggestions that Aero Continente used drug money to get its start.

No photos, videos

``Nobody has come forward with any single evidence to say, 'Here's a photograph of **Fernando Zevallos** with the Lopez Paredes [brothers]. Look, here's a video of **Fernando Zevallos** at a party with the Lopez Paredes,' '' Zevallos said.

``Absolutely none of this exists.''

Zevallos also crossed swords with the DEA chief in Peru, Edmundo Apodaca, who wrote in a July 11, 1995, letter to Peruvian police that the DEA had learned from a confidential informant that Zevallos had used Aero Continente aircraft to fly cocaine to Mexico, the United States and Britain. The letter was leaked and published by El Comercio.

Pressed by Zevallos' Miami lawyer for a statement clearing his name, the DEA noted in a letter last October that Zevallos was ``highly cooperative.' ' But it added that the agency cannot ``vouch for the good character of private individuals.' '

This time, as Zevallos faces trial, he has some new, powerful friends. At a party for Aero Continente last year, Zevallos clinked glasses with Moises Pantoja, then chief justice of the Supreme Court, other justices and members of President Alberto Fujimori's Cambio 90 party.

Later, requests by opposition legislators for an inquiry of Aero Continente were blocked by legislators from Cambio 90.

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