The Americas

Colombia

Pablo Escobar Gaviria

Following the Ochoa brothers' example, cocaine kingpin Pablo Escobar Gaviria turned himself in once the Colombian government assured him that he would not be extradited to the U.S. On June 20 he checked into a mountaintop prison overlooking his hometown of Envigado. The drug lord, as part of a decade-long patronage effort, donated the site as a university campus. Escobar has been accused of ordering the murders of judges, policemen and anyone else who got in his way. A lot of people have scores to settle with him. He had the "prison" built to protect himself.

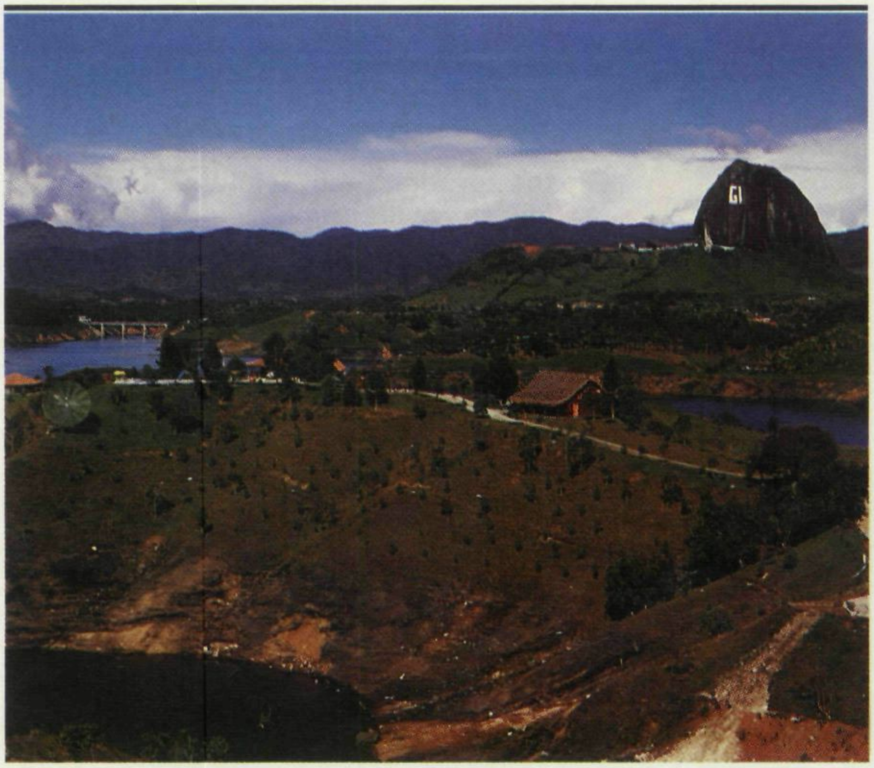
"A great many Colombian policemen are making a fortune protecting Pablo Escobar, another great many are making money chasing him," said cocaine industry analyst Rensselaer Lee last month. "It's almost as if Pablo Escobar represents everyone's vested interest in maintaining the status quo."

Despite the Colombian government's recent crackdown on the cocaine cartel, much of Escobar's distribution network remains intact. The government may not want to destroy it altogether. The billions of *narco* dollars flowing back into Colombia give that country one of the strongest economies in Latin America. When the authorities attack, say Drug Enforcement Agency sources, Escobar and friends fall back on long-hidden stocks of cocaine, and new traffickers appear to fill any supply shortfalls. First among them, the Cali cartel, less violent, less threatening to the Colombian government, and little damaged so far. There are many others. The "democratization" of the cocaine trade may be the main legacy of Colombia's crackdown.

Escobar, 41, is the most bloodstained *narco*, and also the richest. Impossible to measure precisely, but a multibillionaire. –J.M.

Ochoa family

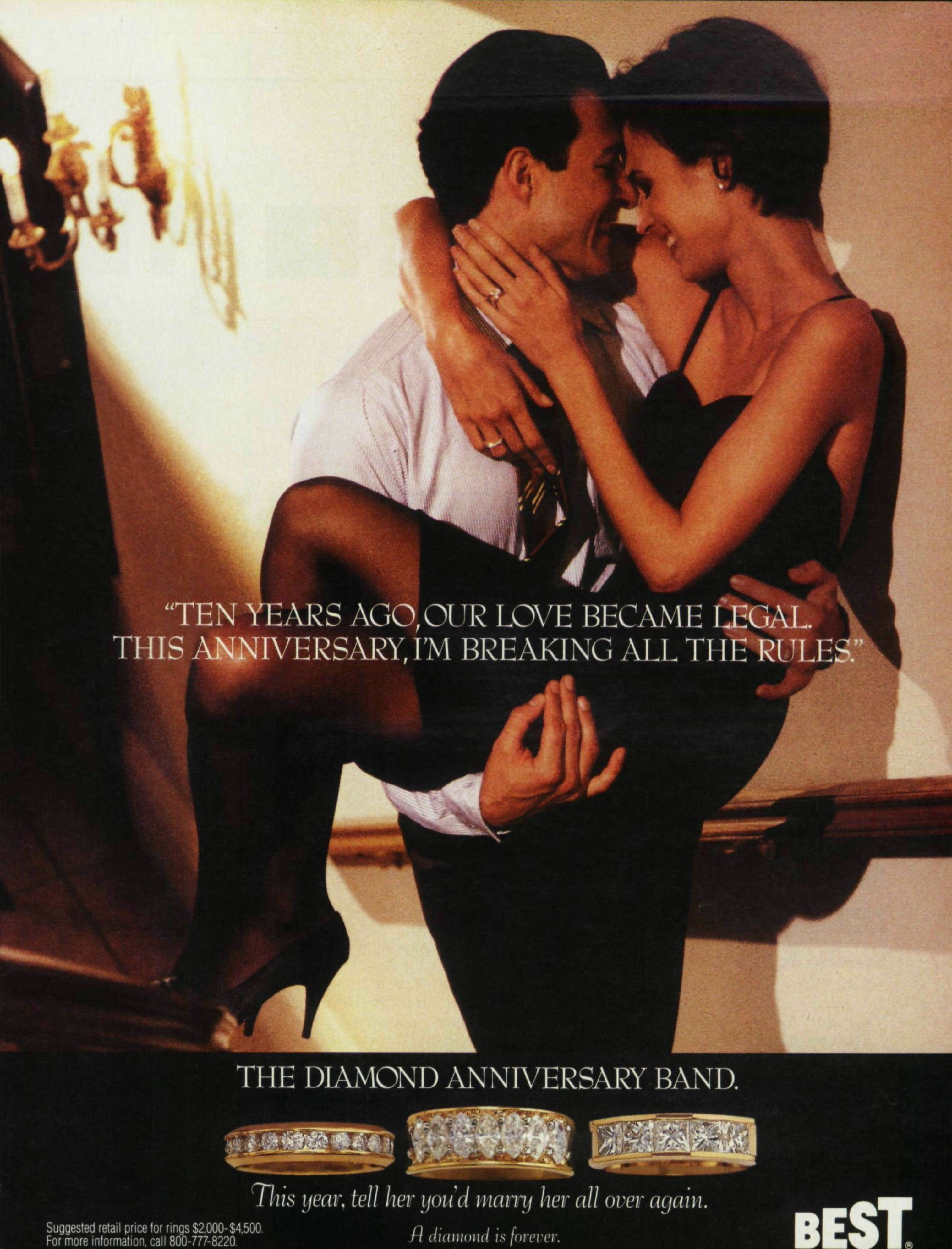
Sitting on one of Latin America's biggest fortunes, the violent Ochoa brothers negotiated their surrender to Colombian authorities starting last December. They now run their lucra-



Photos by Carlos Humberto/Contact

Drug king Pablo Escobar Gaviria and some Colombian holdings: a Medellin hacienda (left) and a private zoo

"A great many Colombian policemen are making a fortune protecting Escobar."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tive cocaine producing and exporting enterprise from comfortable prison cells in Bogota, beyond the reach of U.S. justice. Last month Colombia's parliament approved a new constitution that bars the extradition of Colombian criminals.

"The Colombians have never shown much interest in prosecuting the Ochoas," says Richard Gregorie, the former South Florida prosecutor who spent most of his career with the Justice Department trying to bring them to trial in Miami. The brothers—Jorge Luis, 41, Juan David, 43, and Fabio Ochoa, 34—were among the first "extraditables" to make peace with the Colombian government; their father, Fabio Sr., 67, supposedly retired, remains unjailed.

According to Drug Enforcement Agency sources, the seizure of Ochoa-owned assets in Colombia seems not to have dented the Ochoas' fortune, estimated at over $2 billion. "At most only about $230 million in property has been seized" from all the traffickers, the Ochoas included, says one source. And most of that has been returned on appeal to front operatives who have claimed title.

As cocaine use slows in the U.S., the Ochoas and other *narcos* have increased shipments to Europe and are testing the Far East. While 1990 was hardly a banner year, cocaine remains a lucrative business for Colombia—and will as long as a kilo can be delivered in Miami for $10,000 and sold wholesale for $20,000, as is the case now. –J.M.

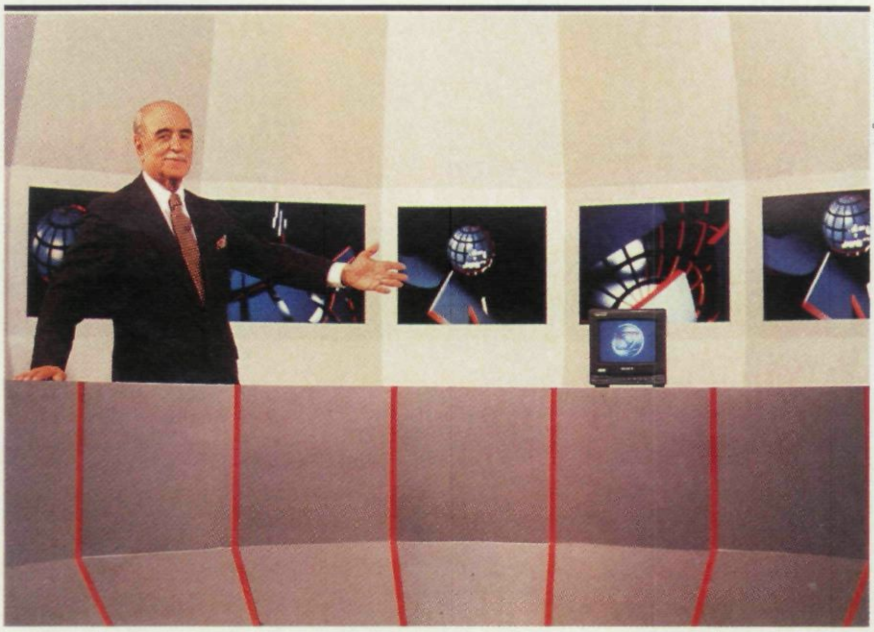
Brazil

Ermirio de Moraes family

"Brazil," a national slogan goes, "is the country of the next century." Many add: "And always will be."

The old quip has a sour ring this year. By first seeking to vanquish inflation by cutting public spending and freezing private speculation and prices—and then losing his nerve halfway—President Collor has mainly succeeded in giving Brazil both hyperinflation and a deep recession.

Antonio Ermirio de Moraes, 63, who controls his family's $1.6 billion (book value) Votorantim, Brazil's biggest private conglomerate, was a strong backer of Collor. Now he is a bitter critic.



Antonio Ribeiro/Abril Imagens

Samuel Iavelberg/Abril Imagens

LEFT:
Ermirio de Moraes
Collor supporter turns tough critic.

ABOVE:
Roberto Marinho
Profits roll on soaps and soccer.

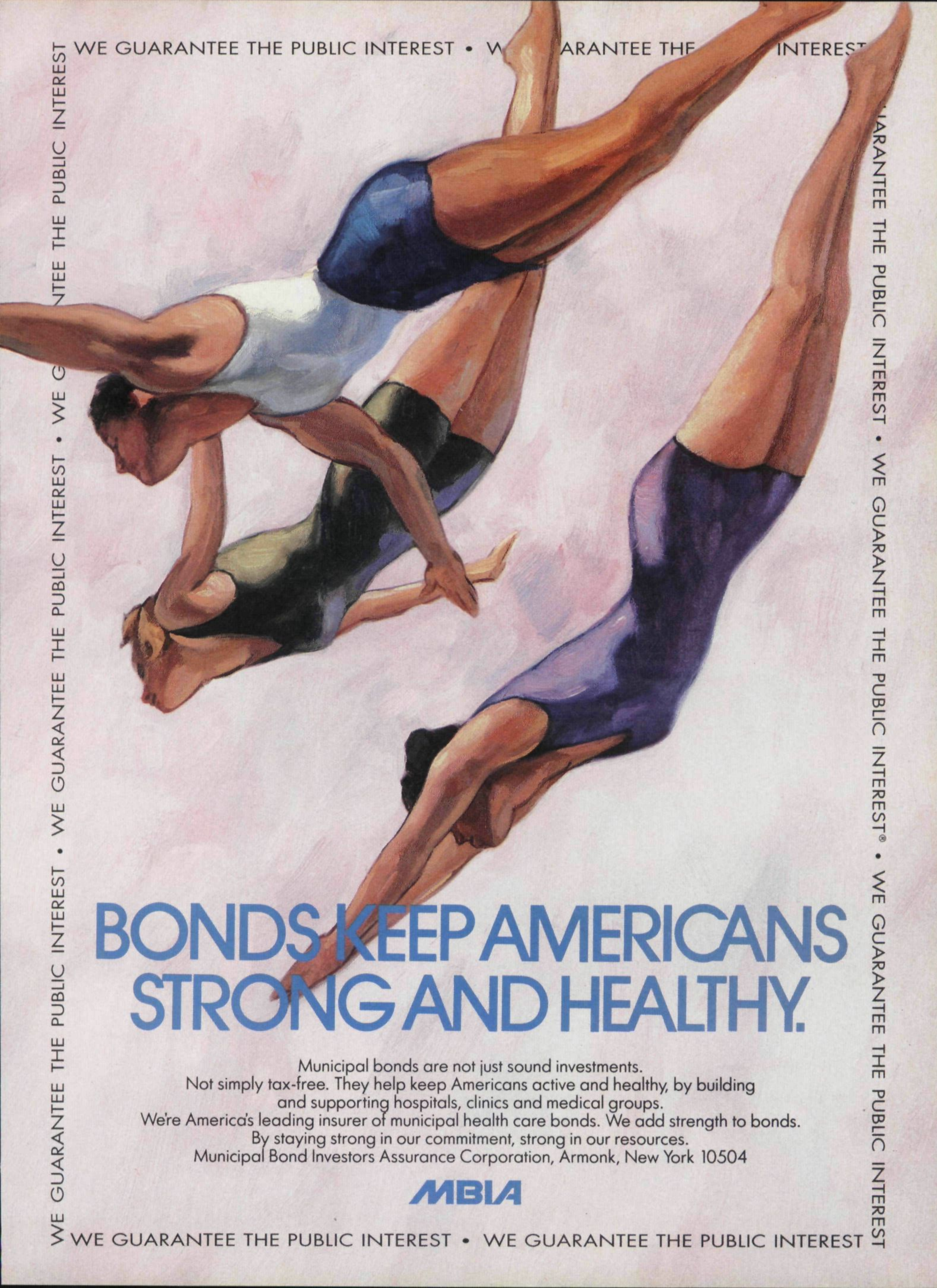
"Months of turmoil" is what Ermirio de Moraes predicted for Brazil in October, when Collor announced a one-year freeze on bank deposits. Turmoil for Votorantim, certainly: Some $500 million in its cash was frozen, at least until late this year. Votorantim has laid off 3,000 employees and cut back investment. "Businessmen should forget about investing here," he gloomily told reporters. Votorantim's money is supposed to be released in stages, but many think the impoundment will prove an effective form of taxation. No developing economy needs to increase taxes. –J.M.

Roberto Marinho

Marinho, 86, owns Brazil's Rede Globo, the world's fourth-largest TV network (after ABC, CBS and NBC). He has long been at the center of Brazil's political ring. There are long-standing ties between him and the family of Brazilian President Fernando Collor de Mello.

Rede Globo emphatically endorsed Collor de Mello when he ran for president in 1989. But its support for Collor sympathizers in local and state elections last October was at best lukewarm. The pro-Collor slate was crushed.

Marinho says he still backs President Collor and his harsh economic austerity plan, even though it hurts Marinho's interests in magazine and newspaper publishing, cattle ranching and real estate. But losses there have been offset by gains in broadcasting. TV ad revenues were up again last year, thanks to Brazil's love affair with soccer; Globo broadcasts the World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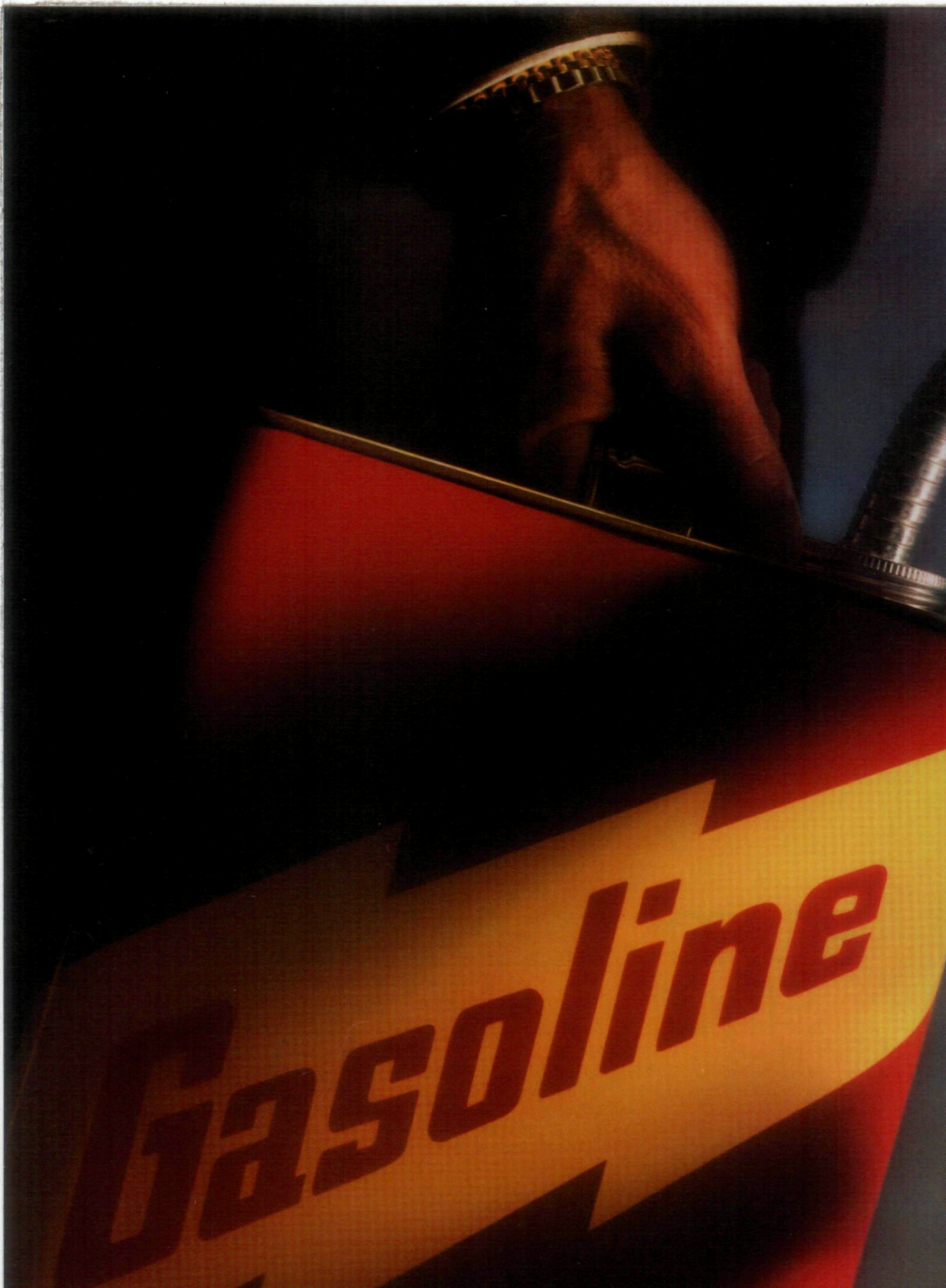
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Cup soccer matches. Newly divorced and still active in his many businesses, Marinho faces Brazil's recession with deep pockets. His fortune is worth upwards of $1 billion. –J.M.

Sebastiao Camargo

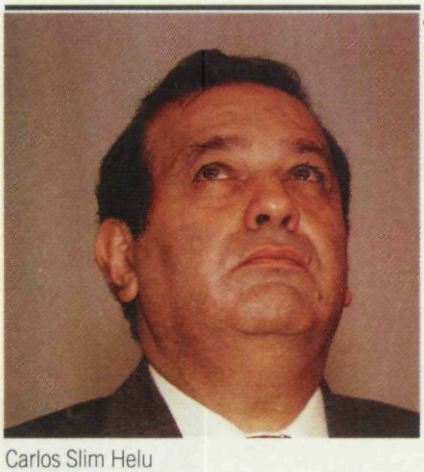
The government construction projects for Camargo's $5 billion (sales) construction empire, Camargo Correa, have dried up under Brazilian President Fernando Collor de Mello's anti-inflation policies. So Camargo, worth $1 billion, is diversifying. One investment: part of Alpargatas, Latin America's biggest apparel maker.

The company's leadership may be changing, too. Last year Sebastiao Camargo, 82, announced his successor, longtime employee Werner Schmidt Rehder. In mid-June the heir apparent was kicked upstairs to an advisory board while the old man resumed his duties as president. One of his three sons may eventually run the company. But, with 93% of the stock, family control is safe. –J.M.

Mexico

Carlos Slim Helu

In 1982 Mexico's economy collapsed, banks were nationalized, the stock market crashed and panicky Mexican businessmen started dumping their companies. Carlos Slim Helu bought. As a result Slim, 51, and new among the billionaires this year, is probably the richest businessman in Mexico. His family's 70% stake in holding company Grupo Carso (13.5% is public) plus other holdings were recently worth $1.7 billion.


Sergio Dorantes

Carlos Slim Helu
When Mexicans panicked, he bought.

The son of a Lebanese immigrant, Slim was born in Mexico City and worked in his father's general store. He studied civil engineering and taught algebra at Mexico City's UNAM. But in 1965 the entrepreneurial itch won out: Slim started a construction and real estate business and a stock brokerage firm, Inbursa.

In 1976 Slim bought a small printer of cigarette pack labels. Five years later he bought one of its biggest customers, Cigatam. Cigatam had only 27% of Mexico's cigarette market. But one of its licensed brands was Marlboro. By improving distribution and beefing up advertising, Slim used Marlboro to build Cigatam's share to 42%. (Philip Morris has a minority interest in Slim's company.)

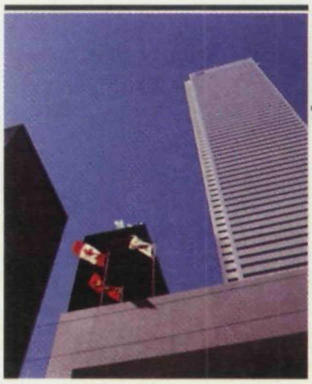
After others panicked in 1982, Slim used the cash flow from his cigarette business to buy Segumex, an insurance company. He later bought a candy company, a paper company, a restaurant/department store chain, a mining company, a copper producer and other businesses. He's still buying. Last December he closed his biggest deal yet when he and partners Southwestern Bell and France Telecom paid $1.8 billion for 20.4% of Telefonos de Mexico, Mexico's telephone company. Mexico has only 6 telephone lines per 100 inhabitants (versus 53 per 100 in the U.S.), so there's plenty of room for growth.

Slim, a shy fellow who likes Cuban cigars, devotes his mornings to Cigatam and his other companies, and his afternoons to Telmex. He tries not to get involved in the minutiae. "My work is to think," he explains. –C.P.

Garza-Sada family

Under Mexico's market-oriented President Carlos Salinas de Gortari, the Mexican economy is rapidly entering the late-20th century. Monterrey's powerful Garza-Sada clan is well positioned to benefit from the


Rex


Lorraine Parow/First Light

Paul Reichmann, co-owner of London's Canary Wharf (top) and Toronto's First Canadian Place
Successfully juggling stock and real estate.

changes taking place. The family-controlled plastics and chemical power, Grupo Cydsa, has launched a new water treatment division, Altatec, just as environmentalism is becoming a pressing issue. Altatec will clean up industrial sites and bid for municipal water treatment contracts. The cost of cleaning up decades of industrial pollution in Mexico City is estimated at over $20 billion.

One family member, Javier Garza Calderon, lost a bid last December for part of Telmex (Telefonos de Mexico), Mexico's newly privatized telephone monopoly; he was outbid by Carlos Slim Helu *(which see)*. The family's majority-owned steel and petrochemical combine, Alfa, may have more luck when the state's steelworks are privatized later this year.

Through their diversified, publicly held Visa (which, among other things, brews Dos Equis and Tecate beer), the Garza-Sadas once held 77%

Elizabeth Zeschin

of big Banca Serfin. It was nationalized in 1982 and is slated to be reprivatized in the next year. This $2-billion-plus family (which also has a piece of Monterrey's biggest insurance company and the U.S.' Anchor Glass) might yet get Serfin back.–J.M.

Venezuela

Cisneros family

With 25% inflation and a Venezuelan economy still wobbly from the 1980s oil bust, Caracas' billionaire Cisneros family is expanding overseas. In the U.S. the Cisneros brothers—Gustavo, 46, and Ricardo, 42—and their Organizacion Diego Cisneros own Spalding Sports Worldwide, the sporting goods concern, and Evenflo, the maker of baby products. They're on the hunt for other U.S. properties.

The family's Venevision—a radio and television network with 56% of the Venezuelan market—is active in the U.S. Latino market, and is selling Spanish-language programming in Spain. "A good program, like a soap opera, can be worth five times in Spain what it makes in the United States," brags a family factotum. Last year Venezuelan soaps topped the charts in Spain.

At home the brothers are involved in a $1 billion aluminum smelter partnership with France's giant Pechiney and three Italian firms. The Cisneros boys also inked a $100 million deal with PepsiCo's Frito-Lay to make snack food. Organizacion Diego Cisneros is Venezuela's exclusive Pepsi bottler, and licensee for Sears, Gerber, NCR, Digital Equipment and Apple Computer.

Even in a weak economy, the Cisneros fortune now tops an estimated $1.7 billion. –J.M.

Canada

Paul, Albert and Ralph Reichmann

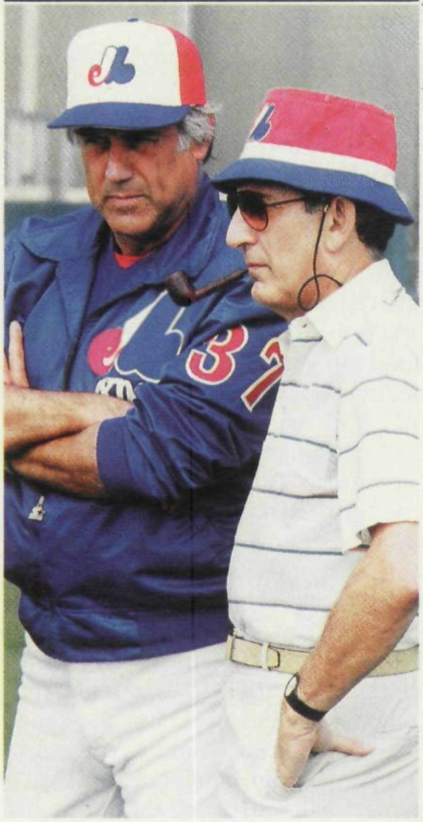
Adam Murza, a property analyst, sharpened his pencil for us and tackled the Reichmann brothers' $6-billion-plus Canary Wharf project in London.

It is the world's largest commercial development and will have about 5 million square feet up by the end of the year, building toward 12 million—20% larger than Manhattan's gargantuan World Trade Center. This project is 100%-owned by the Hungarian-born Reichmanns, now Canadian citizens. Their Olympia & York has already sunk some $2 billion into it. Canary Wharf was designed as a refuge from the rising rents and shortage of space in London's city center, 2½ miles away. But the completed sections are only 53% rented, and competing rents in central London are falling. It is doubtful Canary Wharf will see positive cash flow until after the year 2000. Analyst Murza estimates Canary Wharf will be about $95 million in the red this year.

Are the Reichmanns in trouble? Don't bet on it. The London property recession may be worse than they expected, but that doesn't mean they are running out of cash. Dividends from their nearly $4 billion blue-chip North American stock portfolio, which includes some of Canada's largest companies, would alone cover Canary Wharf's deficit. Then there are tens of millions from their extensive realty holdings in the U.S. and Canada. Having fled wartime Hungary for Morocco, and then built a fortune in Canada, the Reichmanns are old hands at a judicious mixing of boldness and prudence. –T.G.

Charles Bronfman

Citing baseball players' ludicrous salaries (but suffering from bad trades), Bronfman, 60, sold his Montreal Expos in June. Insiders say he's also unhappy with the 17% stake held in Cineplex Odeon, the ailing theater chain, by one of the investment com-



Ryan Remiorz/Canapress

Charles Bronfman (r.) and Buck Rodgers
Au revoir to the Montreal Expos.

panies in his Claridge Group.

Bronfman is doing better with his Israeli investments. These include ECI Telecom; Teva Pharmaceutical; Luz International, a solar energy company; Optrotech, in electronics; and Osem, a big food company. After losing out to fellow Canadian Conrad Black in a bid for the *Jerusalem Post,* Bronfman is backing the new *Jerusalem Report.* Meanwhile, his 17% of Seagram Co. is worth some $1.7 billion and rising. –T.G.

Eaton family

Making cautious, conservative investments in Canada with minimum debt has paid this venerable family and its 122-year-old retailing chain and real estate empire well. Especially now.

Canadian property values are down, but less than in the overbuilt U.S. "The market in Canada is controlled," explains Michael Young, at Toronto- and Dallas-based Gordon & Young. "There are a well-defined number of retailers, financial institutions to finance them and markets. It is harder to overbuild."

The Eatons' retail stores and shopping centers are developments in the very best locations in each of the nation's nine largest cities, so rents stay high, vacancy rates low. Their values have held up better than most, analysts say.

The business stays private: 95 department stores, estimated sales more than $1.7 billion; and the real estate joint ventures in which the Eatons own up to 50%. All this is run by four brothers, great-grandsons of the founder, Irish immigrant Timothy Eaton: Fredrik Stefan, 53; George Ross, 45; and, at the family holding company, John Craig, 54, and Thor, 48. The family is taking one visible hit from recession and increased market fragmentation: Its 53% of Baton Broadcasting was lately worth $87 million, down more than 50% from its 1989 high. While the Eatons control Baton they don't manage it. –T.G.

Irving family

The New Brunswick-based Irving family is known for its get-tough tactics, often intimidating competitors and unions to achieve its goals.

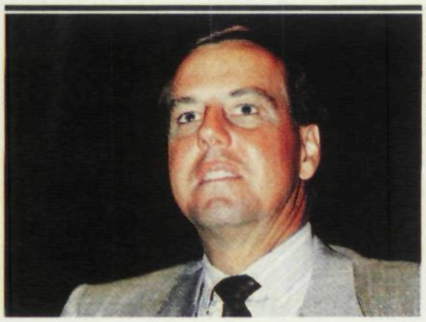
Kenneth Colin Irving, 92, started what is now a $5 billion fortune selling gas in 1924. Sons James, Arthur and Jack (known as Oily, Greasy and Gassy, respectively) now run the energy-to-timber-products conglomerate with their father's tough policies.

The boys are taking on New Brunswick's McCain brothers (who quit old K.C. in 1956 to go on their own) in frozen French fries. Last year the Irvings announced plans to expand right across the highway from the McCains' flagship plant—a move partly financed with government assistance in order to lower the cost of capital.

On other fronts, a bitter 11-month strike in an Irving paper mill ended

Ken Straiton/First Light

Brian Condron/Financial Post



Brian Condron/Financial Post

Fredrik (right) and John Craig Eaton
The family's flagship store, Toronto Eaton Centre.

only recently. And the Irvings' Saint John Shipbuilding is playing hardball in the courts against a defense subcontractor, Le Groupe MIL. Each is suing the other regarding Saint John's $5.5 billion frigate contract from the Canadian government. MIL doesn't have the financial wherewithal to lose this battle; Saint John does. MIL's president calls Saint John's lawsuit an attempt to squeeze out its only major Canadian competitor.

In the U.S. the Irvings have expanded their roughly 3,000-gas-station empire into Maine, New Hampshire and Vermont but are shying away from competitive Massachusetts. Folks who do business with the sons say at least one of them cares more about public relations than the old man did. That's good: It looks like the family will need the help. –T.G.

Weston family

After years of piling up cash, Associated British Foods Chairman Garry Weston, 64, made his move: Early this year he paid some $1.4 billion for British Sugar, Europe's third-largest sugar refiner. It is a company he has coveted for years. The seller, Berisford, was desperate for cash to cover debt payments on several bad New York and U.K. real estate investments. Others were interested—including Italy's billionaire Ferruzzi family *(which see)*—but only Garry could pay the price immediately, and in cash.

Gloated London-based Weston to FORBES: "Cash is king at moments like this, and that is what we have been waiting for." Perhaps he was thinking of critics who called him "too unaggressive" as he waited with his cash.

Brother Galen, 50, is supposed to be the aggressive one. He runs Toronto-based George Weston Ltd., which is the family's flagship and majority owner of Loblaw Cos., the major diversified food and supermarkets group. Loblaw has restructured its hypermarkets, okay out West but a flop in urban eastern Canada.

Lately Galen has been building a 412-acre seaside community just north of Vero Beach, Fla. He and his polo pal, Prince Charles, inaugurated the development's two polo fields during the U.S.' January-to-March 1989 season.

Family stock in ABF and George Weston is worth $3.5 billion, of which, perhaps not coincidentally, $2.5 billion is brother Garry's. –T.G.

Kenneth Roy Thomson

Now 67, Kenneth Roy Lord Thomson of Fleet seems satisfied that the family has again produced a capable male heir. In May 1990 son David, 34, moved from helping fix Hudson's Bay Co. (the Thomsons own 73%) to become deputy chairman of the Woodbridge Co., a holding company responsible for managing the family's $6.8 billion fortune.

With its media holdings—small-town papers and information publications like *Jane's Fighting Ships*—occupying easily defended market niches, Thomson Corp.'s market value has held up better than most media companies. Its U.K. travel business is surviving competition and making money. This family has always kept its eyes focused on the bottom line. –T.G.