Banking by Kathy Burdman

The Florida deregulation story

The Billygate crew and Latin American dirty money dealers are up to their ears in flight capital inflows.

The same bank holding companies that led the statewide campaign for deregulation of Florida's banking system are also at the top of the list of Florida banks handling illegal flight capital out of Latin America.

Moreover, the aggressive lobbying for deregulation took place in behalf of Caribbean dirty money operatives who were brought to public light last year in the famous influence-peddling scandal known as "Billygate," involving Jimmy Carter's brother.

The push for Florida dereg goes back to 1976. Several billions of dollars annually began pouring into the state from oil-rich Venezuela. As one leading British banker based in New York put it recently, "The Venezuelans singlehandedly rescued Florida real estate" at that time, buying whole boulevards of condominiums.

It was also in 1976 that Colombia had a bumper marijuana crop, tripling its illegal drug revenues. Colombia ranks second after Venezuela in private investments in Florida.

Two bank holding companies in particular, Florida National Banks of Florida and Southeast Banking Corporation, were at the center of the flight capital transfers pouring into the state. Both banks were strong backers of the lobbying campaign for dereg.

Last year, Southeast officially handled $850 million in Latin and Central American deposits. Southeast earlier this year was also the largest backer, with a $250,000 loan, to the founding of the Miami international insurance exchange, which aims to be a haven for southern flight capital.

The connection between these events and Billygate is as follows: The major shareholder in Florida National is Edward K. Ball, director of Charter Oil Company, the oil-refining firm which put Billy Carter in touch with the Libyans. Charter directors Ball and Raymond K. Mason have been under pressure since 1974 from the Federal Reserve Bank to divest a 24 percent controlling interest in Florida National Banks, due to a conflict of interest which abrogates state law. Ball has been stubbornly fighting the suit, apparently waiting until the alteration of state law under dereg would guarantee that control of the bank would pass into friendly hands linked to the Latin American flight capital network.

Ball seems to have found his man. Ricardo Cisneros Rendiles, head of a prominent Venezuelan business group, has been involved in a series of profit-taking bank stock investments which paved the way for a succession to Ball's control.

In the mid-1970s, Cisneros bought a modest holding in Tennessee Valley Banks; about 1978, he sold them off, and purchased 5 percent of Florida National Banks. In 1980, Cisneros sold his holding again, clearing a $5 million profit, using these funds to set up his own merchant trading bank.

As Cisneros exited, a second Latin American consortium headed by Chilean financier Gullermo Carey, in alliance with another Venezuelan group, sent an application to the Securities and Exchange Commission to acquire a 24 percent controlling interest over Florida National Banks. Decision on the application is still pending.

The financial stakes in controlling Florida banking capital are mammoth.

As noted above, Southeast officially handled $850 million in Latin American deposits last year. Since a couple of dozen Florida-based banks handle Latin American flight capital, no less than $10 billion—and probably $20 billion—in flight capital is passing through Florida annually.

This is corroborated by Venezuelan press accounts of the extraordinary volume of daily dollar purchases passing through the Venezuelan central bank since January. Each day $90 million in dollar purchases is being made by Venezuelan business interests—or $20 billion annually. While Venezuela has traditionally had a high volume of dollar purchases, about one-fourth of this is sheer flight capital.

Coupled with rising Colombian flight capital—the largest drug group there, the Michelsens, bought their own Miami bank four years ago—and a surge in flight funds from politically troubled Central America, it is clear that banking deregulation has paved the way for a $20 billion annual pass-through of flight capital funds in Florida banking.