

The Marcos money empire

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DECEMBER 16 1985

<https://web.archive.org/web/20200623154329/https://archive.macleans.ca/article/1985/12/16/the-marcos-money-empire>

COVER

During their 20-year reign as the First Family of the Philippines, President Ferdinand Marcos, his wife, Imelda, and scores of relatives and friends have amassed staggering personal fortunes. From a nation crippled by chronic poverty and a growing foreign debt, the Marcos family and friends, according to critics, have skimmed billions of dollars. Carried by secret couriers and channelled through complex networks of holding companies set up in Hong Kong, the Netherlands Antilles and other tax havens, the money has been used to purchase office buildings, condominiums, businesses, estates, luxury homes— even banks—most of them in the United States. Indeed, one Marcos supporter alone, Nemesio Yabut, owns a \$900,000 apartment building, a \$520,000 home, at least two condominiums and a restaurant in San Francisco. And by his own account, Yabut, mayor of Makati, Manila's financial district, is "only small fry."

'Corruption': The transfer of capital from the Philippines began on a modest scale years ago. But since the assassination of opposition leader Benigno Aquino on Aug. 21, 1983, the trickle has become a flood. In the following 90 days \$1 billion moved out of the Pacific archipelago. The total for the past two years: about \$10 billion. According to a U.S. Senate Intelligence Committee report last month: "Corruption has become a serious burden on the economy. The first family and their favored cronies use their position to amass great wealth, much of which is transferred abroad." Said Stephen Bosworth, U.S. ambassador to the Philippines: "If even half of that money would return to the Philippines for private investment, it would make a considerable difference."

The presidential family has few private investments in the Philippines itself. According to the CIA, former business associates and court documents filed in lawsuits against the couple, the properties include: a \$104-million commercial building on Manhattan's Seventh Avenue and the \$51-million Crown Building at Fifth Avenue and West 57th Street, also in New York City; an \$18-million mansion in London; a \$20-million estate in Rome; a multimillion-dollar retreat on Long Is-

land; three condominiums on New York's fashionable Fifth Avenue; other property in five states; and banks in California and New York. Although Marcos's presidential salary is about \$5,000 a year, experts say that the first family's holdings are worth several billion dollars. Imelda alone, when her jewellery and antique collections are included, is described by the CIA as one of the world's richest women.

Ventures: Loyal Marcos "cronies" have shared the generous dividends of political support. Among them: banana baron Antonio Florendo, financial adviser José Campos, Defence Minister Juan Enrile and Energy Minister Gerónimo Velasco. Like the Marcoses, they have operated overseas ventures through a maze of third-party agents or holding companies. Florendo owns

the largest banana company in the Philippines and he is a director of Ancor Holdings N.V., a company based in the Caribbean island of Curaçao that was used by Imelda Marcos to purchase the Long Island estate. His U.S. investments include sugar refineries in Boston, Chicago and New York purchased for \$11.7 million; a \$1million mansion in Honolulu; and a Fifth Avenue apartment.

Assets: Campos, an adviser to Marcos, controls \$9 million worth of Seattle real estate through a Netherlands Antilles-based company called UNAM Investment Corp. His wife, Elizabeth, owns a \$482,000 home in Vancouver. (According to the Department of External Affairs, the book value of Philippine investment in Canada in 1984 was less than \$25 million.) Enrile and his wife recently sold a San Francisco mansion purchased in 1982 for \$1.8 million. The transaction was completed by Renatsac Inc., Mrs. Enrile's maiden name—Castaner—spelled backward. When in San Francisco, Velasco often stays at a \$925,000 estate owned by a Hong Kong-registered company, Decision Research Management Ltd. Two of his sons are board members.

The foreign assets of two other influential members of Marcos's inner circle—Eduardo Cojuangco, who controls the coconut trade, and Roberto Benedicto, who controls the sugar industry—have not yet been fully documented. Benedicto owns the Los Angeles-based California Overseas Bank, which has \$140 million in assets. Cojuangco controls

Granex Corp., a coconut oil company in San Francisco and a horse ranch in Australia.

Still, the appraised value of the Marcos family and their many disciples does not include stocks, securities and deposits hidden in Swiss and other foreign banks. Said an executive at one of the largest banks in the Philippines, the revelations so far are just "the tip of the iceberg."

— HAL QUINN with correspondents' reports

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