

## Andean Report by Valerie Rush

### Colombian drug banker toppled

*President Betancur has removed a key enemy; a mop-up of the entire financial drug mafia ought to follow.*

Colombian President Belisario Betancur dealt a stunning blow to the "citizens above suspicion" who run Colombia's mammoth drug trade at the end of December with the forced removal of Colombian banker Jaime Michelsen Uribe from his post as President of the *Grupo Grancolombiano*, the largest financial entity in the country.

Michelsen, cousin of former President Alfonso López Michelsen and the most powerful "boss" behind Colombia's notorious financial mafia, had been caught once too often violating Betancur's bank regulatory decrees, and was called before the President and given his choice: resignation or nationalization.

Michelsen and his cohorts at the Bank of Colombia—the leading entity of the Grancolombiano Group—chose a quick resignation and an even quicker flight to Miami, where Grancolombiano executives fleeing from the law have been known to congregate. Justice Ministry investigations of Michelsen's dirty dealings are expected to lead to criminal charges being formally pressed against the once-invincible financial czar.

Michelsen Uribe's cited "irregularities" technically involved the widespread practice of *auto-prestamos* (or self-lending), but no Colombian could fail to make the connection between Betancur's high-profile war on drugs and Michelsen's notoriously high profile in dirty dealings. It is common knowledge that the unprecedented tripling of the Bank of Colombia's assets between 1975 and 1980

was not unrelated to the soaring of the Colombian drug trade during those years.

The surgical precision with which the Betancur government took out the wily banker was impressive; it demonstrated that the President has both the will and the clout to challenge the power of the drug mafia when he so chooses.

The question nonetheless remains: Will Betancur proceed to nationalize the banking system and retake the reins of the economy, or will he sit back as he has in the past and let the drug mafia throw the next punch?

Intervention in Colombia's banking system in Colombia is not easy, as the President discovered earlier this year when he opened the can of worms known as the Banco del Estado and ended up nationalizing a bank which had been taken over lock, stock and barrel by as nasty a bunch of crooks as could be found anywhere.

As a follow-up to the intervention in the Banco de Colombia, during the first week of January the Banking Superintendent ordered all financial entities in the country to include non-performing debts in their year-end accounting reports. The decision was intended, among other things, to bring to light other instances of self-lending. However, as Betancur knows, if complied with, such a move could also be the prelude to a chain of banking collapses, since it would bring to light the near-bankruptcy of the majority of Colombia's banking houses.

It is precisely that fact, and the banks' awareness that Betancur is un-

willing to answer the threat of a financial collapse with a bank nationalization, as Mexico's President José López Portillo did in 1982, which has made the Colombian anti-mafia offensive so tenuous up to now. The Michelsen-linked daily *El Tiempo* confidently editorialized on Jan. 2 that Michelsen Uribe may have been axed, but his empire must remain untouched:

"Nothing is going to happen to the Bank of Colombia nor to the companies of the Grancolombiano Group. The financial authorities know in detail the solidity of these institutions, which protects the capital of so many Colombians linked to them.

"It only remains for us to ask of the media that they exercise . . . a patriotic spirit so that false rumors are not launched nor is a disturbing climate in the banking sphere created."

One key retreat has already been forced in the Grancolombiano case. In place of Michelsen Uribe, the President has imposed a government appointee to head the Banco de Colombia. However, the man chosen for the job is international banker Ignacio Copete Lizarralde.

Copete Lizarralde, whose association with the Banco de Colombia goes back more than 20 years and who, as a matter of fact, was honorary director of that bank when Michelsen resigned, was also a former governor of both the International Monetary Fund and World Bank, a founder of the World Bank's Inter-American Development Bank, and—at the time of his appointment by Betancur—the director of the Lima-based Arab-Latin American Bank (ARLA Bank).

ARLA Bank, which was exposed as a dirty-money laundering conduit for Libyan and other arms and drug traffickers during the revelations on Italy's Propaganda-2 conspiracy, is one of the filthiest financial operations on the continent.