

Andean Report by Valerie Rush

Miami finance scandal hits Colombia

The collapse of the fraudulent Duque empire points to former President López Michelsen.

Miami is in an uproar over the spectacular downfall of the "golden boy" of Miami's Colombian community, Alberto Duque, and, back in Colombia, the behind-the-scenes patrons of Duque's paper empire are quietly chewing their nails. One person with special reason to worry is former Colombian president Alfonso López Michelsen, whose treasurer for his 1982 presidential campaign was Duque's father.

Alberto Duque, the 33-year-old son of Colombian coffee magnate Luis Duque Peña, arrived in the United States in his early twenties with a fat bankroll from daddy and a long list of influential friends to contact. The poor little rich boy ensconced himself at the Wall Street offices of the Colombian Coffee Company, owned by his father and run by a fellow Colombian, Eduardo Orozco Prada.

Within months, Alberto was vice-president of the firm. By age 25 he was based in Miami, a millionaire jet-setter. Early this year, he was a multimillionaire owning half a dozen enterprises, including General Coffee, Allsun Juices, Corporate Jets, Domino Investments Ltd., and the majority shares of City National Bank of Miami.

"Golden boy" Alberto was named one of the 100 top Colombian businessmen in the United States, and counted among his friends the son of Vice-President George Bush, Miami mayor Maurice Ferre, former president of Costa Rica Daniel Oduber, and the families of former Colombian presidents López Michelsen and Turbay Ayala.

And then on May 19, Duque Jr. filed for personal and corporate Chapter 11 bankruptcy proceedings after learning that he was being sued by more than 20 banks to whom he owed some \$135 million. The banks discovered that many of their loans to Duque had been guaranteed by documents for non-existent coffee shipments from Colombia.

Duque's closest business associates resigned from their posts and several fled the country while Duque pleaded total ignorance and ran home to Papa. The case is currently being investigated in the U.S. courts, and Duque faces possible charges ranging from fraudulent business practice to violating banking and currency laws.

While both the Colombian and U.S. press are giving extensive coverage to the Duque story, the scope of the scandal has yet to be revealed. For example, press coverage has bypassed the question of a drug connection, and yet Colombian Coffee Co., where young Alberto got his start, was run by Eduardo Orozco, who was just convicted by a New York court of running one of the largest drug-money laundering operations on the East Coast.

Further, the president of the Duque-controlled City National Bank of Miami is Donald Beazley, formerly president of Nugan Hand Bank of Miami. The Australian-based bank was a key drug-money laundering center until its liquidation in 1981 after its chairman blew his brains out.

Perhaps the biggest scandal of all lies in the *reason* for Duque's bank-

ruptcy. Duque Sr. made his fortune in Colombia during the drug and coffee "bonanzas" of the seventies, and he was a major funder of López Michelsen's 1982 presidential campaign.

When López lost to Belisario Betancur, the Duque empire was deprived of the hen that laid its golden eggs. No longer assured of high-level political patronage, Duque Sr. rapidly slid toward bankruptcy, prompting an investigation of his companies' financial situation by the Betancur government. A last-minute injection of \$20 million was provided by Duque Jr. to prop up his father's empire, but the millions that young Duque continued to pump in were illegally secured with false shipping documents from banks such as Shawmut Boston Intl., Arab Banking Corp., Société Generale Française, and various Florida banks.

The López family has long been associated with fraudulent and dirty money operations in Colombia. López Michelsen's 1974-78 presidency coincided with the period of the biggest illegal drug boom in Colombia's history. The former president's first cousin, leading banker Jaime Michelsen Uribe has just weathered a major scandal involving large-scale speculation. The López clan can therefore ill afford to be tied to another scandal of the proportions the Duque case threatens to acquire.

It is not surprising, then, that the leading Bogotá newspaper backing López Michelsen, *El Tiempo*, undertook an unabashed defense of Duque Jr. and Sr., including lead headlines claiming that Alberto Duque was being persecuted for the "crime" of being young, rich, and Colombian.

The question is: if and when the investigation leads to López's front door, will Duque Sr. be willing to send his son to jail to protect López's political future?