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## DEPARTMENT OF STATE

INFO : RIO DE JANEIRO, SAO PAULO

AmConGen RECIFE

March 5, 1965

## Brazilian Economic Giants Regarded as Doubtful Credit Risks

The manager of the Bank of London and South America in Recife, Pernambuco, Mr. Alexander McCulloch HORNER, showed the reporting officer a report according to which the various firms belonging to the Gasparian group, the Matarazzo group, and the Votorantim group, as well as companies controlled by José Ermirio de Moraes in the Northeast, are currently regarded as doubtful credit risks.

The report was typewritten on a plain sheet of paper. Though Mr. Horner did not specifically say so, it appears to have originated in his bank's Rio office. Mr. Horner's instructions were to exercise caution in extending credit to firms associated with the three groups named above.

Comment: Mr. Horner was struck by the fact that, with the Mario Simonsen interests which included Panair, the Matarazzo, Ermirio de Moraes and Gasparian groups were the most powerful supporters of the past regime and most ardent advocates of economic nationalism (in great part to protect their own monopoly interests).

Edward J. Rowell  
Minister Consul General

GROUP 3

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