

Banking by Kathy Burdman

Colombian scandal unfolds

The Grupo Colombia collapse could consolidate the control of Dope, Inc., or destroy it.

The scandal surrounding the collapse of the Grupo Colombia financial house has continued to unravel, posing a unique challenge to the brand-new Betancur government: either it seizes the opportunity to decree a monetary reform which will eliminate the control these big-time swindlers have exercised over the Colombian economy for at least the past eight years, or it hands over the vestiges of national sovereignty to Dope, Inc.

All operations and assets of the Corporación Financiera Antioqueña, a third major financial corporation in the Grupo Colombia sphere, were frozen this month by order of the Banking Superintendent as revelations of fictitious accounts, illegal speculation, dirty-money handling, and outright theft continued to pour in. The group's president and chief stockholder, Félix Correa Maya, has remained free to cover his tracks and collect his profits from the 40-odd companies which remain under his control, but panic-by-association has led to the "disappearance" of at least half a dozen real-estate firms in Correa's home base in the city of Medellín.

Grupo Colombia's links to the interational narcotics mafia are now coming to light. According to an investigative journalist for the Bogotá daily *El Tiempo*, Correa is the sole stockholder of Florida International Bank (FIB) in Miami, the former Perine Bank which serves as Meyer Lansky's primary money-laundering facility for his drug and prostitution rackets during the past 15 years. Cor-

rea's purchase of the bank was made possible with a \$6 million loan from the Italian oligarchy's Banco Nazionale del Lavoro. FIB's current president is Donald Burgess, the former head of Chase Manhattan in Colombia.

While the new administration debates the legal precedents for dealing with the mafia-linked Correa, the country's other financial entities have been frantically trying to turn the Grupo Colombia scandal into an opportunity to force a government-decreed "banking reform"—on their terms.

Led by the number-one financial group in the country, the Grupo Grancolombiano run by Jaime Michelsen, the financial sector has put out statement after statement demanding: 1) that the state must be the guarantor for all private banking activities, clean or dirty, and 2) that banking be consolidated under a "multibanking" system, which would give monstros control to such institutions as Michelsen's Bank of Colombia.

The Michelsen-dominated National Association of Financial Institutions (ANIF) drowned its annual congress recently in crocodile tears over the fact that it is the savings of the "common people" which are wiped out in a crisis like that of the Grupo Colombia. Said ANIF president Soto Sierra, "It is the state which should be responsible for the management of private savings granted to the various entities of the financial system. . . . In the face of any anomaly resulting from mismanagement by these establishments, the population

must not be allowed to suffer."

Michelsen himself called for a "golden rule" to be set up between the state and bankers like himself, in which the central bank would be the fiduciary agent for the private banks—to maintain the Colombian banking system's "recognized image of competence and reliability" with foreign creditors.

Although it remains to be seen how Betancur will respond to this blackmail—a package of fiscal and monetary measures is expected to be officially announced later this week—certain voices have been raised against Michelsen & Co. The former president of the Stock Exchange, Hernán Echavarría Olózaga, accused Michelsen's Grupo Grancolombiano of the same dirty practices as Correa's outfit, and charged the Turbay government, which preceded Betancur's, with covering for the Grupo Grancolombiano. As a result, he declared, "the national financial system today is a fiesta of sharks devouring the smaller fish . . . and the nation has been left economically and morally prostrate."

Concrete advice came from respected economic columnist for the Bogotá daily *El Espectador*, Jorge Child, who has urged that the state exercise its constitutional right to "expropriate all the assets of a group and of its administrators who commit abuses of confidence in management of savings," also urged that the President create new credit institutions to replace the existing corrupt ones.

Ideally, says Child, a "state investment fund" would intervene in the open market and act as a "counterforce of the state against the private financial speculators."

The first part of this contribution by Valerie Rush appeared in the Aug. 10 issue of EIR.