The World's Billionaires

By Harold Seneker

No question, the billionaires' biographies make fun, sometimes scandalous, reading. But if gossip and titillation were the only results, we'd leave the work to television or to those publications that dote on the rich and celebrated.

There is social and economic virtue in this project. It serves a serious purpose. These are people—sometimes celebrities, sometimes purposefully obscure—who exert a powerful influence on a global economy that is becoming more accessible and intertwined by the day. Most of the 192 billionaire individuals and families we have unearthed cre ated their fortunes in the home countries and are now spreading their wealth int productive investment in far-flung countries With an electronic blip a major urban offic building changes hands Another blip, and 5% o a big, publicly trade company is suddenly i foreign hands. These elec tronic impulses are not cre ated by abstract forces. The come from real people, a num ber of whom are listed amon our billionaires.

Consider Li Ka-shing, thought b many to be Hong Kong's most influentia businessman. Through shrewd pyramiding reminis cent of Samuel Insull and other great Wall Stree

Illustration by Kinuko Craft

financiers of the 1920s and 1930s, Li controls companies that account for over 15% of the Hong Kong stock exchange's total market value. Now Li is expanding the pyramid to Canada, favored by many Hong Kong Chinese for investment (and as a possible future home). Last year he paid $418 million for control of Canada's Husky Oil Co.; part of the investment was made by Li's Hutchison Whampoa trading company, part by Li's son Victor, now a Canadian citizen.

Husky in hand, Li quickly used it to buy control of Canterra Energy Co., a big natural gas and sulfur producer in western Canada, for C$375 million ($300 million). Beyond Canterra Energy, Li's Husky Oil has offered Texaco a reported $3.7 billion for Texaco Canada, which has 11% of Canada's retail gasoline market. And beyond oil, in April a Li consortium (including fellow Hong Kong billionaire Cheng Yu-tung—see p. 154—and Lee Shau-kee) won the bid to develop Vancouver's Expo site. This is a $1.6 billion megaproject called Pacific Place that will fundamentally alter urban development on North America's West Coast. Meanwhile, Li companies have bought 4.9% of Britain's proud Cable & Wireless, which has brilliant telecommunications prospects throughout Asia.

Is it useful for business people and for investors to know about Li Ka-shing and what he is about? Emphatically, yes.

There is another reason for tracking the world's big fortunes. Amassing great wealth says much about the societies in which the wealth is amassed. As you read through the billionaires' stories, patterns begin to emerge. Notice how many European fortunes—at least 16—have been built since the end of World War II on retailing and other distribution businesses. When Europe entered the war, mass consumer markets had not yet developed there—as they had in the U.S. in the first third of the 20th century when Sears, Woolworth, Merrill and other U.S. merchant princes accumulated vast wealth. Thus the stories of Sweden's Ingvar Kamprad (p. 118), France's Bouriez brothers (p. 114), Germany's Otto Beisheim (p. 104), England's David Sainsbury (p. 103) and other European merchant billionaires are interesting in their own right—and important in demonstrating how far the democratization of consumption has progressed in Europe since it built itself up again out of the ruins of the economic and social order destroyed forever by World War II.

The majority of Japan's billionaires—18, of a total of 34—made their money by buying land when it was affordable, and holding on. This illustrates a central fact about Japan that many foreigners forget: that Japan has about half

How to track a billionaire

This is our second annual listing of the world's billionaires. It's our road map of world wealth. Where is it? How was it made? Who owns it? Have we found every billionaire? Of course not. But this year's survey does include a couple dozen newly uncovered billionaires and looks, where possible, at what they are doing with their money. We now know of at least 192 individuals or families, 125 of them foreign, whose net personal assets are worth over $1 billion. (American billion-dollar-plus wealth, summarized on the facing page, will be reviewed more extensively in the seventh annual Forbes Four Hundred issue in October.)

Our survey includes only private fortunes that have been accumulated through economic endeavor. We deliberately exclude royal families from consideration. Queen Elizabeth, King Fahd and the Sultan of Brunei are no doubt wealthy people. But their wealth derives more from political heritage than from economic effort. Nor, in many cases, are their assets disposable. Could King Fahd sell Saudi Arabia's oilfields? Can Queen Elizabeth sell the crown jewels? One has one's doubts. So we have again excluded royalty.

Likewise with dictators. Dictators often live more lavishly and always wield more power than the wealthiest of business people. Rumania's Marxist dictator Nicolae Ceausescu is now bulldozing huge tracts of once beautiful Bucharest into rubble and razing hundreds of ethnic Hungarian villages in Transylvania in a sick attempt at "modernization." But his power and lavish lifestyle have nothing to do with economic achievement and everything to do with keeping the loyalty of his brutal police force. So we leave dictators Ceausescu, North Korea's Kim Il Sung, Zaire's Mobutu Sese Seko and their ilk from consideration.

Many famous business names are conspicuous by their absence from our pages. This is not because we don't know about Sir Jimmy Goldsmith, say, or Carlo De Benedetti. We looked at them and were not convinced that their private net worth comes to $1 billion or more at current stock and other market values—and at rates of foreign exchange in force as we went to press at the beginning of July. Remember, our estimates are net worth; the world is full of people with billions in assets and equal billions in debts. (For several individual and family fortunes we considered and then dropped, please see "A few who failed to make the cut," on page 162.)

In deciding whether to include a fortune, we count in assets in the names of close relatives and private holding companies. In certain cases we also credit assets held by foreign foundations, where we are satisfied that the foundation serves the individual owners primarily as a tax avoidance device.

Using methods refined by FORBES over years of tracking and measuring wealth creation, our reporters and editors have created a unique and continuing panorama of the great economic drama.

COMING SOON: The Forbes Four Hundred—the 400 richest people in the U.S. Dated Oct. 24, our seventh annual compilation of U.S. wealth will include biographies of the four dozen or so individual Americans who qualify as billionaires.

as many people as the U.S., and usable land about the size of New England. The consequent feelings of isolation and hemmed-in-ness are at the root of many of the Japanese economic and political decisions made during much of this century.

Interestingly, four of our Japanese billionaires built their fortunes on retailing. This suggests that the Japanese are beginning to consume imports as well as produce exports. Good news for world trade imbalances. We hazard a guess that we'll see more Japanese retail fortunes in the years ahead.

And the U.S.? Had someone listed the great U.S. fortunes of a century ago, they would have been made mostly by the great industrialists who built the railroads, the steel mills, the coal mines. Later would come the merchant prince fortunes, created by those who could exploit the developing mass markets here.

A surprising percentage of today's American billionaires are media magnates, whose wealth comes from the production and distribution of intangible commodities: information and entertainment. Will this changing pattern repeat in Europe and the Far East? One suspects it already has, preparing the way for the creation of new fortunes and the eclipsing of older ones. ■

Number of billionaires per country*

Where the most richest are

The U.S. still accounts for more billionaires than any other country—at least 47 American individuals and 20 families are worth over $1 billion, versus 32 individuals and 2 families in second-place Japan and 16 in third-place Germany. All of Europe accounts for 44 billionaire individuals and families. Below is an extensive sampling of the known U.S. billionaires as we go to press.

Sam Walton, Wal-Mart Stores, $6.5 billion
John Kluge, Metromedia, $3 billion
H. Ross Perot, Electronic Data Systems, $3 billion
David Packard, Hewlett-Packard, 2.5 billion
Donald & Samuel Newhouse, publishing, $4.7 billion
Warren Buffett, Berkshire-Hathaway Inc., $2.1 billion
Lester Crown, inheritance, $2.1 billion
Jay & Robert Pritzker, financiers, $3.8 billion
Barbara Cox Anthony & Anne Cox Chambers, Cox Enterprises, $3.6 billion
A. Alfred Taubman, real estate, $1.8 billion
Ted Arison, Carnival Cruise Lines, $1.6 billion
Henry Hillman, industrialist, $1.5 billion
Sumner Redstone, entertainment, $1.5 billion
Samuel LeFrak, real estate, $1.5 billion
Edgar Bronfman, Seagram Co., $1.5 billion
Marvin Davis, oil & investments, $1.45 billion
Harry Helmsley, real estate, $1.4 billion
Philip Anschutz, oil & investments, $1.4 billion
William Gates, Microsoft, $1.4 billion
Leonard Stern, pet supplies & real estate, $1.4 billion
Ray Hunt, oil & investments, $1.3 billion
Donald Bren, real estate, $1.3 billion
Charles Sammons, cable & insurance, $1.3 billion
Edward DeBartolo, shopping centers, $1.25 billion
William Hewlett, Hewlett-Packard, $1.2 billion
Rupert Murdoch, News Corp., $1.2 billion
Robert Bass, oil & investments, $1.2 billion
Edward Gaylord, broadcasting, $1.2 billion
Leslie Wexner, The Limited, $1.2 billion
Forrest Mars Sr., candy, $1.15 billion
Forrest Mars Jr., candy, $1.15 billion
John Mars, candy, $1.15 billion
Jacqueline Mars Vogel, candy, $1.15 billion
Margaret Hunt Hill, oil & investments, $1.1 billion
August Busch Jr., Anheuser-Busch, $1.1 billion
John Dorrance, Campbell Soup, $1 billion
David Rockefeller, inheritance, $1 billion
Sid & Lee Bass, oil & investments, $2 billion
Carl Lindner, insurance & banking, $1 billion
Charles & David Koch, oil, $2 billion
William Ziff, publishing, $1 billion
Donald Reynolds, publishing & cable TV, $1 billion

Other U.S. families with fortunes estimated at $1 billion or more:
Du Pont family, chemicals, $10 billion
Rockefeller family (incl. David), oil, $5 billion
Getty family, oil, $3.4 billion
Hearst family, publishing, $3.4 billion
Upjohn family, pharmaceuticals, $2.3 billion
Cargill/MacMillan family, commodities, $2 billion
Annenberg family, publishing, $2 billion
Phipps family, steel, $1.9 billion
Lilly family, pharmaceuticals, $1.5 billion
Chandler family, publishing, $1.3 billion
McCaw family, communications, $1.3 billion
Haas family, Levi Strauss & Co., $1.2 billion
Wattis family, construction, $1.2 billion
Scripps (E.W.) family, publishing, $1.2 billion
Weyerhaeuser family, paper products, $1.1 billion
Bacardi family, liquor, $1.1 billion
Donnelley family, printing, $1.1 billion
Cullen family, oil, $1.1 billion
Kleberg family, oil, $1 billion
Lykes family, shipping, $1 billion

Europe

Will business succeed where armies failed?

Europe's capitalists are aquiver. In theory, come 1992 any business or product legal in any Common Market country will become legal in all. Dutch banks can expand into Spain, French hypermarket chains into Belgium, as freely as a New York company can expand into Connecticut.

The opportunities for wealth creation will be immense—but the change will be wrenching. In Spanish banks, for example, operating costs average 2.8% of assets, compared with 1.75% in Germany, 1.9% in France. Some 40 foreign banks that are now in Spain will be able to underprice the Spaniards. Painful rationalization is inevitable. Indeed, the Bank of Spain has suggested that by 1992 the old oligopoly of 6 banks controlling 80% of Spain's commercial bank deposits could shrink to 3 larger, Euroscale banks. Publishers, by contrast, will enjoy a windfall. Notes Rosemary Sagar, an analyst with Baring Securities: "All of those textbooks on corporate law, accounting and taxation will have to be completely rewritten."

Of course, the changes may be so painful as to be politically unacceptable *(see story, p. 78)*, in which case Europe will continue to suffer the penalties of economic fragmentation and sovereignty will have triumphed once more over efficiency. That would be a shame. Military and political leaders have wasted lakes of blood in their vainglorious attempts to unify Europe. Wouldn't it be a triumph if businessmen succeeded where kings and marshals failed?

Spain

BOTIN FAMILY
Beyond The Iberian Peninsula

Spain's heavy power brokers under General Franco were the Church and the military, the syndicalist labor movement and the banks. Among the latter, none was more powerful than Banco Santander, controlled and operated behind the scenes by the Botín family, several of whom were married to El Caudillo's ministers.

Actualidad Economica

Emilio Botín Jr. and Sr.

The Franco regime is a dimming memory, but the Botín wealth is as robust—and as publicity-shunning—as ever. "Quite frankly," one member of Spain's relatively narrow banking circle cautioned us when we made inquiries about the Botíns, "I think you're touching fire."

Fire or no, this is clearly a powerful family. Banco Santander was set up in 1857 in the Atlantic commercial port city of Santander to finance trade between Spain and Latin America. Today it is the only major Spanish bank still controlled by a single family. The Botíns' visible stake is only some 5%. But knowledgeable sources say affiliated Botín entities bring the total to 25%, worth around $1.5 billion at current market price.

For more than 30 years, Don Emilio Botín has been the bank's helmsman. Now 85, this shy, elegant man built Banco Santander through acquisitions within Spain. In the early 1950s he was the first to cultivate Spain's emigrant community in Latin America, flying off to Argentina and Panama to snap up banks. In 1965 he set up industrial lender Banco Intercontinental Español (Bankinter) with Bank of America, and put his son Jaime Botín in charge. The Botín stake in Bankinter is put at around 10%, worth $140 million.

Officially, Don Emilio Botín retired two years ago. His successor is his 53-year-old son, also named Emilio. The younger Emilio joined the bank more than 30 years ago. But until his father retired, he was reportedly never allowed to answer a single question during the annual spring rite when the Botíns invite the Spanish press to their mansion in Santander and announce the bank's annual results.

Now that his father is slipping quietly into the background, the younger Emilio, and several other family members on the board, will address the bank's toughest challenge: Europe in 1992. As Banco Santander's recent bid for Italy's Istituto Bancario Italiano suggests, the Botíns will use high-priced Santander stock to seek more acquisitions outside Spain. If they succeed, the Botín family members and their bank will be a force to be reckoned with far beyond the Iberian peninsula.—**Lisa Scheer**

MARCH FAMILY
Into The Light

The chance to profit from Europe's crumbling borders is apparently forcing even Spain's secretive March family into the open. Their March Group was founded on the Mediterranean smuggling profits of dynast Juan March—convicted of fraud in the Spanish Republic of the 1930s, grown rich under the patronage of Generalí-

Joquin Tejada/Actualidad Economica

Carlos March

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simo Franco and killed in a car crash in 1962. Today the founder's grandsons, brothers Carlos and Juan March, both in their early 40s, control a family fortune worth over $1.2 billion.

What are the grandkids into? Real estate. Through $680 million (market capitalization) Corporación Financiera Alba, half owned by the Marches, half by public investors, they are buying up and renting warehouses, industrial buildings and residences. They are throwing up office buildings in Madrid and Barcelona, and developing apartments and commercial buildings on their grandfather's former private estate in Majorca. The March Group also recently bought around 5% of newly formed Advent. Its aim: to grab control of sick Spanish companies, restructure them and then relaunch them on the bubbling Madrid Bolsa. Grandpa would be proud.—**Lisa Scheer**

RAMON ARECES
Spain's Merchant King

Probably worth some $5 billion, Ramón Areces is by far the richest man in Spain. In 1920, age 15, Areces emigrated from his poor Asturian village to Cuba. There he learned merchandising in his uncle's Havana department store. Back in Spain in 1934, Areces bought a small Madrid tailor shop that custom-made expensive clothes from imported fabric for the Spanish bourgeoisie. Six years later Areces opened his first department store and called it El Corte Inglés (the English Court), named after his original tailor shop.

In the depression that followed the Spanish Civil War, Areces expanded the store slowly. But by the late 1950s, Franco felt compelled to boost living standards. He relaxed, somewhat, his strict autarkic rules and allowed merchants like Areces to import more foreign goods. A cosmopolitan middle class took root and began to consume El Corte Inglés' wares. In 1962 Areces opened a second store. Today there are 19 stores plus 5 Hipercor hypermarkets. Expansion is almost exclusively self-financed: Long-term debt is zero and annual cash flow is almost $200 million.

Ramón Areces

Last year El Corte Inglés announced profits of $83.5 million on sales of $2.8 billion. But private companies in Spain routinely submit an understated financial statement to the Ministry of Finance. Besides the cash earnings, there is El Corte Inglés' extremely valuable real estate. Spanish analysts believe the company may actually be worth $5 billion. Sources say the Areces family owns 96.8% of El Corte Inglés.

Control of the El Corte Inglés fortune may soon change hands. Now 82 and a recluse, Areces is said to be seriously ill. At a recent Banco Central shareholder meeting, President Alfonso Escamez publicly summoned the Lord's help to keep his friend Ramón Areces alive. Rumor has it that Areces suffered a stroke. A company spokesman will say only that Areces "has a cold."

Who stands to inherit El Corte Inglés? One source says Areces has seven sons and "about" four daughters. Another insider says that Areces has children, but that they're all illegitimate. Says the company spokesman, perhaps wishfully: "Ramón Areces is a widower with no children. He is leaving the company to the employees."—**Lisa Scheer**

Italy

FERRUZZI FAMILY
He Should Have Called Milken

Movie-star-handsome Raul Gardini has put in motion forces that are still roiling Italy's business elite. Gardini, married to one of Serafino Ferruzzi's three daughters, had built Ravenna-based Ferruzzi Finanziaria into a powerful agricultural, chemical, financial services and pharmaceutical firm. Gardini, the family leader since his father-in-law died in 1979, has diversified aggressively. Ferruzzi is now a $4.3 billion (sales) conglomerate with over 50 companies.

F. Scianna/Magnum

Raul Gardini

Gardini's biggest gamble is his attempt to take over Montedison (FORBES, *May 2*). Starting in 1985, he acquired 42% control of Montedison, one of Italy's largest industrial holding companies. To finance the takeover, Gardini hatched a complex scheme combining asset-stripping and raising new money by selling shares in Ferruzzi Agricola. But then came Gardini's unusual proposal, a series of complex share swaps that would give investors a stake in Ferruzzi holding companies in exchange for their stock in lucrative partly-owned Ferruzzi subsidiaries. Spooked, investors began taking a closer look at Gardini's complicated proposal, and didn't like what they saw. In February the Italian stock market dumped Montedison, Ferruzzi Agricola and related shares. Gardini's leveraged holding was in trouble.

With the market stabilized now, it looks as if Gardini may gain control over most of Montedison after all—but at a steep price. He will most likely have to sell a chunk of Ferruzzi through Mediobanca, which will dilute Ferruzzi-Gardini families' control over old Serafino Ferruzzi's legacy. Even in Italy, there are rules for Michael Milkens. The Ferruzzi family's holdings are worth an estimated $2.8 billion.—**Tatiana Pouschine**

SILVIO BERLUSCONI
Silvio ♥ Perestroika

Another new European name on the list, Berlusconi, 52, was the son of a Milanese banker, but entrepreneur-

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Giovelli/Olympia

Silvio Berlusconi

ial talent showed early. As a teenager Berlusconi earned pocket money doing homework for his fellow students, and went on to finance law school by singing French songs in clubs. In 1963 Berlusconi started a construction firm, Edilnord, convincing stodgy Italian bankers to lend today's equivalent of $5 million to an inexperienced young man (FORBES, *Jan. 25*).

In 1978 Berlusconi diversified into television with Telemilano, a tiny Milan TV station. He quickly grasped that the really big money was in broadcasting to the masses nationwide—and playing on close personal ties to Italy's Socialist prime minister, Bettino Craxi. The latter was especially important as Berlusconi energetically circumvented Italian laws prohibiting competition against the three government-owned national broadcasters. For television programming, Berlusconi brought in bulk soap operas, football games and other American shows and created a bonanza: Berlusconi now has some 60% of the total Italian television advertising market. Latest reported earnings exceed $100 million a year, and Berlusconi owns it all.

Having paid down once-substantial debt, Berlusconi, a major player in breaking down economic barriers between Western European countries, is now putting the cash flow to work in TV stations in such countries as France and Germany and buying up Italian movie theaters. (His reported goal is equity in 200 movie houses in the next few years: Berlusconi's firm has produced or invested in 70 Italian feature films in the last two years.) With perestroika freshening the air, Berlusconi recently persuaded the Soviets that advertising is an idea whose time has come, and has won exclusive right to represent any Western company advertising on Soviet television. Berlusconi's estimated net worth: roughly $1 billion in lire, and who knows how many rubles are in the offing.—**Tatiana Pouschine**

GIOVANNI AGNELLI AND FAMILY

Fiat Money

Demonstrating that no good industrial turnaround shall go unpunished, some of Italy's politicians are fussing over the Agnelli family's $3.8 billion fortune, Italy's largest. Only ten years ago Fiat, chaired by Giovanni (Gianni) Agnelli, was in crisis. Agnelli brought in top-notch management, including the tough Cesare Romiti, who invested heavily and stunned Italy by taking on the Communist-dominated unions and laying off 23,000 workers. Toughness worked. Last year Fiat, founded by Agnelli's grandfather and still 40% owned by the family, had operating income of $2.6 billion on revenues of $30 billion.

Paolo Siccardi/Contrasto/Picture Group

Giovanni Agnelli

Mostly through Fiat, the Agnellis control companies that make up a quarter of the market capitalization of the Milan stock exchange. It is this concentrated wealth that has the pols fussing. In January the Socialist party raised questions about the Agnellis' control of over 20% of Italy's newspaper sales. The Agnellis will, for now, get to keep their two huge and influential Italian newspapers, *Corriere della Sera* and *La Stampa*, but notice has been served.

Agnelli has been growing more interested in the U.S. Here he invests through 12%-owned, $1-billion-plus (estimated revenues) Ifint, which trades on the Luxembourg stock exchange, and does deals with people like William Simon. Gianni Agnelli, whose personal worth is estimated to be at least $1.5 billion, is treading more softly.—**Tatiana Pouschine**

BENETTON FAMILY

Easy Come, Easy Go?

Shy and soft-spoken Luciano Benetton wears blue jeans even when appearing before a formal audience and keeps his gray hair shoulder

The Benettons

length. But there is nothing slovenly about Benetton Group, the $1 billion (sales) clothing company that he, his designer sister and his two younger brothers started 25 years ago in Treviso, north of Venice. In 1987 Benetton Group earned an impressive 10% return on sales. At recent stock market prices, the Benetton clan is worth upwards of $1.3 billion.

The Benettons are determined to continue growing rapidly. But can they? They say they'll have 900 franchised U.S. stores by 1990 (up from 760 today), and hundreds more outlets all over Asia, South America and even Eastern bloc countries. Yet even now the U.S. market seems saturated. Customers are complaining that the Benettons' once inexpensive clothing isn't anymore.

The Benettons currently are pushing into risky new areas: mail order, and introducing underwear, shoes and cosmetics. Last year the family even entered the competitive Italian financial services market, where much money is easily lost. Whether the Benettons will prove to be as good at holding on to their money as they were at making it remains to be seen.—**Tatiana Pouschine**

SALVATORE LIGRESTI

Bread And Wine And Baloney

Who is Salvatore Ligresti and how does he get away with so much? This mystery financier from Sicily accumulated what looks like a $1 billion fortune, mostly within a decade. But in 1987 magistrates seized 15 Ligresti office buildings on the outskirts of Milan. They said that Ligresti failed to procure the necessary building permits.

Then there is Ligresti's roughly 40% stake in SAI, one of Italy's largest insurance companies; this holding alone is worth almost $700 million. But in November Enrico Pianta, SAI's well-respected managing director, suddenly resigned. Soon afterward,

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Salvatore Ligresti

Raffaele Ursini, who had been arrested in 1978 for misuse of public funds, reportedly claimed that he never sold his 492,000 shares of SAI to Ligresti but only gave them as collateral for a loan. Now Ursini wants his SAI shares back.

Then, in December, Ligresti was sentenced to 22 months in prison on the building violation charges. Ligresti is appealing.

But this is Italy. In the midst of the uproar, Ligresti was appointed to the board of that very special, powerful and exclusive bastion of the Italian financial establishment, Mediobanca, the investment bank. According to the business magazine *Il Mondo*, Mediobanca may help Ligresti take public real estate holdings with a net worth estimated at more than $300 million.—**Tatiana Pouschine**

MICHELE FERRERO
Sticking To Sweets

Unlike Italy's other billionaires, Michele Ferrero has remained in only one business—candy—since taking over the family company in 1957. His Ferrero SpA, based in Pino Torinese, outside Turin, specializes in chocolates but has added other sweets to its line.

Ferrero's products, including Nutella, Mon Cheri chocolates and Tic Tacs, sell well in all major markets, including the U.S., Germany and the U.K. Over half of the company's $1.8 billion in annual sales are generated outside Italy. Ferrero's test market is Luxembourg, where new candy might be tested for as long as ten years and even then may still never be launched internationally.

Olympia

Michele Ferrero

Michele Ferrero did make one attempt to branch out—and it turned out to be a disappointment. In 1985 he joined pasta magnate Pietro Barilla and media billionaire Silvio Berlusconi in a nasty public bidding war against Carlo de Benedetti for the government-owned food conglomerate SME. Apparently unable to decide between such politically powerful rivals, the Italian government reacted sensibly. It canceled the proposed sale.—**Tatiana Pouschine**

Switzerland

STEPHAN SCHMIDHEINY
How To Keep A Family Business Healthy

Heir to four generations of a privately held family industrial empire, Stephan Schmidheiny recently spoke to the Swiss-American Chamber of Commerce in Zurich about the traps family companies often fall into. Rule number one: Stay private, no matter how good that free capital looks. "The family-owned enterprise," said Schmidheiny, "is not subject to a kind of plebiscite, a factor which all too often—in the U.S., for example—pushes big public companies into decisions motivated by short-term interests."

Rule two: Keep profits working inside the company. Schmidheiny: "One prerequisite for the long-term success of a family business is that profits are not usually paid out in the form of dividends, but reinvested in the company."

Rule three: Keep debt to a minimum. Stephan Schmidheiny's holding company, Hurden-based Anova, won't even issue bonds. If a family can't—or won't—subordinate short-term interests of current stockholders to distant future interests, then the family will one day be out of the business. It is as simple as that.

Rule four: Tightly link ownership and responsibility. Speaking of his own family's business, which started with a small brick factory in the 19th

RD2/Photo Reporters

Stephan Schmidheiny

D. Boschung

Thomas Schmidheiny

century, Schmidheiny said: "Family interests have been reallocated with each successive generation, to give one individual control of an independent part. . . . A family superholding has been consciously rejected in favor of the advantages inherent in smaller units where ownership and responsibility are in only one pair of hands."

All this has worked for the Schmidheinys. Stephan Schmidheiny's portion, based on construction and diversified into banks, real estate and retailing, is worth some $2 billion. His older brother Thomas runs Holderbank, the largest cement company in the world, and has interests in real estate and a technology manufacturer. Estimated worth, some $850 million. A third brother, Alexander, has little to do with the business. A cousin runs a smaller but still sizable piece split off in an earlier generation.

In his talk, Schmidheiny avoided the family business' worst enemy: incompetent heirs. Stephan Schmidheiny recently bought control of Landis & Gyr A.G., a Zug-based maker of electromechanical and electronics equipment. There are no suitable successors in Landis & Gyr's third-generation founding family, so the board approached him to take over. For their part, the Schmidheinys have, for four generations now, found new family members to take the assets to new heights. And they needn't address the question for quite a while. Stephan is only 41; his brother Thomas, only 43.—**Richard C. Morais**

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HANS HEINRICH THYSSEN-BORNEMISZA
Problems Of The Rich And Famous

Baron Heinrich Thyssen-Bornemisza, 67, has a problem: what to do with his enormous private art collection, generally considered second in size only to the Queen of England's. In April the baron agreed with the government of Spain to house 600 to 700 important paintings (he has 1,400) opposite Madrid's Prado. But this is a ten-year loan, not a permanent home. And there is the Villa Favorita, on the shores of Lake Lugano, where the baron lives with his fifth wife, 47-year old Carmen (Tita) Cervera, Miss Spain of 1961. But he would need a big building, and that

RDZ/Photo Reporters

Baron Thyssen-Bornemisza

would require reinforcing the property against the lake. "Otherwise the whole thing would fall in," explained a London spokeswoman.

One problem the baron doesn't have is keeping Thyssen-Bornemisza Group in the family. The baron's grandfather, August Thyssen, built Germany's Thyssen steel. Now the current baron's eldest son, Georg-Heinrich, 38, is taking over.

The young man starts from an elevated base. In 1987 sales of Monaco-based Thyssen-Bornemisza Group were $2.8 billion; net income (no doubt understated for tax purposes) was $34 million. An international conglomerate with interests in glass containers, farm and poultry equipment, information systems and more, the group now books 40% of its sales in the U.S. With his son running things, the baron can devote more time to dealing with his art problems.—**Lisa Scheer**

RDZ

Maja Sacher-Stehlin

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Paul Sacher

PAUL SACHER AND MAJA SACHER-STEHLIN
Mystery Buyers

Who bought the $200 million block of shares in Swiss pharmaceutical giant F. Hoffmann-La Roche when the block came up for sale this spring? The stock was in the form of bearer shares, with no names given. But Maja Sacher-Stehlin and her family are the obvious suspects.

Maja, 92, is the widow of Emanuel Hoffmann-La Roche, who in turn was the son and primary heir of the drug company's 19th-century founder. Maja and Emanuel had two sons and a daughter before Emanuel died in a car crash in 1932. Two years later, Maja married Paul Sacher, a conductor and patron of the musical arts; he is now 82. The family's principal visible sign of wealth is the Paul Sacher Foundation in Basel, which collects Stravinsky memorabilia and last year bought the archives of American composer Elliott C. Carter.

The Sachers and some other Hoffmann-La Roche descendants own some two-thirds of the scarce voting shares (16,000 exist), worth around $1.3 billion. A company spokesman denies that "the family" bought more bearer shares last spring—but he agrees that "friendly Swiss institutions" might have bought. It's still possible, however, the founder's descendants, acting through friendly Swiss family trusts, increased their holding in this profitable company last spring.—**Richard C. Morais**

United Kingdom

ROBERT MAXWELL
Tomorrow The World?

Born Jan Ludwig Hoch in Czechoslovakia in 1923, Robert Maxwell has turned a stake in a war buddy's tiny science and technical publishing company into Maxwell Communications Corp., a $1.5 billion (sales) media empire, including British Printing & Communications Corp., Europe's largest printer, and the Mirror Group Newspapers, as well as Pergamon Press, the company that started it all. Through Liechtenstein-based Pergamon Holdings, Maxwell, a self-proclaimed socialist, holds 51% of Max-

Clive Arrowsmith

Robert Maxwell

well Communications, worth $1.2 billion. Expect more of Maxwell in the U.S., as the media baron makes clear in an interview with FORBES in this issue.—**Claire Poole**

GERALD CAVENDISH GROSVENOR
Legal Theft

For Grosvenor, sixth Duke of Westminster, the Leasehold Reform Act is legal theft. Passed by a Labor government in 1967, the act gave tenants the right to purchase the land underlying their residences, usually at a discount to market. By 1990 about a third of the young (36) duke's 100 acres in Mayfair—"a place of vice and impurities" when the family acquired it in 1677—should convert back to residential use from the temporary office designation the property received after World War II. More leaseholders will invoke their Leasehold Act rights.

But there are other opportunities. Grosvenor International Holdings, a $1.6 billion (assets) property investment group, has interests in Canada,

Homer Sykes/Camera Press

Gerald Cavendish Grosvenor

Australia and the U.S. In California GIH has a 220-acre business park in Fairfield, 615,000 square feet of high-tech and R&D space in Silicon Valley and an office building in Santa Monica. In Mesquite, Tex.; Eugene, Ore.; and Northbrook, Ill. The company owns large regional shopping centers, and it has a 620,000-square-foot commercial building in Honolulu.

Through Atlantic Freeholds, a partnership between Grosvenor and two U.K. pension funds, the duke bought the Olmsted Building in Washington, D.C. last year, and has a Washington office to look for more East Coast properties. Altogether, Westminster's net holdings total nearly $3 billion—the British bit bulking less all the time.—**Claire Poole**

DAVID SAINSBURY
Olde Englande, New England

Quietly and cautiously, Britain's $7 billion (sales) J. Sainsbury Plc. builds its New England foothold. In 1983 the very profitable supermarket chain began buying into Shaw's Supermarkets Inc., a $1.2 billion (sales), 50-store chain in New England. Last July it bought the rest and made Shaw's a subsidiary. Through Shaw's, it recently added Iandoli, a Worcester, Mass. chain of 10 supermarkets. At home, meanwhile, Sainsbury's has 279 stores and opens 18 to 20 new ones a year, generally outside the heavily saturated, high-priced London market.

Topham/The Image Works

David Sainsbury

Whether Sainsbury's U.S. expansion will accelerate will be up to David Sainsbury, who holds 25% of the stock. In November his cousin, Chairman and Chief Executive Sir John Sainsbury, 60, stepped aside while David, 47, advanced from finance director to deputy chairman. Betting is he will go on to chairman, making him the sixth Sainsbury to head the company. Together, the family owns over 50% of the company; their block of holdings was recently worth around $3 billion.—**Claire Poole**

SIR JOHN MOORES
He Can't Run It From The Grave

Sir John Moores

London analysts are buzzing that Liverpool's Littlewoods may finally go public. The rumors make sense. John Moores, now Sir John, founded the company in 1923 as a betting shop for soccer games and built it into a low-priced dry goods retail chain and mail-order house. Moores (plus a few relations) still owns virtually all the company, conservatively worth $1.6 billion.

But Moores is now 92. While none of his family has proved willing or able to run the company, two outsiders have been doing beautifully. In 1982 Littlewoods was going downhill fast. Moores brought in John Clement, also chairman of Unigate, and Desmond Pitcher, previously managing director of Plessey Telecommunications. They spruced up and expanded the stores, computerized the catalog business and added catalog shops. They have also followed Sears' and J.C. Penney's lead and ventured, cautiously, into more upmarket specialty areas like interior design centers.

All this helped Littlewoods' profits rebound smartly, to $136 million (pretax) last year, on revenues of $2.6 billion. How better for Sir John to reward Clement and Pitcher and keep them at the helm than by giving them a significant stake in a publicly traded company?—**Claire Poole**

SAMUEL, LORD VESTEY AND EDMUND VESTEY
Slaughtering Margins

As aggressive British grocers like the Sainsburys prosper, the Vestey brothers are getting squeezed. The Vesteys own a vertically integrated meat empire that was started by their grandfather in the last century. Today the empire stretches from vast cattle operations in Argentina to the 1,400-outlet J.H. Dewhurst Ltd., Britain's largest chain of retail butchers. In between are cold storage warehouses, shipping assets, insurance subsidiaries and a whole lot more. There are some 200 private companies under Union International Plc., which in turn is held by Western United Investment, the Vesteys' $2 billion (estimated assets) holding company controlled by the brothers through joint ownership of two £1 "management shares" each.

But Sainsbury's and other supermarkets' meat departments in the U.K. are beginning to steal customers from the somewhat higher-priced butcher shops like Dewhurst. The Vesteys could, of course, begin supplying the supermarkets on a greater scale. But that would slaughter their downstream margins.

Still, don't cry for the Vesteys. If all else fails (which it won't), they have a great deal of valuable London real estate to manage.—**Claire Poole**

Topham/The Image Works Times Newspapers Ltd

Samuel, Lord Vestey and Edmund Vestey

SWIRE BROTHERS
Comrade Partner

The Swires, China hands for five generations, do not fear Beijing's Communists. Swire Pacific was founded by their ancestor early in the 19th century. Today the group is a property, shipping, airlines (54% of Cathay Pacific), Coca-Cola bottling and trade combine that is still 28% owned by Sir Adrian, 61, and brother John, 56. Their holding is currently worth $1.25 billion.

Hong Kong will come under Beijing's administration in 1997, and many capitalists are selling out. The Swires are buying. Swire is building—and will own—a two-phase real estate project called Pacific Place. Phase I, totaling almost 1.5 million square feet of office and hotel space and 300,000 square feet of shopping space, will be completed late this year, but 90% of its office space was already let by last May. Jardine Fleming Securities estimates Swire's rental income will hit $1 billion in 1989. Phase II will be completed by 1991.

The group will also bid, with Browning-Ferris, on waste disposal contracts, and has joined a Hong Kong cable TV consortium. The most interesting venture of all, however, is Swire's bid to buy property in Shanghai. The bid clearly signals the brothers' belief that Beijing's Communists will allow private ownership and enterprise to thrive.—**Claire Poole**

South China Morning Post

John Swire

Topham/The Image Works

Sir Adrian Swire

West Germany

OTTO BEISHEIM
Germany Needs More Like Him

Otto Beisheim was an assistant manager in a wholesale electric firm when he visited the U.S. in the early 1960s. Here he admired the inexpensive distribution system of wholesale supermarkets—no-frills cash-and-carry businesses that sell consumer goods in bulk to retailers.

Beisheim was excited. In 1964, age 40, he quit his job and opened Metro-Markt. Two powerful German industrial families and Holland's Fentener van Vlissingens *(which see)* invested in Metro in 1967 and 1968. Their capital and Beisheim's entrepreneurial genius has turned Metro International A.G., based in Zug, Switzerland, into an $11 billion (estimated sales) empire, with over 103 outlets in 13 countries (at least 40 in West Germany). Its warehouse-style stores stock a limited—but very modestly priced—line of food and household items.

For a while, Beisheim was able to get around West Germany's silly *Ladenschlussgesetz* law, which requires retailers to close at 6:30 p.m. on weekdays. As a wholesaler, Beisheim kept Metro open at least until 9 p.m. and sold to anyone carrying a special Metro card. The card, however, was readily available to German consumers—until 1985, when an irate West German Retail Trade Association sued Metro for "illegal and unfair" business practices.

Beisheim is new on our list. His estimated 23% holding in Metro is worth $688 million. But he has other holdings. These include office machine and typewriter manufacturer Pelikan A.G., which Beisheim took over in 1983 and floated in Switzerland in 1986; his 60% is worth $53 million. He also owns 33.3% of Kaufhof A.G., a large West German department store group; this stake is worth $266 million.

Now 64, Beisheim is a recluse. He is said to communicate with his senior executives by facsimile machine. Married but childless, he reportedly shuttles between residences in Lugano, Switzerland, Rottach-Egern, West Germany and Bal Harbor, Fla. It is unclear what will happen to Metro after Beisheim.—**Lisa Scheer**

ALBRECHT FAMILY
Very Quiet Money

A couple more newly uncovered billionaires, brothers Karl and Theo Albrecht, have operated for a long time on a principle of Karl's: "Poor people have to buy cheaply, rich people like to." They began applying this after World War II, from their mother's grocery in Schonebeck, a mining suburb of Essen. Today Karl, 67, and Theo, 65, own Aldi's (for Albrecht Discount), West Germany's largest food chain. The $10.8 billion (1987 sales) discount empire runs some 2,000 supermarkets and employs more than 20,000. The family net worth, including outside interests, is estimated at over $1.2 billion.

The brothers found their present concept in the early 1950s, when they stripped their stores of decoration, advertising and expensive equipment, limited the stock to about 300 quick-selling items, and sold at prices as much as 20% below the competition. To cut costs to—and into—the bone, the Albrechts do obvious things like eliminating fresh foods, an expensive line—and less obvious things, like eliminating branch managers' telephones and telling the managers to use the closest pay phone.

DPA

Theo Albrecht

In 1971 kidnappers grabbed Theo Albrecht and received DM7 million ransom. He was released 17 days later. Since then the brothers have, understandably, kept very much to themselves. They have also subdivided the business into 32 legally independent regional companies, each of which is too small to be required to disclose financial statements.

Like other German billionaires, the brothers have expanded outside the confining economy of Germany, but

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less aggressively than some. They own the $100 million (estimated sales) Benner Tea Co. of Iowa (now known as Aldi-Benner) and 10.92% of $2.2 billion (market capitalization) Albertson's Inc., a U.S. supermarket chain based in Boise, Idaho. On his own, Karl Albrecht owns DM1 billion (sales) Hofer Markets in Austria; Theo owns the Lansa stores in Belgium and the Combi chain in the Netherlands. The Albrechts' success, in short, is as impressive as it is quiet.—**Lisa Scheer**

QUANDT FAMILY

The Yakuza Factor

Herbert Quandt (who died in 1982) probably paid under $1 million for 26% of BMW in 1959. Today the Quandts, led by Herbert's widow, Johanna Quandt, 63, own a 66% (currently worth $2.9 billion) block of the company.

Future appreciation, however, will be harder to come by. Between the aggressive Japanese carmakers and the weak dollar, BMW's U.S. market is under pressure. Lately BMW has

Wolf P. Prange

Herbert Quandt

been going where the new money is: Japan, where it has had considerable success despite tariffs and sundry nontariff barriers. Among the latter is the fact that BMW's high-priced cars are so identified with Japan's *yakuza*, or gangsters, that some restaurants refuse to let BMWs park out front.

Taking some of their eggs out of the luxury car market basket, Mrs. Quandt and her family are looking into things like genetic engineering and homeopathic medicines. Last July they visited Minneapolis, home of DataCard Corp., for which they paid $174 million cash in August. DataCard is the world's largest maker of plastic credit and bank cards, which the Quandts plan to sell to Europeans, who still lag Americans in using plastic money. Apparently the Quandts didn't like what they saw. In February they forced out the American chairman. —**Lisa Scheer**

PRINCE JOHANNES VON THURN UND TAXIS

American Beachhead

Comes now another German billionaire—this one armed with his sensual young (28) wife, "Princess TNT"—looking for U.S. investments. In December, in a deal put together by Salomon Brothers, Prince Johannes von Thurn und Taxis, 62, bought 37% of Philadelphia investment banker Butcher & Co. The prince wants Butcher to advise his private bank (Fürst Thurn und Taxis) on U.S. stock, real estate and venture capital opportunities. Makes sense. The bank's clients, including the prince and princess, are underweighted in investments outside Germany, at a time when the deutsche mark is strong. The prince, says spokesman Manfred Heiler, is scouring the southeastern states for office buildings and shopping centers.

Meanwhile, back in the homeland, $333 million (sales) Doduco, based in Pforzheim, is probably the largest part of the prince's empire. Doduco makes industrial electronic components. Other businesses include breweries, farmland and forestry, metals trading and office buildings. Total net worth of this fortune that began with a private mail service initiated by Franz von Taxis in 1490? "I really don't know," said the prince in a *Connoisseur* magazine interview in January. "The family has owned 18 castles, and in some of them they're still making inventories started in the 17th century." A reasonable estimate is $1.5 billion to $2 billion.—**Lisa Scheer**

David Montgomery

"Taxiboy" and "Princess TNT"

REINHARD MOHN

Investing For The Long Term

If the world's biggest media conglomerate, $6.4 billion (revenues) Bertelsmann A.G., were publicly traded, the Mohn family's personal worth would probably be considerably less this year than last. In 1986 Bertelsmann paid $330 million for the record division of RCA, which was losing money at the operating level, and two weeks later bought Doubleday, which was facing declining sales in a competitive market, for $475 million. Claire Kent, an analyst of German equities with Morgan Grenfell in London, says those acquisitions and the falling dollar squeezed Bertelsmann's

DPA

Reinhard Mohn

margin from 4.3% to 2.3% in 1987, when earnings fell to $115 million.

But Bertelsmann isn't publicly traded. Reinhard Mohn, 68, and his family own 89.3% of the company; another publisher (Gerd Bucerius) holds the balance. Mohn can and does invest for the future, temporary earnings swings be damned. Mark Wössner, chief executive of Bertelsmann, predicts that by 1990 the U.S. acquisitions should be contributing $120 million in operating earnings. Mohn and family are still worth a minimum $2.2 billion.

Mohn, who spent three years at a POW camp in Concordia, Kans. in WWII, resurrected his family's pub-

lisher of hymnals and prayer books in the 1940s and pioneered in book clubs in the 1950s. Book clubs are still Bertelsmann's major growth engine. But the weak dollar, stagnating markets in Europe and stiff German anticartel laws will encourage Mohn to make more acquisitions outside Europe, especially in the U.S.—**Lisa Scheer**

RUDOLF AUGUST OETKER AND FAMILY

Rudolf Oetker's Soft Shoe

Herr Oetker is something of an eccentric. He eschews fashionable neckties, takes the train to his Bielefeld office, and wears 20-year-old shoes. But don't be misled. Oetker is the supervisory chairman and, with his family, owner of Oetker Group, a huge brewing, food, insurance and shipping conglomerate. Revenues in 1986 were $1.6 billion, cash flow $138 million. Rolf Muhlmann, spokesman for the group, admitted that revenues are "a bit understated," since a bank, for example, is not included in consolidated statements. Analysts figure the Oetker clan's holdings are worth at least $2 billion. Oetker officially retired in 1981 at 65 but still advises the business.

Oetker's family was killed in a bomb raid in World War II. Starting in 1944, at age 28, he rebuilt the family food business, diversifying along the way into breweries, banks and insurers, among other things, and amassing an impressive commercial shipping fleet. As Europe prepares for integration in 1992, Oetker plans to invest in food businesses in southern Europe, where food is produced at low cost. Oetker Group's $778 million (sales) food division, led by his oldest son and likely heir, 44-year-old August, is looking for joint ventures in France, Spain, Italy and Turkey. Last year the group bought 70% of Genoa-based Industria Ligure Té (Ilté), a small tea company. Now 72, Rudolf Oetker gets a lot done in his comfortable old shoes.—**Lisa Scheer**

Wolf P. Prange

Rudolf Oetker

BRENNINKMEYER FAMILY

Almost Invisible—Almost

Few rich people like the spotlight turned on them, but the Brenninkmeyer clan's penchant for secrecy is legendary. Said to number several hundred—about 50 seem to run the family businesses—many family members live together on a supersecure estate in Germany. They are said to be devout Catholics whose sons are expected to go into the 147-year-old business. Deeply fearful of kidnappers, the family sent two of its daughters to Boston University under assumed names.

A little more is known about their decentralized business dealings. Amsterdam-based Intercena runs the Brenninkmeyers' C&A chain in Holland. Amcena Corp., a New York holding company for Brenninkmeyer NV, represents family interests in the Howland-Steinbach department store chain; Miller's Outpost, a specialty retailer in California; and Maurice's in Minnesota, among others. Total U.S. stores now: around 400. There are many more stores in Britain, Spain, Brazil and other countries, as well as a web of real estate companies.

Here's some light: In West Germany the Brenninkmeyers' 144-store chain must report figures. In 1986 (1987 figures are not yet available) the German C&A department stores reported earnings of $117 million on sales of $3.5 billion. It's safe to estimate that the German segment alone is worth some $3 billion.

HERZ FAMILY

Max Herz' Bright Boys

When Max Herz died in 1965, he left behind a coffee mail-order and retail business, his widow, and children, including two sons, Günter and Michael, who assumed leadership of the company in their 20s. The boys lacked experience, but not energy and creativity.

By 1983 Günter Herz, now 47, and brother Michael, 44, had expanded their father's Tchibo Frisch Röst Kaffee Max Herz K.G. into 500 stores and added a new concept: 25% of the Hamburg-based coffee chain's stores were stocked with noncoffee goods, from bottle openers to surfboards, tennis rackets to bicycles, all sold cheaply. A consortium of establishment consumer electronics retailers and manufacturers led by Sony and Philips NV tried to halt Tchibo's aggressive growth by winning an injunction against the upstart chain for selling Japanese VCRs at cut-rate prices. The move failed. Last year sales of Tchibo Frisch Röst Kaffee A.G., the retail part of the group, reached $1.6 billion.

In 1970 the Herz brothers tried to buy a majority stake in Kaiser's Kaffeegeschaft, a foodstuffs chain, but they failed. In 1974 they bought 27% of $1 billion (present market cap) Beiersdorf A.G., known primarily for its Nivea brand hand and skin lotions. In 1980 they bought 53% of Reemtsma Cigarettenfabriken GmbH. Germany's second-largest cigarette company (Peter Stuyvesant brand), Reemtsma also owns breweries: Tuborg of Denmark and Bavaria St. Pauli's, among others, and recently reported it had $389 million in cash for more acquisitions.

The brothers Herz have also acquired a harness racetrack in Hamburg-Farmsen, a trotter stud farm in Schleswig-Holstein and real estate in Canada.

In 1986 the Tchibo Group reported net earnings of only $54 million on sales of $3.3 billion. Like most European family businesses, this one is run with the tax collector in mind. In all likelihood, Tchibo is worth at least $1 billion.—**Lisa Scheer**

HENKEL FAMILY

Hanging On

A senior Henkel family member is said to have scolded a young female relative and shareholder who wanted a bigger dividend from the family company, Henkel KGaA. "You have one fur coat," the elder observed. "What do you want with two?"

It's hard to say how the fourth-generation Henkels will do (not well, one suspects), but the third, and current, generation has shown lots of energy and imagination. Chemist Hugo Henkel, son of the founder, dramatically changed German markets in 1907

with Persil, a self-acting detergent that eliminated scrubbing. Henkel KGaA is now one of the world's largest detergent and specialty chemical producers. Last year Henkel earned $162 million on $5.1 billion sales.

Konrad Henkel, the founder's grandson and supervisory chairman, has used the dollar's periodic weakness well. Henkel KGaA bought 26% of Loctite Corp., an adhesives manufacturer, in 1985. He increased Henkel's stake in Clorox from 23% to 24%, bought a metal finishing company from Ford and a chemicals operation from Occidental Petroleum. Joint

Wolf P. Prange

Konrad Henkel

ventures have put Henkel into Japan and Korea.

The Henkel clan now approaches 70 in number. To get more liquid, the Henkels sold the public about one-third of their company, in nonvoting stock, in early 1986. They are said to plan on holding their voting stock—worth over $2.1 billion—until at least the year 2000. Then the spoiled fourth and fifth generations can buy all the fur coats they want.—**Lisa Scheer**

ERIVAN HAUB
Pizza Mit Schnitzel, Bitte

In West Germany everyone knows Tengelmann, a 3,000-store food chain. Most Dutch consumers know Hermans Groep, one of Holland's largest food chains, as most Americans recognize the A&P name. But does anyone know Erivan Haub, the publicity-shy owner of Tengelmann, Hermans Groep and 52% of A&P? Haub is the great-grandson of Wilhelm Schmitz-Scholl, a merchant from Mülheim who founded Tengelmann in 1876 as a wholesaler of coffee, cocoa and tea. According to Baring Securities' Gebhard Klingenstein, $16.6 billion (1987 consolidated sales) Tengelmann is now worth at least $2.5 billion. Erivan Haub, 56, is its

Wolf P. Prange

Erivan Haub

sole owner.

Like many West German capitalists, Haub has long been expanding abroad, and profitably so. A&P lost $323 million between 1979 and 1982. But under James Wood, an Englishman recruited by Haub from Grand Union in 1980, it has turned around, and last year earned $103 million on sales of $9.5 billion. Haub sees opportunity at home, too. In a joint venture with PepsiCo, Tengelmann is now opening a series of Pizza Huts in West Germany.—**Lisa Scheer**

FRIEDRICH KARL FLICK
"Muck," "Mick" And Mire

Tainted by scandal and threatened with litigation by his own family, Friedrich Karl Flick, F.K.F. to his friends, can still take some pride from the fact that, at over $3 billion, he is one of Europe's richest men.

Flick's nephews, Gert Rudolf and Friedrich Christian—respectively, Muck and Mick to the popular press—are threatening to sue F.K.F. for DM1 billion ($556 million) over his 1986 sale of the family business empire, Friedrich Flick K.G. (named after his father, the founder) to Deutsche Bank for DM5.3 billion, or over $3 billion at the time. The business was sold following revelations of illegal payments of laundered cash to politicians for tax favors. The "Flick Affair" also brought down West Germany's economics Minister and earned F.K.F. the tag "Paymaster of the Republic." Muck and Mick reportedly received DM308.5 million in 1975 for their portion and another DM225 million in 1985.

Strangely quiescent then, they now clamor for a redistribution of the Flick inheritance. Stay tuned.—**Lisa Scheer**

WILHELM VON FINCK
AUGUST VON FINCK
Good Career Choice

August von Finck once said he would rather have been a farmer than a banker, but banking has been good to him. August, 58, and his brother Wilhelm, 60, own Munich's Merck Finck & Co. Possibly the second-largest private bank in Germany, it specializes in investment banking and loans to medium-size and large Bavarian firms, and is joining London insurance broker Sedgwick Ltd. to offer customers trade insurance.

Grandfather Wilhelm von Finck

Wolf P. Prange

Wilhelm and August von Finck

founded the bank in 1870 and invested in Germany industry—and in land. The family owns 10,000 acres of farm and forest land around Munich.

Mostly through Merck Finck & Co., the family owns a majority of brewer Würzbürger Höfbräu, two champagne producers, a food and furniture firm, a nuclear power company (Isar Amper Werke A.G.) and 5% or so of West Germany's largest insurance companies (Allianz Insurance and Münchener Rückversicherung). The family also owns 90% of brewer Löwenbräu A.G. of Munich. In March, August von Finck sold the family's 25% of Hochtief, a construction firm, on the Frankfurt Exchange, for $422 million. That plus other holdings are estimated to be worth at least $2.5 billion.—**Lisa Scheer**

SCHICKEDANZ FAMILY
Mail-Order Billionairess

Grete Schickedanz is keeping her investments at home. With daughter Madeleine Bühler and stepdaughter Louise Dedi, Grete owns Fürth-based Quelle. Quelle is Europe's largest mail order house (1987 revenues, $6 billion), with interests in everything from banks to travel services. The hefty Quelle catalogs—16 million are mailed twice yearly—offer 45,000 items from garden tools to fashion accessories.

Last year Quelle bought a majority of $333 million (sales) Sinn A.G., a Cologne-based department store chain. This year it is investing $194 million to refine, among other things, its catalog product mix and reformat more than 20 existing Quelle department stores for German consumers who are into more upmarket, trendy merchandise.

Gustav Schickedanz started Quelle

DPA

Grete Schickedanz

in 1927, figuring German farmers would embrace mail order; Grete, now 76, was an early employee. He invested in a paper company, banks and breweries during the 1930s. Wiped out in World War II, Grete rebuilt from a small textile shop. Gustav died in 1977. The family company, Gustav und Grete Schickedanz Holding K.G., owns the paper company, brewer Patrizier Bräu, insurance and leasing companies and valuable real estate in Bavaria. The Schickedanz' net worth: at least $1.2 billion.—**Lisa Scheer**

VON OPPENHEIM FAMILY

Bankers' Bicentennial

The Oppenheims, who operate through their Cologne-based bank Sal. Oppenheim jr. & Cie, enjoy a reputation for shrewdly judging risk. The bank was founded in 1789 by 17-year-old Salomon Oppenheim Jr., who became the first Jew elected to Cologne's Chamber of Commerce. The Nazis did not kill the Oppenheims (under Third Reich laws they were only one-quarter Jewish) but did arrest two family members in 1944 as suspects in the assassination attempt on Hitler. In 1938 the Oppenheims were forced to rename the bank Pferdmenges & Co. after a partner who shepherded the family's assets. The

Wolf P. Prange Wolf P. Prange

Alfred and Manfred von Oppenheim

bank's original name was reinstituted in 1947. It is now run by Alfred von Oppenheim, 54, his cousin Manfred von Oppenheim, 64, and a relative by marriage, Matthias Graf von Krockow, 39. Alfred is also president of the Düsseldorf Stock Exchange.

In 1987 total group assets were DM12.6 billion ($7 billion), and the family is worth maybe $2 billion. Where are they putting their, and their clients', money? Into high-yielding European bonds, especially foreign bonds denominated in deutsche marks. All foreign bonds are exempt from a proposed German 10% withholding tax on interest income that would go into effect January 1989, "a very important factor for our clients," comments bank spokesman Walter Damm.—**Lisa Scheer**

WERHAHN FAMILY

All Quiet On The Werhahn Front

Very little is known about the Werhahn family of Neuss. The Werhahns like it that way. Here's what is known: Bankhaus Wilhelm Werhahn K.G. (1986 external sales, DM3.62 billion, or $2 billion), privately owned by the Werhahns, acts as a holding company for the family interests. These include 10% of the Hoesch steel company; 7% of RWE, one of West Germany's largest electric utilities; and 50% of Strabag Bau A.G., a German construction group.

Wolf P. Prange

Herbert Werhahn

The Werhahns also have holdings in some 70 domestic companies, plus a number of foreign and minority holdings. Last October they sold $1.1 billion (sales) Co-op, a Frankfurt-based food retail chain, to a group of Swiss banks. All in all, the very private Werhahns' visible holdings are conservatively estimated to be worth $2 billion.—**Lisa Scheer**

Austria

SWAROVSKI FAMILY

Rhinestone Billionaires

For four generations, Austria's Swarovski family, new this year on the list, has dominated the world's trade in rhinestones. Founded by Daniel Swarovski in 1895, D. Swarovski & Co. today accounts for 75% of the world volume in glass stones and crystals. What with rhinestones hot

Kevin Galvin

Daniel and Manfred Swarovski

again in the fashion world, the Swarovskis say the company nets 15% aftertax on revenues of $1 billion.

D. Swarovski & Co. remains a paternalistic company that benignly governs its pleasant little Tyrolean company village of Wattens. The Swarovskis spend 6% of revenues on R&D and as a result produce what most experts consider to be the world's highest-quality glass and leaded crystal figurines. The company is owned by 31 family shareholders, all descended from the founder, Daniel Swarovski, and unofficially led by Gernot Langes-Swarovski.

To further buffer their revenues against the fickleness of fashion designers, the Swarovskis are now branching out into retail. They have opened fashion jewelry stores in Australia, England and Paris, and have

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created their own brand-name lines of costume jewelry. When first peddling Silver Crystal in the early Eighties, the Swarovskis blundered by selling their exclusive-image figurines through too many nonexclusive outlets. But if history is any guide, the family will learn and profit from these early mistakes.

(For more on the Swarovskis, see FORBES, *May 30.*)—**Phyllis Berman**

Holland

ANTON DREESMANN
Paving The Way

Now 65, Anton R.C. Dreesmann has suffered several strokes. Yet still he builds. Since January, Vendex International, the Dreesmann family's $8.2 billion (sales) company, has picked up drugstore chain Drogasil in Brazil, a stake in B. Dalton booksellers and its partner Barnes & Noble in the U.S., a furniture chain in Belgium and a travel firm in Holland. During last October's crash Vendex bought over half a million nonvoting shares of Arkansas-based Dillard Department Stores.

Robert Sweers, head of institutional research for Banque Paribas Nederland in Amsterdam, values Vendex International at some 2.5 billion guilders, or $1.2 billion.

ANP

Anton Dreesmann

But Dreesmann, who once taught economics at the University of Amsterdam and is still called professor, is aware of his mortality. With no one in the family to run the company, Dreesmann will take it public by 1990. His handpicked successor will be Arie van der Zwan, former head of a Dutch investment bank and member of a left-wing think tank in the early 1970s. Van der Zwan, like Dreesmann, is a university economics professor and is recognized as a brilliant intellectual.—**Lisa Scheer**

FENTENER VAN VLISSINGEN FAMILY
Survivors

New to our list this year, the three Fentener van Vlissingen brothers share a fourth-generation Dutch fortune easily worth a billion dollars. Paul, 47, is chief executive of SHV Holdings NV, an international energy company with a wholesale consumer-goods arm. John, 49, runs Noro Group, a Dutch investment fund with $2.4 billion under management. Flint is run by Frederik, 55.

This is fairly old money. The fortune grew out of a coal-trading cartel founded in turn-of-the-century Holland by two Dutch families who intermarried and ran the business together for 50 years. Great-grandfathers Frederik Fentener van Vlissingen from Amsterdam and Hendrik Adriaan van Beuningen, a railroad official in Utrecht, fueled Holland's industrial revolution by importing coal from Germany's Ruhr Valley.

Alas, the van Vlissingen/van Beuningen profits also fueled the envy of the German Coal Syndicate, whose exclusive license was making the Dutchmen so rich. The syndicate demanded, and got, 49% of SHV Holdings. But the wily Dutchmen had already taken the precaution of diversifying, investing in Holland's awakening industrial companies and holding those investments outside of the coal company.

The growing fortune survived World War II. But a more serious threat was interfamily quarreling that flared in the third generation. In 1954 the founders' families finally split: The van Beuningens got Unitas, while the Fentener van Vlissingens took SHV. The Fentener van Vlissingens clearly cut the better deal. They moved from waning coal to waxing oil and gas, and then into a consumer-goods wholesaling operation. Makro, as it is called, now accounts for three-fourths of SHV's sales ($4.5 billion) and almost two-thirds of assets ($2.3 billion), and is spreading beyond Europe to Brazil and Argentina.

ANP

Paul Fentener van Vlissingen

The Fentener van Vlissingen family is now moving deeper into oil, spending some $150 million to extend their interests in the North Sea's rich Brae field. Brae is expected to reach full production in the 1990s. Having survived two world wars, inheritance taxes and family quarrels, this fortune seems destined to grow well into the next century.—**Lisa Scheer**

France

BOURIEZ FAMILY
Ici On Parle Wal-Mart

New to our list this year, the Bouriez family, led by Philippe Bouriez, 54, likes to understate the success of the family retailing company, Cora-Révillon. Talk about success might merely attract more competitors. Bouriez insists that Cora-Révillon's sales are about $5 billion. But industry observers say $6 billion or $7 billion is closer to the truth. Even at Bouriez' figure, the family is worth an estimated $1 billion.

The Cora part of the business operates supermarkets and smaller-scale superettes; these make Cora-Révillon a major French food retailer. Cora also owns a number of hypermarkets, emporiums selling everything from food to clothing to lawn mowers under one roof. The Révillon part of the Cora-Révillon name, meanwhile, comes from the family's world-famous fashion fur house.

Do furs, artichokes and lawn mowers mix? In this case they do. Philippe Bouriez' Franco-Belgian ancestors founded the chain in the 19th century. In effect, he piggybacked on someone else's success, licensing the right to use the respected Carrefour name. Why did Carrefour let Bouriez in? Because Carrefour was expanding rapidly in France's larger cities, whereas Bouriez—like Sam Walton and his Wal-Mart stores in the U.S.—targeted smaller towns. Once Bouriez' stores were opened, they were relatively safe from competitors, since the towns

The Jaguar XJ6. As with generations of sedans and sports cars that have borne the Jaguar name before, the 1988 XJ6 is endowed with speed, grace and elegance.

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Bouriez chose were generally too small to support more than one big retailer. By 1975, when Philippe, Michel and Jacques took over operations from their father, André, the stores were so well entrenched that the brothers (and their two sisters, who inherited equal shares) dropped the

Delluc/L'Expansion

Philippe Bouriez

Carrefour connection and put their own name, Cora, on their stores.

There is also a buccaneering side to the family. Elder brother Michel Bouriez, 55, has been charged with obtaining a building permit through bribery. He spent three weeks in jail on that charge, although he has not been convicted and the case is still under investigation.

But the family also enjoys a reputation for capable management and intelligent diversification. In 1981 the Bouriez family acquired Révillon for 1.2 billion French francs ($200 million). Other small businesses include Editions Mondiales, a publisher of French pulp romance magazines, and a small perfume business. In 1986 Philippe bought 2% of TF1, the popular TV network controlled by compatriot Francis Bouygues and Italy's Silvio Berlusconi *(which see)*.—**Diana Fong**

PEUGEOT FAMILY
The Last Major Family Car Company

France's $19.5 billion (sales) Peugeot S.A. is the world's last major automobile maker still absolutely controlled by its founder's descendants. A few dozen Peugeots today own 26% of the company, but their shares enjoy double voting rights. Peugeot S.A.'s current market value: $5 billion, up from $3.7 billion at the end of last year. Thus has the family earned a place on this year's billionaires roster.

The Peugeot fortune traces to the

T. Ribolowsky/R.E.A./Picture Group

Pierre Peugeot

Richard Kalvar/Magnum

Roland Peugeot

18th century and a metal foundry in France's Montébeliard region, near the Swiss border. Hardworking Huguenots with Swiss banking connections, the Peugeots became renowned for quality products ranging from coffee grinders to bicycles. Armand Peugeot—the great-granduncle of Bertrand, Roland and Pierre—believed in the automobile. Since producing their first car in 1899, the Peugeots have produced 19 million to date.

In the 1970s the company nearly sank. The purchase of Citroën, another French automaker, was a mistake because Citroën was itself in bad shape. Then came another bad acquisition: In 1978 Peugeot-Citroën bought Chrysler Europe just before more fuel-efficient Japanese cars became popular. Meanwhile, the Peugeot reputation for quality had faded. If that weren't enough, the French government and France's Communist-dominated autoworkers union favored state-owned Renault in an ugly effort to drive private Peugeot under. But the story has a happy ending. Jacques Calvet was voted in as chairman by the family in 1982. Calvet took strikes, fired unproductive workers and, by 1985, restored Peugeot to profitability. Now the leader in France with 32% to 33% of the market, Peugeot is well positioned for 1992's European market, where it is third after Volkswagen and Fiat.

Unlike Schlumberger and Michelin, where family members are forbidden to work, Peugeot is loaded with Peugeots. First cousins Bertrand, Roland and Pierre Peugeot are the principal shareholders and all are Peugeot executives. But it is no family featherbed. "The Peugeot heirs must be satisfied with salaries based on merit," reports Alain Jemain, author of the recent book *Les Peugeot*. "They are not entitled to fat dividends as their birthright." The Calvinist ethic is alive and well at Peugeot.—**Diana Fong**

SCHLUMBERGER FAMILY
Vive Mitterrand

After a period of setbacks, things are again looking up for the Schlumbergers. Schlumberger, Ltd., the world's leading oil services company, is benefiting from increased drilling activity in North America. The family—including the American side, headed by Dominique de Menil and Pierre Schlumberger of Houston—owns 20% to 25% of $9.3 billion (market value) Schlumberger, Ltd., which has been run by professional management since 1965.

In France the Seydoux branch of the family—Jérôme, Nicolas and Michel—are receiving much attention now that the socialist family's old friend, François Mitterrand, is staying on in the Elysée Palace. While Nicolas and Michel run film production companies, Jérôme runs Chargeurs S.A., a $1.8 billion conglomerate that includes UTA, France's largest private airline. Last year Chargeurs stock took a beating on the Paris Bourse. But with Mitterrand reelected, there is speculation that UTA, which mostly flies to Third World countries, will acquire the much coveted Paris-Newark route. Immediately after the election, Chargeurs stock rose 10%.—**Diana Fong**

Patrick Hamon/Keystone Picture Group

Jérôme and Nicolas Seydoux

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LILIANE BETTENCOURT
Life Is Tough

It's irritating to be rich," griped Mme. Liliane Bettencourt, 65, heiress to the L'Oréal fortune, in a rare interview with France's *L'Égoïste*. "Why should one apologize for having money? It started with my father, an idea, hard work, others who succeeded him and expanded the company. Should one be proud or ashamed?"

Lesegrethin/Sipa

Liliane Bettencourt

Proud, obviously. Mme. Bettencourt is the richest individual in France, owning 28% of the world's leading cosmetics company (worth $840 million), plus some 4% of Swiss food giant Nestlé (worth $519 million). She got her Nestlé shares when she sold that company half of her L'Oréal shares in 1974; Nestlé has the right to buy out Mme. Bettencourt altogether in 1994.

Bettencourt, who also owns a 25% to 30% stake in L'Oréal's private American licensee Cosmair, lives quietly with husband André, a former Gaullist minister, in an elegant townhouse outside Paris. They have one married daughter, Françoise, who, unless things go seriously wrong, will one day succeed her mother on this roster of billionaires.—**Diana Fong**

Sweden

HANS AND GAD RAUSING
Big Profits In Small Packages

Enormously successful in much of the world, Hans Rausing, chairman of Tetra Pak, still makes no money in the U.S. Is he discouraged? Not at all. "Packaging is an uncertain kind of business," he says. "Things today are not the same as things tomorrow."

Tetra Pak, created by his father, owns technology for packaging liquids—from milk to apple juice—so that they can be transported and stored without refrigeration. In 1986, the last time the company released figures, Tetra Pak reported revenues of $2.6 billion. It is owned entirely by Hans Rausing, 62, and his brother Gad, 66, a University of Lund archeology professor.

Hans Rausing

Gad Rausing

In the U.S. the $500 million aseptic packaging market is still in its infancy. Tetra Pak dominates (with about 70%) but faces fierce competition from International Paper, Ex-Cell-O Corp. and West Germany's Combi Block. Glass and plastic bottles are still far more popular here than abroad, and U.S. dairies have shied away from ultra-high-temperature milk, which is necessary to avoid refrigeration.

On the other hand, one does see more and more small, brick-shaped juice packs in the stores. Great for kids, campers and picnics, many of these packages are produced by Tetra Pak and give Hans Rausing reason to believe he'll one day be highly profitable in the U.S.—**Lisa Scheer**

INGVAR KAMPRAD
Penny-Pincher

Ingvar Kamprad, another new entry on our list, doesn't act much like a billionaire. He stays in cheap hotels, wears worn sweaters, shuns long-distance telephone calls and takes the employee discount on purchases from Ikea, the Humlebaek, Denmark, furniture retailing chain he founded in 1953 and still privately owns. Kamprad runs Ikea stores the same way he dresses: Watch the costs and never mind the frills. Which is one reason the chain's profits rose 45%, to $155 million, last fiscal year ended Aug. 31, on sales of $2.1 billion.

After World War II, most Europeans bought furniture from large department stores or cartelized local shops. Delivery was slow, price high. But in 1950 Kamprad sent out a catalog of good, cheap mail-order furniture. The response was encouraging. He experimented with several retail concepts before hitting on the right formula: unassembled, boxed furniture of attractive Swedish design picked up by customers at self-service warehouses at savings of 30% to 50%. Nearly debt-free, Ikea now has 77 stores in 18 countries, including recently opened outlets in Pennsylvania and Virginia suburbs (FORBES, *Mar. 21*).

Ingvar Kamprad

Now 62, Kamprad lives as a tax exile in Lausanne, Switzerland. From there he runs Ikano Group, a family holding company that handles Ikea's credit card business, owns land under the Scandinavian stores worth an estimated $250 million and makes investments. Kamprad has registered Ikea as a Dutch foundation to avoid confiscatory Swedish inheritance taxes on his $2-billion-plus fortune. This would give his three sons—ages 19, 22 and 24—a shot at managing the company, if they want it.

Middle East

THE AGA KHAN IV
Quite A Zakat

Karim Al Hussaini presides over one of the world's most unusual fortunes. Upon his grandfather's death in 1957, he became the Aga Khan IV, the 49th hereditary leader of millions of Ismaili Moslems living primarily on the Indian subcontinent, East Africa and Syria. Members of an Islamic Shiite sect, these Ismailis revere their spiritual leader, treat his utterances as law and give him a *zakat,* or Muslim tithe as prescribed in the Koran, of up to 10% of their net personal incomes. Not everyone, of course, pays up. But the result is an annual income estimated at more than $100 million. By tradition and court rulings, that money belongs to the Aga Khan personally to be spent as he alone sees fit. Much of it goes for good works—hospitals, schools, mosques—but there seems to be plenty left over for the head man.

Ismailis are renowned business people, and the Aga Khan is no exception. In his three-decade reign, the Aga Khan, now 50 and a big advocate of Western-style economic development and investment, has amassed a personal net worth well over $1 billion.

He lives extremely well. Unlike his father, the late Aly Khan, who counted Rita Hayworth as one of his four wives, the current Aga Khan has been married to the same woman for 19 years and is the father of three children. He is the ultimate cosmopolite—Middle Eastern by heritage, Swiss by birth, Kenyan by early rearing, American by higher education (Harvard '59), British by passport, French by primary residence (a 200-acre estate near Paris) and most everywhere for investment.

The Aga Khan IV AFP

Largely through his reported 70% ownership of Fimpar, a publicly traded Italian company, he controls the luxury Ciga Hotel chain of Italy as well as hotels in other European countries. He heads a consortium that owns Costa Smeralda, a ritzy 32,000-acre coastal resort on Sardinia. He has two Mediterranean airlines, Alisarda and Avianova. On the sporting side, he owns 500 Thoroughbreds, many of them champions. One, Kahyasi, won the prestigious English and Irish derbies last month. Some experts value the Aga Khan's racing interests alone at more than $200 million.

Interests in nearly 60 banks, insurance companies, property firms, factories, mills, hotels, resorts and service companies in about a dozen Asian and African countries are grouped under the Aga Khan Fund for Economic Development, actually a profitmaking, Swiss-chartered holding company. Much of the Aga Khan's money goes back to where it came from—the Third World.—**William P. Barrett**

Saudi Arabia

ABDUL-AZIZ A. AL-SULAIMAN
Concrete Wealth

Saudi Arabia's first finance minister, Abdullah Al-Sulaiman, signed the kingdom's first serious oil exploration agreement with the West in 1933. For faithful service, King Abdulaziz Ibn Saud awarded him a license to import cement. This commodity eventually would prove to be immensely lucrative, creating the foundation, so to speak, for the family fortune.

Abdullah's son, Abdul-Aziz Abdullah Al-Sulaiman, left Easton, Pa.'s Lafayette College after a year. Following a stint with Chase Manhattan and service in the Saudi government, Al-Sulaiman in 1954 founded his own company—now called Abdul-Aziz Al-Abdullah Al-Sulaiman & Co.—to represent foreign companies in the kingdom. He also started Rolaco to operate the family cement business. Rolaco soon became perhaps the country's largest importer of building supplies. The Al-Sulaiman family also owns a chunk of Saudi Arabia's lucrative Datsun franchise.

Now 57, Al-Sulaiman and his family also own the Kandara and Jiddah Palace hotels in Jiddah as well as the Inter-Continental hotels in Dammam, Mecca and Cairo. They hold interests in several other hotel companies in Saudi Arabia and abroad, and in banking, manufacturing and insurance. Al-Sulaiman is also said to have vast sums squirreled away in European banks.

When in New York Al-Sulaiman,

Abdul-Aziz A. Al-Sulaiman

like a number of other superrich Arabs, bases himself in the General Motors Building, from whose plush offices Rolaco employees help mind the family's American investment portfolio. Total net worth exceeds $1 billion.—**William P. Barrett**

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SULIMAN SALEH OLAYAN
Losses? What Losses?

Using his oilfield construction fortune, earned in his native Saudi Arabia, Olayan was an early Arab investor in U.S. stocks. Since last year's stock market peak, he has lost nearly $90 million (on paper) in the three public companies (First Chicago Corp., Transamerica and Thermo Electron Corp.) in which he owns 5% or more. Numerous other widely reported but undocumented stakes (including Mobil Oil and Chase Manhattan) may have put his total hit around Black Monday at more than $350 million. His spokesman won't comment. About a month before the crash, one of Olayan's companies reportedly sold off nearly 900 London apartments for an undisclosed price. Olayan's people won't talk about this, either.

Robert Azzi/Woodfin Camp

Suliman Saleh Olayan

But Olayan, 69, is a long-term player. His family—his son and daughters are actively involved—controls a worldwide real estate, banking and investment network, along with substantial operating and financial services companies in Saudi Arabia. Even after any market losses, Olayan's net worth still adds up to more than $1 billion.—**William P. Barrett**

AL-RAJHI FAMILY
What Riyadh Wants, Riyadh Gets

The Saudi government has won more financial regulation, along with tougher reporting standards, over the relatively freewheeling money-changing business of the four Al-Rajhi brothers. Last month the newly reconstituted Al-Rajhi Banking & Investment Corp., a commercial bank and one of the kingdom's largest, floated shares to the public.

During the past 40 years, the reclusive Al-Rajhi brothers—Suliman, Salih, Abdullah and Mohammad—were the biggest of all Saudi money-changers. When OPEC was riding high, deposits, on which they paid no interest, often topped $4 billion. That's some float. In 1983, one oil-boom year for which results were reported, this part of the Al-Rajhi empire alone earned over $90 million.

Last year profits came to less than $10 million. But the Al-Rajhis have huge investments in real estate, factories and other assets; according to bank analyst Capital Intelligence, even their shrunken core business is still worth $500 million. Their initial public offering was wildly oversubscribed. The family wealth can still safely be counted at more than $2 billion.—**William P. Barrett**

BIN MAHFOUZ FAMILY
Saudi's Big, Big Bankers

Ever since Salim Ahmed Bin Mahfouz won royal permission in the early 1950s to open Saudi Arabia's first bank, the National Commercial Bank, the Bin Mahfouz family has defined Saudi banking. The clan, led by Salim and his son, Khalid Bin Salim Bin Mahfouz, is now diversifying. Capital Intelligence values the Bin Mahfouz' 52% stake in NCB (assets, $17 billion) at about $420 million and its reported 30% holding in the Luxembourg-chartered Bank of Credit & Commerce International at more than $300 million. There are interests in more than a dozen other non-Saudi banks, plus control of Langdon P. Cook, a New York bond house, and Eastbrook, a small New York investment bank.

Salim Ahmed Bin Mahfouz

Back home in Saudi Arabia, the family has big shareholdings in many Saudi companies. In addition, their Middle East Financial Group, based in Luxembourg, reportedly has been buying, at 20 cents or less on the dollar, the debts of troubled Saudi companies. All told, the family's net worth is believed to be about $1.5 billion.—**William P. Barrett**

JUFFALI FAMILY
Rolling Along

Still believed the biggest single business conglomerate in Saudi Arabia, E.A. Juffali & Brothers keeps rolling along. Subsidiaries sell Mercedes trucks (vehicle of choice among Arab haulers), Michelin tires, air conditioners and insurance. Then there's electric power generation, cement production, construction and engineering. Founded in the 1940s by Ebrahim Juffali and brothers Ahmad and Ali, the company helped create a market for electrical goods by bringing electricity to key Saudi cities—including the mountain town where the royal family spent the summers.

Robert Azzi/Woodfin Camp

Ahmad Juffali

Ahmad, now about 64, runs the business, which in recent years has devoted more of its considerable resources to foreign pursuits. The family's New York-based investment arm, Enpro International, oversees numerous real estate and other ventures and reportedly has been seeking to acquire hotels. *MidEast Report* still puts the family's total net worth at more than $1 billion.—**William P. Barrett**

Lebanon

SAFRA FAMILY
Revenge

His family is worth at least $1.5 billion, but Lebanese-raised Edmond J. Safra, now resident in Geneva, is not relaxing. The reclusive Safra, about 57, who controls Republic National Bank of New York (his one-third stock holding is worth well over $400 million), recently launched a Geneva subsidiary to take on the Trade Development Bank unit of mighty American Express Co.

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Safra built Trade Development into a $4.7 billion (assets) private bank, largely with deposits of fellow displaced Middle Easterners like himself, then sold it to AmEx in 1983 for $550 million. Two years later he left AmEx after a bitter personal clash and has been plotting revenge ever since. A noncompete clause expired on Feb. 29. On Mar. 1 his new branch opened. Startup cost: an estimated $200 million.

Safra's younger brothers, Joseph, 49, and Moises, about 53, continue expanding Banco Safra in Brazil. In May they agreed to pay a reported $134 million for 26% of Aracruz, Brazil's leading paper and pulp company. But AmEx is paying its closest attention to Edmond.—**William P. Barrett**

RAFIK BAHAUDDIN HARIRI
Make Business, Not War

According to bankers familiar with his operations, Hariri, a native of Lebanon, has been maintaining very large cash reserves in a number of European banks. To what end is unknown: Hariri, about 43 years old, has

Rafik B. Hariri

been keeping a relatively low profile, quietly attending to his various construction and banking enterprises. His personal net worth is estimated in the $1-billion-to-$2-billion range.

Mostly, his activities now seem to be outside the Middle East and certainly outside his adopted Saudi Arabia, where he made his fortune with the Saudi Oger construction company. Hariri's main investment vehicle, the Mediterranean Investors Group, is based in Paris. From Washington, his Hariri Foundation provides financial assistance to Lebanese studying outside their war-torn country. Over the years Hariri has tried to negotiate ceasefires among the various factions destroying Lebanon. Clearly, he is a far better businessman than diplomat.—**William P. Barrett**

Kuwait

AL-GHANIM FAMILY
From Autos To Their Parts

Automobiles have been mighty good to Kuwait's Al-Ghanim family. It was cars' need for gasoline that

Yusuf Al-Ghanim

first brought Western oil companies to the Gulf and allowed the Al-Ghanims to carve out a niche selling a sideline product, kerosene. Then, in the mid-1940s, the family obtained the local General Motors distributorship. Yusuf Ahmed Al-Ghanim & Sons eventually became one of the world's most lucrative car agencies. Yusuf and one of his sons, Qatayba, went on to fashion a diverse Gulf empire ranging from shipping and insurance to sales of prefabricated buildings and water coolers. Operating through the umbrella Al-Ghanim Industries, this extremely secretive family was also among the first wealthy Arabs to begin foreign investing, particularly in the U.S., in a big way. Their wealth is estimated at $1 billion.

They still like cars. In the past year, AI (for Al-Ghanim Industries) Automotive Corp., a subsidiary of the family's New York-based AI International Corp., has continued buying rival U.S. auto parts jobbers and distributors. According to various trade publications, AI Automotive is now one of the largest such companies in the U.S.—**William P. Barrett**

MOHAMED ABDUL MOHSIN AL-KHARAFI
The Man To Know In Kuwait

Al-Kharafi helped establish the National Bank of Kuwait back in 1952, when Kuwait was a sand-blown British protectorate whose oil potential was only starting to be realized. Now about 70, he also founded what is today the Al-Kharafi Industries Establishment, a construction giant.

Al-Kharafi's businesses proved well positioned for the massive transfer of assets in the 1970s and early 1980s from oil-starved Western countries to oil-drenched Middle Eastern kingdoms. But, far more significant, the Al-Kharafis also have been able to weather the more recent lean years. For 1986, the latest year available and a decidedly down year around the Gulf, Al-Kharafi Industries had reported profits of $90 million.

Al-Kharafi also chairs the publicly traded National Bank of Kuwait (assets, $10 billion), Kuwait's preemi-

Mohamed Al-Kharafi

nent financial institution and one of the Gulf's best-run banks.

David Mizrahi, editor of *MidEast Report*, a New York-based newsletter, estimates the Al-Kharafi family fortune at more than $1.5 billion. Among the next generation is Mohamed's son, Jassim Al-Kharafi, 47, Kuwait's finance minister since 1985.—**William P. Barrett**

AL-MARZOOK FAMILY
Investors Supreme

According to one well-informed Kuwaiti, Khalid Al-Marzook, about 56, lives in perhaps the largest private house in all of Kuwait. He leads a family, new to this year's billionaire crop, that has amassed its wealth not primarily by trading or manufacturing but through shrewd real estate dealings, with a little banking thrown in.

A basis of the Al-Marzook fortune, at least $1 billion, is the Kuwait Real Estate Co. KREC was founded in 1972 (just before the oil boom) by the Al-Marzooks and Kuwait's ruling Al-Sabah family. Chaired by Khalid Al-Marzook, KREC owns some of the most valuable commercial properties in Kuwait, as well as a portfolio of interests in Kuwaiti and foreign companies. Unlike many other Kuwaiti real estate players, KREC eschews land speculation in favor of careful

development, creating more lasting value. The Al-Marzooks were also instrumental in creating the Kuwait International Investment Co., one of the kingdom's first privately owned financial services companies. There are also substantial direct foreign investments, particularly real estate in Japan, Europe and the U.S.

The Al-Marzooks operate through a number of companies, including Pearl Investment, Pearl Real Estate, Kuwait Projects and the Kuwait Real Estate Bank. They also control *Al Anbaa*, a leading Kuwaiti daily paper. *Al Anbaa* does nothing to lessen their influence in tiny Kuwait.—**William P. Barrett**

Bahrain

KANOO FAMILY

Shifting Sands Of Commerce

The wealth of Bahrain's Kanoo family, another new Middle Eastern name on the list, nearly evaporated in the 1930s when the pearl-fishing industry collapsed and the Kanoo bank-

Arab News

Kanoo family members

ing and trading business was caught with uncollectible receivables. Founder Yusuf Bin Ahmed Kanoo did manage to make good on his own debts by the time of his death in 1945. His nephews and great-nephews have rebuilt what is now called the Kanoo Group into one of the largest pan-Gulf commercial organizations. Its tentacles reach into shipping, shipping services, airline and travel agencies, heavy construction equipment, importing, banking, insurance, business services and real estate ventures. The leader of both the family and business group is now Ahmed Ali Kanoo, 65, a great-nephew of Yusuf. He is also chairman of the National Bank of Bahrain.

At the height of the oil boom, annual sales of all the associated Kanoo companies and joint ventures were estimated at more than $1 billion, on which the Kanoos were earning the typically fat Middle Eastern margins of 10% to 30%. Business is now perhaps 25% of the peak. But what's left plus what was stashed away during the lucrative 1970s gives the decentralized clan, now working Bahrain and Saudi Arabia, a net worth of around $1 billion.—**William P. Barrett**

India

BIRLA FAMILY

Bring On The Competition Raj

Prime Minister Rajiv Gandhi's attempt to reduce Indian bureaucracy—the notorious License Raj—and encourage competition wins him few friends in business. "India's businessmen hate the idea of fierce competition," says Ashok Birla, head of one of the five major branches of the Birla Group. Birla explains: "They may complain about endless regulations, but the fact is that our big business houses have done quite well despite the red tape. They have mastered the art of making the bureaucracy work for them [to block competitors]."

The Birlas, India's richest industrialists, belong to the conservative entrepreneurial community of Marwaris from India's northwestern state of Rajasthan. They control 200-plus companies in India, Malaysia, Indonesia, the Philippines, Kenya, Nigeria, the U.K., Canada and the U.S. These produce everything from automobiles to synthetic fabrics to steel and paper. The family typically owns 25% to 45% of their ventures, whose total assets, according to Indian government figures, exceed $4 billion. Given Indian taxation, there's likely much more, says Rahul Singh, editor of the *Sunday Observer* in Bombay, and a longtime student of the Birlas.

The Birlas support Gandhi's liberalization. Ashok and S.G. Warburg, the London investment bankers, are

Ashok Birla

launching the Birla Mercury Fund, composed of two funds set up primarily to induce expatriate Indians to invest in India's economic expansion. And Aditya Birla, Ashok's cousin, recently announced that his part of the Birla Group would invest some $2 billion in petrochemical plants. Good news, this, for the Competition Raj.—**Pranay Gupte**

Turnaround in the Gulf

Is the Gulf finally adjusting to low oil prices? Bank assets are one way of gauging economic vitality in the Middle East. Data for ten leading private commercial banks* in four Gulf states as recorded by Capital Intelligence, a bank monitoring agency in Limassol, Cyprus, show the best gain since 1982 last year—all the more dramatic because it predates Iran's military reverses in 1988. More people, it appears, are now much more willing to leave more wealth in the Middle East, or even bring it there to invest, than they have been in years.

Source: Capital Intelligence, Limassol, Cyprus

*Saudi Arabia: National Commercial Bank, Riyad Bank, Saudi Fransi Bank, Saudi American Bank. Kuwait: National Bank of Kuwait, Commercial Bank of Kuwait, Alahli Bank of Kuwait, Gulf Bank. Bahrain: Gulf International Bank. United Arab Emirates: National Bank of Abu Dhabi.

The Americas

Colombia

PABLO ESCOBAR GAVIRIA
Bring Me The Head Of Manuel Noriega!

The Medellín cocaine cartel chief Pablo Escobar Gaviria had a hand in the deal with Panama's General Manuel Antonio Noriega in 1982 to smuggle cocaine via Panama to the U.S. According to Ramón Milian Rodriguez, a cartel money launderer, Noriega was paid somewhere between $320 million and $350 million in the early 1980s. But now the cartel wants Noriega dead. According to sworn testimony before Congress, Escobar and friends have put a $1 million contract out on General Noriega.

Without Noriega's services, which included money laundering, the cartel is in a jam. An estimated $1 billion of the cartel's money is believed to be frozen in Panamanian banks, and money is piling high in smugglers' homes, bank vaults and safe-deposit boxes in the U.S.—making it easier for U.S. officials to find. Last December the federal government seized $20 million of Florida real estate believed to belong to Escobar and Juan David Ochoa Vasquez *(see below)*.

This is not the cartel's only problem. Supply is rising, and the price per kilo is down to $14,000 in Miami, 70% less than five years ago. So more goes to Europe, where the cartel gets up to $55,000 a kilo. In Madrid last May, authorities seized a shipment of 1 metric ton, worth $50 million.

As his problems mount, the 200-pound Escobar still walks freely around Hacienda Napoles, his 50,000-acre ranch near Medellín, Colombia, despite police raids and pending indictments for countless offenses in the U.S. Everyone would benefit if a way could be found to lock Noriega and Escobar in a room together with a couple of sharp knives.—**Claire Poole**

E. Vandeville/Gamma-Liaison

Pablo Escobar Gaviria

GONZALO RODRIGUEZ GACHA
Sandinista's Friend

Rodriguez Gacha, a new entry this year, may be the wealthiest cocaine lord of all. Known as "The Mexican" for his fondness of Mexican culture (and, some say, his crude manners), Rodriguez operates out of Bogotá but is associated with the Medellín cartel. According to a U.S. indictment, he is in charge of all Medellín cocaine distribution to the U.S. West Coast.

Born in Pacho, a city of 50,000 outside Bogotá, Rodriguez is only 41 and apparently rose to power as Pablo Escobar's lackey. He allegedly killed a left-wing Colombian political leader because leftist guerrillas were interfering with his coca farmers. He also set up one of the world's largest cocaine production centers ever found, the so-called Yari laboratories, busted in April 1984.

After that bust followed the assassination of Colombian Minister of Justice Rodrigo Lara Bonilla. It was Rodriguez Gacha who helped establish alternative manufacturing and distribution in Nicaragua. He was aided there by the Sandinistas, notably by Federico Vaughan, a senior official in the Sandinista regime who arranged for fuel for cartel planes at a Nicaraguan military air base. More recently, Rodriguez Gacha is said to have initiated shipping cocaine in fragrant flower shipments from Bogotá, to confuse the noses of airport guard dogs. (Question for our trade ambassador: Why not stop all Colombian flower imports?)

E. Vandeville/Gamma-Liaison

Gonzalo Rodriguez Gacha

According to former Medellín cartel executive Max Mermelstein, Rodriguez Gacha is greedy. "It's a matter of routes," Mermelstein told FORBES, "and how much he was ripping off from the other [dealers]" in "lost" deliveries. Mermelstein figures that Rodriguez has made about $3 billion, but other sources are not able to confirm this claim.

For now, put Rodriguez Gacha's worth at $1.3 billion, plus all he could steal. If Mermelstein is right, Escobar may want to have Rodriguez rubbed out along with Noriega.—**Claire Poole**

OCHOA FAMILY
Something Can Be Done

Another fellow we'd like to see in that room with Noriega and Escobar is Jorge Luis Ochoa Vasquez. His father, Fabio, once smuggled Scotch whiskey and television sets with Escobar and then followed him into cocaine. Fat Fabio recently opted to spend more time horse breeding and handed the cocaine business to middle son Jorge, 39. It was Jorge, after all, who set up distribution in Spain, Puerto Rico and Nicaragua and, most important, Miami. (Jorge's brothers Juan David and Fabio Jr. work for Jorge.)

Much wanted by U.S. lawmen,

E. Vandeville/Gamma-Liaison

Jorge Luis Ochoa

Jorge uses cash and bloodshed to stay beyond their reach. He was arrested in Spain in 1986 when he was shopping for fighting bulls and cocaine routes—but was extradited back to Colombia for bull smuggling and freed two weeks later. Then, last November, highway patrolmen picked up Jorge at a roadblock in southern Colombia. A month later the Picota prison warden in Bogotá set Ochoa free, apparently with the consent of a local judge but not the Colombian government.

Medellín henchmen planned January's infamous killing of Carlos Mauro Hoyos, Colombia's upright attorney general. Hoyos apparently was investigating Ochoa's suspicious release in November. Worse, he publicly favored the reinstatement of a 1979 extradition treaty with the U.S. That would land Ochoa in the U.S., the killer's worst nightmare. And it is a mystery why the government of President Virgilio Barco Vargas does not avenge Hoyos' death by quickly reinstating the treaty.—**Claire Poole**

Brazil

ROBERTO MARINHO
Soap Opera King

At 83, Roberto Marinho has not yet passed his conglomerate, Globo Organizations, on to his three sons. "You can't even ask him that question," says an executive with Globo International in New York. "The man is eternal."

The man also has his hands full. As owner of the world's fourth-largest private television network (behind the U.S. networks), Globo reaches 80 million Brazilians, sells programming to 90 countries and has an 80% stake in Italian-language network Telemontecarlo. Marinho's TV revenues alone are an estimated half a billion dollars yearly—54% of Brazil's entire advertising spending. The group, with over 100 businesses, also includes insurance and finance companies, shopping centers, cattle ranches, a major art collection.

Marinho started with a Rio de Janeiro newspaper, *O Globo*, begun by his father, who died in 1925. Today *O Globo* (revenues, near $100 million) is the largest daily in Brazil. Marinho's TV programming, especially the controversial *novelas* (evening soap operas as important a national obsession as soccer), add to his considerable political clout.

"We're cautious, but our investments are going ahead," says Marinho. "Once Brazil has settled with the international financial community and promulgated its new constitution, we will certainly experience new growth."—**Patrice Duggan**

Roberto Marinho

Delfim Martins/F4

SEBASTIÃO FERRAZ DE CAMARGO PENTEADO
Brazilian Bechtel

Camargo, one of ten children born to a small farmer in Jaú, São Paulo, has built his fortune through political contacts and an abiding faith in Brazil's future. His $1.6 billion (net assets) construction and engineering conglomerate, Camargo Corrêa, has

Luiz Dantas/Editora Abril

Sebastião Camargo

built over 1,000 projects in Brazil, including Brasilia in the 1950s; Itaipu, among the largest hydroelectric plants in the world, in the 1970s; and the Amazon hydroelectric plant Tucuruí in the 1980s. Camargo Corrêa, with 33 companies, 30,000 employees, had 1986 revenues of nearly $1 billion. Succession is no question: He has three married daughters—Rosana, 35; Renata, 34; and Regina, 31. All his sons-in-law work in the company.

What of Brazil's $110 billion in foreign debt, its nearly 20%-a-month inflation, its political chaos? "I'm not familiar with economics," says Camargo. "I'm only a businessman." But, he comments: "You have to believe in Brazil."—**Patrice Duggan**

ANTÔNIO ERMÍRIO DE MORAES AND FAMILY
Time To Hand Over

João Bosco Lodi, a business consultant who specializes in Brazil's family businesses, notes: "In Brazil, family businesses rarely endure past the third generation." That's the challenge confronting Antônio Ermírio De Moraes, 60. His grandfather was a Portuguese immigrant who built a small shoe shop into what is now $1.7 billion (net assets) Votorantim. The largest industrial group in Brazil, São Paulo-based Votorantim owns nearly 100 companies and employs 60,000 people. It is owned equally by Antônio Ermírio and his three siblings.

The fourth generation consists of 23 cousins, 10 of whom work in the group and will soon have new responsibilities. "It is already time to tap the next in line and depart," Ermírio recently told the press. Speculation per-

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sists that Ermírio will run for president next year; he is enormously popular with business.—**Patrice Duggan**

Mexico

GARZA SADA FAMILY
Down To Their Last $2 Billion

In the late 1970s the Garza Sadas' Grupo Industrial Alfa borrowed heavily abroad in order to buy into new (for them) industries like tourism and electronics. In April 1982 the huge ($1.5 billion net worth) steel and packaging combine, run by Bernardo Garza Sada, defaulted on the largest private foreign debt—$2.7 billion—in Latin America.

But late last year, after six years of negotiations with 130 creditors, agreement was finally reached. Garza Sada gave his creditors 45% of Alfa's stock; the creditors wrote off over $2 billion of debt.

Not so lucky is the family's $103 million (net worth) Visa, run by some of Bernardo's cousins. Visa is in soft drinks, food and packaging and the Tecate, Carta Blanca and Bohemia breweries. Visa also went heavily into debt for expansion during Mexico's oil boom, but continuing quarreling among the three cousins keeps getting in the way of renegotiating Visa's debt load.

Bernardo Garza Sada

Ironically, the two other companies that round out the family's Monterrey Group have kept the family solvent. Vitro (net worth, $1.5 billion) stayed away from foreign debt and in the business it knows best, glass, and is still profitable. Chemical maker Cydsa (net worth, $585 million) did borrow abroad, but cautiously, and recently renegotiated its debt.

So, even with all of their country's problems, the Garza Sadas still have equity in excess of $2 billion and remain far and away Mexico's richest family.—**Claire Poole**

Canada

KENNETH COLIN IRVING
The Baron Of New Brunswick

In the 1920s Kenneth Colin (K.C.) Irving owned a Ford dealership in his hometown of Buctouche, New Brunswick and was an agent for Imperial Oil—a typical successful small-town businessman. But one day Imperial yanked K.C.'s gasoline franchise. Enraged and vengeful, K.C. borrowed $2,000, set up his own service stations next to Imperial's, and soon beat out Imperial to become number one in the region. He did it by finding suppliers of cheaper oil and passing the value along to his customers.

With cash gushing in from the stations, K.C. integrated forward, backward and sideways: a construction company to build the service stations; St. John Shipbuilding & Drydock Co., a shipyard (now Canada's biggest) to build oil tankers for Irving Refining Ltd. (also Canada's largest). And he created Irving Pulp & Paper Co., the biggest supplier in the Maritimes.

Today the Irvings—K.C. and his middle-aged sons Arthur, John and James—are New Brunswick's largest private landowners and are said to account for over a quarter of the province's GDP. The empire is spreading across the border to Maine, where the Irvings operate 150 service stations, own 700,000 acres of prime timberland, and supply more than 75% of the asphalt used in the state. The Irvings have been accused, mainly by smaller-scale competitors, of everything from predatory pricing to violating safety regulations in the state's wood camps.

Peter Redman

Kenneth Colin Irving

But even among critics there is grudging respect for K.C., who, at 89, doesn't drink, smoke or swear, works 16-to-18-hour days, and has passed similar work habits along to his sons and grandsons, one of whom, James Jr., is said to be heir-apparent. The Irvings' empire is knowledgeably estimated to be worth up to $8 billion.

Known for his aversion to taxes, K.C. now spends much of his time in Bermuda, whose government is more lenient on the subject than Canada's. Canada wants C$500 million in back taxes and interest from oil profits funneled through a tax-free company in Bermuda.—**Diana Fong**

PAUL, ALBERT AND RALPH REICHMANN
Big Fish, Small Pond

Canada is no longer big enough to hold the three Reichmann brothers, who have invaded the U.S. to become North America's largest real estate developers and New York's biggest commercial landlords. Recently their privately owned Olympia & York Developments made a tender offer for the giant railroad company Santa Fe Southern Pacific. They followed that with backing for Campeau's acquisition of Federated Department Stores. Now, not even North America can hold them: The brothers have invested C$6.4 billion to develop London's Canary Wharf project. At home, the Reichmanns' 70%-owned Gulf Canada Resources has an unsolicited C$500 million bid on the table for Calgary's Asamera, which has prized oil interests in Indonesia, the North Sea, Colombia and Italy.

The Reichmanns' ability to recognize and seize the really big opportu-

Randy Moore/The Windsor Star

Paul Reichmann

nities in real estate, oil—whatever—is unsurpassed. After buying Gulf Canada for $2.4 billion in 1985, they sold the downstream assets, kept the exploration company, juggled other assets and won a $400 million tax break. At the end of the day the brothers' Gulf Canada stake was worth $2.2 billion. Meanwhile, annual cash flow from O&Y's Manhattan real estate alone is conservatively estimated at $750 million. All still in their 50s, the Reichmann brothers sit astride a joint net worth that now comes to an estimated $9.2 billion.—**Diana Fong**

GALEN AND GARRY WESTON
The Blood Runs Thick

What started out as a family-owned bakery in 1882 is today two huge independent food conglomerates, run by third-generation brothers on different sides of the Atlantic. Galen Weston, 47, who plays polo with Prince Charles, runs the Toronto-based George Weston Ltd., which earned C$134 million on C$11 billion in sales last year. He is the aggressive acquirer and builder, comfortable with lots of debt. Recent acquisitions include supermarkets in St. Louis; the Canadian division of Britain's chocolate maker Cadbury; and Holt Renfrew, a chain of fur and fashion stores purchased from Carter Hawley Hale for $43 million that Galen's wife helps run.

Peter Redman Universal Pictorial Press

Galen and Garry Weston

Meanwhile, elder brother Garry Weston, 61, quietly runs £2 billion (sales) Associated British Foods in London. Garry is the careful preserver and artful disposer; ABF has no long-term debt. He got ABF out of South Africa at a tidy profit in 1983 before the rand collapsed, and now has $1.8 billion in cash to invest. Brother Galen would no doubt have lots of ideas for spending that cash, but perhaps he should keep them to himself. The Weston clan's 60% of Galen's George Weston Ltd. is now worth $798 million, while their 63% of Garry's ABF is worth $1.4 billion.—**Diana Fong**

KENNETH ROY THOMSON
Lackluster Cash Boxes

Ken Thomson Peter Sibbald/Picture Group

Toronto's Kenneth Roy Thomson, second hereditary Lord Thomson of Fleet, generally avoids the press. But he recently allowed a Toronto *Financial Post* reporter in to see his collection of rare ivory carvings, many of them skeletons, skulls and morbid scenes of the dead and dying. "If you get any highfalutin ideas about how important you are," the billionaire genially told the reporter, "look at a few skeletons and you'll soon come down to earth."

Feet on the ground, Thomson, 64, unostentatiously runs Thomson Newspapers, International Thomson Organisation, Hudson's Bay Co. and the other businesses and investments that account for his family's $5.1 billion fortune. He is aided by his son and likely successor, David, 31. Last year Thomson's ITO bought a leading British legal publisher, and earlier this year, four major databases from Capital Cities/ABC. He also picks up mostly small Canadian and U.S. newspapers—there are 172 now, largely monopolies, with a combined circulation of 3.1 million. Concentrated around the Great Lakes area, the newspapers are lean on editorial content, fat on gross profit margins, and are what the current Lord Thomson of Fleet's feisty father, Roy (1894-1976), liked best—as one critic put it, "A lackluster aggregation of cash boxes."—**Diana Fong**

CHARLES BRONFMAN
Separate But Equal

There has never been much love lost between Canada's Charles Bronfman, 56, and his Americanized brother Edgar, 58. But since their founding father, Samuel, died in 1971, they have tried to keep control of Seagram, the distilling empire, in the family.

Early this year the brothers exercised rights of first refusal, and each bought 258,000 Seagram shares from nephews at $73 a share. In 1985 they cooperatively acquired $95 million worth of Seagram stock from their late sister Minda's estate. Each brother's 17% stake in Seagram has a current market value of more than $931 million, although the market may be undervaluing the shares.

While he helps Edgar run Seagram, Charles minds his own private investment vehicle, Claridge Inc., and his interest in the Montreal Expos baseball team. Claridge has a stake in movie theater chain Cineplex Odeon, a new joint venture with National Bank of Canada in Montreal and other investments.—**Diana Fong**

Brian Willer

Charles Bronfman

Pacific Rim

Japan Real Estate

YOSHIAKI TSUTSUMI
How To Lose A Billion

It's been a less than perfect year for Yoshiaki Tsutsumi. He's still the world's richest man, but the market value of his key stockholding, Seibu Railway, fell from its April 1987 peak of $3.98 billion (Y5,800 a share) to $2.33 billion (Y3,400 a share), wiping $1.65 billion off his paper worth. In the land of the rising market, Seibu has recovered somewhat, but Tsutsumi is still down $650 million.

And now for the good news: A new law gives special tax and financing breaks for the right infrastructure construction—Yoshiaki reportedly has 17 such projects under way. The government also proposes limiting land ownership rights so as to create instant rights-of-way for tunnels for carriers like Seibu, saving his company untold billions.

Tsutsumi's father, Yasujiro, a brilliant real estate and transportation entrepreneur and pyramider, bought land in quantity from Japanese aristocrats forced to sell ancestral land at near-bankruptcy prices right after World War II. Yasujiro died in 1964. He left the bulk to Yoshiaki, the son of one of his many mistresses. Yasujiro's legitimate son, Seiji Tsutsumi *(which see)*, inherited enough property to qualify him for the billionaire list but Yoshiaki got the main assets.

H. Morimoto

Yoshiaki Tsutsumi

Last year Tsutsumi, 54, complained that we overestimated his wealth. Legalistically, he had a point: Some land we thought was owned by his holding company, Kokudo Keikaku, was really owned by Seibu Railway, and so belongs to Tsutsumi only indirectly. Adjusting for that and for the diminished value of the Seibu stock, we revise our estimate of his unarguably owned, visible assets in 1988 to $18.9 billion.—**Hiroko Asami**

TAIKICHIRO MORI
World's Second-Richest Man

Taikichiro Mori, 84, is a man accustomed to looking at the big picture. He was a professor of economics at prestigious Yokohama City University (he still conducts business in a scholar's black robe) until he inherited his father's real estate, at age 50, and decided the rough-and-tumble of commerce was the place for him after all. He now owns 68 buildings, deliberately concentrated in the Minato ward because it is close to government offices. The buildings are worth, net of debt, nearly $18 billion, making Mori the second-richest person in the world.

Robert Wallis/JB Pictures

Taikichiro Mori

Mori's most inspired creation to date is Ark Hills, an office building with condos, hotel and music hall in one development to provide an international financial center for the foreign financial institutions crowding into the city. Mori is undertaking similar projects for Japanese companies because he sees ever more companies transferring their offices close to the government. Mori reckons they will like hybrid office buildings that provide top executives with handy condos, bypassing Tokyo's traffic problems and shortening distances between home and work.

What does Mori, an unusually open Japanese businessman, think of Tokyo real estate? "In the future we should be very careful about the balance of supply and demand, as a new commercial zone is to be built along Tokyo Bay," he told FORBES. When it is being built in the mid-1990s, "Land prices in some inconvenient commercial districts may even fall."

Heretical? No, just commonsensical.—**Hiroko Asami**

KICHINOSUKE SASAKI
Dr. Speculation

New to the list this year, Sasaki, 55, is the only Tokyo real estate billionaire who is also a doctor (of geriatric diseases). He borrowed money to open his clinic immediately after graduation—very un-Japanese—paid off the loan quickly and soon acquired three rental properties as investments. Hooked, he closed the clinic and started a real estate compa-

Robert Wallis/JB Pictures

Kichinosuke Sasaki

ny, Togensha. Since 1982 Togensha has exploded, constructing 40 tall, thin office buildings. Sasaki's equity is at least $2.5 billion, after $1.1 billion in debt.

Sasaki dismisses fears of a sharp drop in commercial land values in Tokyo. "If it happens, the Japanese economy would topple," he says, noting that land is widely held as collateral by the largest institutions. Unlike Taikichiro Mori, Sasaki does not think the Tokyo Bay project will hurt office rentals. "From 1992 another boom is likely to be seen [in downtown Tokyo]," he argues. The speculative doctor is building 8 buildings now and plans 17 more. Unlike other real estate tycoons, he shows no interest in foreign property. Why not? "I cannot expect a reasonable capital gain," he replies.—**Hiroko Asami**

YONEICHI OTANI
Convention Thinking

Yoneichi Otani, president of New Otani Hotel, contends that no new hotel will pay in Tokyo at existing land prices. He's not complaining: Thanks largely to Japan's sky-high land prices, the Otani family hotel and real estate empire is worth some $4.2 billion. But even Otani won't build more hotel space in Tokyo. On

Robert Wallis/JB Pictures

Yoneichi Otani

his family parcel there, Otani is developing an office building, and after that a residential district, creating a luxury Otani village. To expand in hotels he has turned to Los Angeles and Hawaii and is shopping for another in New York or San Francisco. "We have several offers outstanding; the competition with other Japanese companies for the hotels is embarrassing."

Like most Japanese hotels in major cities, the New Otani group earns most of its money from banquet service—weddings, corporate anniversaries and other celebrations of milestones in life. Room occupancy of the New Otani hotels is a healthy 70%, yet rooms account for only 30% of revenues, with high-margin banquet business accounting for most of the rest.—**Hiroko Asami**

GENSHIRO KAWAMOTO
The Kawamotomobile (Maybe)

Last year Genshiro Kawamoto figured that Ginza real estate, where he made his $1.3 billion after shutting the family drapery business in 1972, was too expensive. He decided to invest in Hawaii, bought a Rolls-Royce limousine and drove around Oahu looking for houses, sometimes knocking on the doors of surprised owners

Robert Wallis/JB Pictures

Genshiro Kawamoto

to make them an offer in his gentle, polite way. Since last August he's paid about $100 million for 170 homes, including the old Kaiser mansion. After a few deals, his Rolls became known around Honolulu as the "Kawamotomobile."

Kawamoto, 56, tells FORBES he doesn't want to be like other Japanese speculators in Hawaii—unsettling the market by flipping properties to yet other Japanese. "I want to hold for the long term," he says, "and rent only to Americans, not Japanese." He also intends to remodel and refurbish his houses, according to his own taste; this, he argues, will improve local property values.

Now Kawamoto is looking homeward again. He figures the government's intervention in Japanese land sales will break a lot of speculators and put good Ginza property back on the market at distress prices. So he tried to bring his Kawamotomobile home to Japan.

"I paid Y20 million [about $154,000] for my car," he sighs, "and the tariff and commodity tax added another Y10 million. But because of inspection at customs, it has been held at the port for a month and a half." Now the authorities want to rip out all the seats in order to test for vibration. That'll cost another Y2 million.

Kawamoto: "Now I understand what foreigners mean by nontariff trade barriers."—**Hiroko Asami**

KIYOFUMI MOROTO
Four Centuries Later

Moroto's home on 1 acre in the exclusive Tokyo area near Shibuya train station is valued upwards of $300 million. He owns and rents out another acre or so nearby, equally valuable. What of reports that government action has forced down Tokyo residential land values by 20% to 30%? That's middle-class land. Values at Shibuya, as in other elite Tokyo neighborhoods, are so far holding up nicely.

Moroto, 76, has a family fortune dating back 400 years to samurai warriors who gave up battle for agricul-

Robert Wallis/JB Pictures

Kiyofumi Moroto

ture. Early this century the government induced his grandfather to switch from farming to forestry. As a result, Moroto today owns a cedar forest. Near Tokyo, the enormously valuable forest will probably become a restful resort development within a few years.

Meanwhile, Moroto lives nicely off his urban acreage and Moroto Towel, one of the largest towelmakers in Japan—a very quiet, very comfortable billionaire.—**Hiroko Asami**

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EITARO ITOYAMA
Young, Rich And Ambitious

Billionaire-turned-politician Eitaro Itoyama is a free-trade advocate who also urges that Japan spend more on defense. "Japan should not be on an equal footing with the States," he tells FORBES, "unless she increases her defense budget, lessening the U.S. financial burden of Japan's defense."

As the alienated illegitimate son of a self-made tycoon, Itoyama struggled

Eitaro Itoyama

to make his own mark in business in his youth. He and his father were finally reconciled, and the young man inherited the bulk of his father's huge real estate fortune in 1985. Now he is a member of the Nakasone faction of the dominant Liberal Democratic Party, and chairman of the Lower House foreign affairs committee—and ambitious. "In several years, I will surely join the cabinet," says Itoyama, 46. Later on he says he will use his money to form his own faction. Smart, tough, young and very rich, this is a businessman whose political horizons appear unlimited.—**Hiroko Asami**

YOHACHIRO IWASAKI
Take Lots Of Money

In 1979, to the astonishment of the Japanese, the *Queen Elizabeth II* called at the port of Kagoshima. The locals shouldn't have been surprised, though. Kagoshima is Yohachiro Iwasaki's hometown and the location of one of his resorts. Iwasaki had foreseen the commercial value of upgrading his resort center to the international boat-set level and arranged for the *QEII*'s call.

Born poor in 1902, Iwasaki built up a $4.6 billion fortune. He went first

Zaikai

Yohachiro Iwasaki

into logging, after the Great Earthquake of 1923, then into real estate, then into tourism. Now he is building a 12.5-mile-long seashore complex boasting four hotels, an 18-hole golf course, and so on, north of Brisbane on the east coast of Australia.

Iwasaki is planning another big resort at the tip of Mexico's Baja California peninsula. There he owns 5,000 acres and has long had a deal with the government to sell him the surrounding 200,000 acres, enough for a decent Iwasaki-size resort. But the deal was with Mexico's former president. Iwasaki may soon discover that Mexican politicians play by a unique set of rules, especially where potentially lucrative resort real estate is concerned.—**Hiroko Asami**

SHIGERU KOBAYASHI
Yield Gap

Ginza "entertainment" after World War II, real estate in the 1950s, Tokyo apartments in the 1960s. The 1973 oil shock almost flattened Kobayashi, but he dusted himself off and plunged into office buildings. A bold man, Kobayashi is building more office buildings, both in Japan and the U.S., even though his borrowing is already immense—estimated at $5.4 billion.

Robert Wallis/JB Pictures

Shigeru Kobayashi

In Japan: another 16 office buildings, a 44% expansion. In the U.S.: 2 new office buildings, in New Jersey and Los Angeles, to go with the nearly $2 billion worth that he has already bought (Los Angeles' Arco Plaza; New York's ABC headquarters; Washington's U.S. News & World Report building). The Los Angeles complex calls for a 75-story skyscraper, a hotel and a community center, all to be done by 1993. Son Takaji Kobayashi does much of the U.S. wheeling and dealing for him.

The Japanese office market in downtown Tokyo is still incredibly tight, with vacancy rates virtually zero. So why buy into the overbuilt U.S. market? Simple: U.S. buildings typically yield 7.5% to 8% initially, and he can borrow the money to buy them in Japan at 6%—in Japan, office buildings yield from 1% to 3%. Kobayashi is worth $3.2 billion at age 61.—**Hiroko Asami**

MASAO NANGAKU
Would A Kannonzo Work In Vegas?

Last year Nangaku made a worldwide splash, buying the Dunes hotel-casino in Las Vegas, a castle in West Germany and a forest on Oahu. He also hit a number of roadblocks.

Kaku Kurita

Masao Nangaku

Since he hasn't been licensed as a gambling operator by the state of Nevada, the Dunes casino is shut down. In Germany, where he wants to build a hotel and a golf course at his castle, the government has so far prevented him from developing the site.

Nangaku can afford to be patient: He is worth $1.2 billion. He built his fortune after the war, from a small radio repair shop into a large electron-

ics business, then made a killing in the 1960s exploiting the bowling craze that swept Japan, and got into hotels and ski resorts in time to ride Japan's fantastic real estate boom.

At age 69, Nangaku has just built a gilded *kannonzo*, a traditional statue of a Buddhist goddess, standing some 80 feet high in a parklike setting in northern Honshu. It is thought to be the first gilded *kannonzo* in a thousand years of such monumental size. Besides earning religious merit, the cost becomes a generous tax writeoff, and the shrine draws a potentially profitable trade to the surrounding concessions.

Maybe his pious act will soften the hard hearts of the West German and Nevada governments.—**Hiroko Asami**

Why Tokyo real estate doesn't go down

At least 18 of the world's billionaires (and untold mere centimillionaires) owe their fortunes to Japanese land-price inflation. Prodded to action by middle-class voters outraged by escalating real estate prices, Japanese politicians declared war last year on property "speculators."

The politicians' weapons: a cumbersome combination of jawboning and price controls.

The government required buyers and sellers to report transaction prices before deals closed and empowered officials to reduce any price out of line with "standard prices" based on sample lots and usually behind the market. Banks were "asked" not to lend to speculators. And the capital gains tax on land sales, already high, was pushed up to 96% on land held for less than two years. This will only serve to keep land off the market.

The results do not speak well for jawboning and price controls. True, some residential property has recently dropped 20% to 30%. And some second-rate commercial land dipped 1% or 2%. But quality residential land is holding its value; there is lots of money around, and Japanese consumers will pay whatever they can for decent housing. And really good Tokyo commercial land continues to rise with rents *(see chart)*.

* Per annum, excluding charges, rates and taxes.
Source: Richard Ellis World Rental Levels: Offices, *Richard Ellis, Inc.*

Even the Japanese, good business people that they are, cannot repeal the law of supply and demand—and tampering with the law will only make things worse.

KITARO WATANABE
Chrysler's Man In Japan

In 1983 the late Kenji Osano, postwar Japan's most potent kingmaker and one of its most influential businessmen, was reportedly frustrated with the sluggish sales of his Chrysler distributorship in Japan. He wanted to cancel the license, but the government feared this would irritate Washington at a delicate time. So Osano sold the distributorship to a younger businessman eager to gain entry into Osano's world. The younger man was Kitaro Watanabe.

Zaikai

Kitaro Watanabe

Chrysler still doesn't sell many cars in Japan, but Watanabe profited greatly from Osano's advice, which was to buy Hawaiian real estate. Investing heavily in the islands, he now owns six hotels there, including Honolulu's Hyatt-Regency. His Hawaiian investments are estimated to be worth nearly $800 million.

Like many of our Asian megarich, Watanabe, new to our list, arrived at affluence by way of severe adversity and tragedy. His family—parents and brothers—was wiped out in the bombing of Tokyo. An 11-year-old orphan in 1945, he was apprenticed by his grandmother to a textile manufacturer. Later he worked in a motorbike shop, which threatened to fold. Watanabe borrowed Y3 million (then worth $8,333, and a great deal of money) and took it over. From motorbikes he moved to used cars, just in time to catch the motorization of Japan, using cash flow from the car business to buy land, often parking lots. This land is the source of his real wealth. Watanabe owns 99,000 square meters in downtown Tokyo, where the cheapest parcels go for around $77,000 a meter. His land is being developed and soon will carry 396,000 square meters of office space. Even with debt estimated at $2.4 billion, Watanabe's land in Tokyo and Hawaii must be worth some $5.2 billion. Incidentally, that's more than Chrysler's market value.—**Hiroko Asami**

HARUHIKO YOSHIMOTO
Be Nice To Bar Girls

Having accumulated several billion dollars, Haruhiko Yoshimoto has taken to writing books on how to make money. Now he has an English version and says he approached a publisher. His formula: Be cheap, save money and invest the savings in real estate. "We don't buy

Robert Wallis/JB Pictures

Haruhiko Yoshimoto

writing pads, which my employees obtain from banks' counters," says Yoshimoto.

The heir of an old Osaka landlord family, after the war Yoshimoto parlayed his key parcel (near the Osaka train station) into what is now a 10,000-square-meter empire. At the planning stage are two hotels—one to be near the New Osaka International Airport—and a marine leisure center to be situated on Shodo Island, on the Inland Sea of Japan.

So what happened with the English-language publisher? Yoshimoto says he wrote in one volume that he has never bought a drink for a bar hostess, and he grouses this ruined the deal. "They claimed that I humiliate hostesses," he grumbles. But he still sells well in Japan. Besides Japanese royalties from his ten books, Yoshimoto, now 64, gives eight lectures a month, at about $3,800 a shot.

But property remains the core of his fortune, now valued at over $7.8 billion.—**Hiroko Asami**

HIDEKI YOKOI
Illiquidity Trap

Yokoi, 75, has most of his billion-dollar-plus fortune (reportedly based on wartime profiteering 50 years ago but now in real estate) tied up in a ruin of his own making—the Hotel New Japan, once a central Tokyo landmark but now a burned-out shell. The 1982 fire killed 33 people. Yokoi had failed to install fire-prevention equipment as required by law. Convicted of accidental homicide and sentenced to three years in prison, he is out on bail pending appeal.

Meanwhile, redevelopment is deadlocked. Yokoi is asking $231,000 per square meter for the 2.15-acre Akasaka site—$1.8 billion for the parcel. Would-be buyers have withdrawn, and he may have defined the ceiling for Tokyo's stratospheric land prices. Meanwhile Yokoi, who owns 90%, reportedly has difficulties buying out the other 10%, which is enough to block reconstruction. Even in Tokyo real estate can be illiquid.—**Hiroko Asami**

Zaikai

Hideki Yokoi

HEIZO KOBAYASHI
Land Lust

One of the reasons Japanese businessmen have been willing to bid land prices into the stratosphere is that history has taught them that land ownership is often the key to survival when things are really bad.

One of 13 children of a hardworking Honshu island silkworm grower, Heizo Kobayashi went to Tokyo, and in 1933, at age 20, opened a charcoal shop (charcoal then being the predominant heating fuel in Tokyo). To keep busy in the summer, he sold ice. Then came the war, and Kobayashi's prospering little business was finished: In 1940 his shop was merged with other ice shops by government order. Kobayashi had bought no land; without hard assets, the merger terms left him with nothing to show for all his work.

Zaikai

Heizo Kobayashi

When the war ended Kobayashi was 32, and had to start all over again. He wholesaled gelatin dessert and opened another ice shop, a pachinko parlor and a commercial fishing pond. This time he bought the land underneath his disparate operations.

Kobayashi got into the restaurant business in 1952, when he hired a small Cessna and dropped 10,000 leaflets on Tokyo reading "The democratization of taste, Restaurant Sanpei." His ultracheap restaurant was an immediate success. Since then Kobayashi has upgraded his early Sanpei outlets into a chain called Restaurant Sunpark.

In 1962 Kobayashi began building a chain of supermarkets, then opened discount shops, then added two hotels in Tokyo. With his war-economy experience still in focus, he kept buying the land he built on.

Today Kobayashi owns some 5,500 square meters in Tokyo's Shinjuku district. This property is worth about $1 billion. In 1973 he became an early Japanese investor in Hawaii; he now owns 9,900 square meters on Oahu, where he is developing office space and condominiums.

Now 75, Kobayashi tends the sprawling garden of his home in an exclusive Tokyo residential area. In it, centuries-old trees are planted; exquisitely bred carp, each one costing $8,000 or more, splash the water of a pond. At one corner of the garden is a valuable decorative stone given him by then Prime Minister Hayato Ikeda, Kobayashi's good friend and rival in gardening. Kobayashi remembers that when he was a boy, his father drummed into him the rule "No work, no pay, no dinner." The son added a line: No land ownership, no permanency.—**Hiroko Asami**

RINJI SHINO
Island Fever

Rinji Shino, 79, is descended from a landowning family dating to the 12th century. He has proved himself a canny buyer since World War II, when the American occupation broke up the vast Shino estate. He undertook to buy it all back, piece by piece, plus any other property he could find—including a vineyard and a small forest outside Paris, and a small, apparently worthless desert island in Japan's Inland Sea.

Rising land values have boosted Shino's estimated net worth from last year's Y300 billion to Y336 billion, about $2.6 billion. Even his small desert island, which he bought in 1960,

Robert Wallis/JB Pictures

Rinji Shino

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now enjoys access, thanks to the newly constructed Seto bridge. Shino is apparently keen to capitalize on the bridge by either selling the island or developing it in a joint venture. If he does sell, smiles Shino, "I would surely be listed as [Japan's] biggest taxpayer."—**Hiroko Asami**

SEIJIRO MATSUOKA
Sweet Dreams

Seijiro Matsuoka built one fortune in import-export during World War I and then a greater one buying (and holding) real estate after the Great Earthquake of 1923.

He says he found that real estate is better: "It brings you money in your sleeping." To him this is important,

Robert Wallis/JB Pictures

Seijiro Matsuoka

since his formula for longevity involves getting plenty of sleep—as much as 12 hours a day. He also recommends a bowl of ground Japanese white radish in the morning, a nightcap at night and a hobby.

His hobbies are buying real estate and collecting art; on the latter he spent Y1.6 billion (about $12.3 million) over the past year alone. It is getting rare for him to attend auctions in person. His latest purchases were at a Chinese ceramic auction in Hong Kong; his winning bids came by telex. But at age 94, it's hard to blame the formula.—**Hiroko Asami**

KEN HAYASHIBARA
Gaijin Wanted

While he reads and practices karate, Ken Hayashibara's real estate and his Hayashibara Biochemical Laboratory, Inc. keep appreciating. The real estate alone is now worth an estimated $1.4 billion. Hayashibara Biochemical is based on the medical maltose business Ken salvaged from his father's candy business and built

Matsumoto/Sygma

Ken Hayashibara

after his father died in 1961. Now 46, Ken is moving the company into genetic engineering, and hopes to have his first product, alpha interferon, on the market by the end of the year. Hayashibara is looking hard for foreign talent for more high-tech pharmaceuticals. It's not easy though for such a small company to attract serious Western talent. Only three *gaijin* are aboard, and the company has been looking since 1985.—**Hiroko Asami**

HIROTOMO TAKEI
From Sexposés To Golf

Glossy sex, sports and screen stars play as well to the masses in Japan as anywhere and have helped create a net worth estimated at $3.3 billion for Hirotomo Takei. The 67-year-old Takei is a journalist who founded *Asahi Geino*, a highly successful weekly magazine. *Asahi Geino*'s editorial policy, says Takei, is devoted to "the three S's, namely sex, sports and screen."

But there is more than soccer and sexposés to Takei's privately owned Chisan Group. Takei also inherited some real estate in the 1950s. From his growing property and publishing

Zaikai

Hirotomo Takei

base he has bought cookie, fish, meat and other food processing and distribution companies. These tend to throw off steady, if unspectacular, cash flow with which to finance more acquisitions. Takei has also added a moneylending affiliate to Chisan, which he portrays as a nice, friendly conglomerate.

Takei says he despises hostile takeovers and would never try one himself. This is a very Japanese thing to say, but it doesn't quite square with Takei's reputation. Through its lending affiliate, Chisan recently picked up a 29% interest in Kasho, an important but low-profile import-export firm, from a debtor who had fallen on hard times. Through similar means Takei has taken over at least three troubled food companies in the past two years alone.

Also very Japanese is Takei's love affair with golf and hotels. At last count Takei owned 14 golf courses, 32 hotels, 29 apartment buildings and 13 office buildings spread around Japan.—**Hiroko Asami**

Japan Industry

TADAO YOSHIDA
Robber Baron's Disciple

If you look, chances are you're wearing one of Tadao Yoshida's products. Now 79 and debilitated by a stroke, he founded Yoshida Kogyo K.K., better known as YKK, in 1934 and built the company into the world's dominant zippermaker. He did so in part by following the example of one of America's robber barons. "My father's business philosophy was heavily influenced by Andrew Carnegie's autobiography," says the founder's son and YKK's executive vice president, Tadahiro Yoshida, a Northwestern University M.B.A.

In 1987 YKK accounted for 50% of the world's zipper output, churning out 1.1 million miles of zippers, enough to gird the globe 40 times at the equator. The Yoshida family's 30% stake in the $4 billion (sales) enterprise is worth $2.1 billion.

In the 1960s Tadao Yoshida became one of the first Japanese businessmen to venture overseas. He built a local presence and grew with booming garment industries in Taiwan, Hong Kong and Thailand. Today YKK is one

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Tadahiro Yoshida Robert Wallis/JB Pictures

of the most multinational of Japanese corporations, with zipper factories in 40 countries—including a huge automated plant in Georgia. The company reinvests all of its considerable overseas profits in additional growth. So far it has never repatriated profits to Japan, and gives local managers great autonomy.

"Zippers are a fashion component," Tadahiro reminds us. "If a Belgian jeans manufacturer requires a special zipper, our Belgian company will design it for them." The Yoshida family—seven relatives work in YKK—is now diversifying. In the early 1960s the company used its aluminum alloy technology developed for zippers to move into aluminum building materials. Today the company derives 70% of sales from the aluminum building materials business and ranks second in that industry in Japan.

In 1984 YKK bought a 27,000-acre ranch in Brazil to raise coffee, soybeans and cattle. Explains Tadahiro Yoshida: "My father dreamed of owning a farm."—**Andrew Tanzer**

SEIJI TSUTSUMI
Leftist Makes Good

Seiji Tsutsumi, 61, is a poor billionaire when compared with his brother Yoshiaki Tsutsumi *(which see)*. But, as the chairman of Seibu Saison Group, he heads a retailing empire with 1986 sales estimated at $22 billion. Seibu Saison has lots of debt, but Seiji Tsutsumi's shareholdings in the Group's publicly owned companies and the privately owned Seibu Department Store are worth $1.8 billion.

In 1940 Seiji's father, Yasujiro Tsutsumi, purchased his first department store in Tokyo. Seiji went to elite Tokyo University, where he was a left-wing student activist and an aspiring poet and novelist. (Tsutsumi has published poems and novels.) Those proclivities probably cost him control of the core family holdings, but Seiji did okay. He went to work for Seibu Department Store in 1955 at 28 and assumed control after his father died in 1964—having left most of his real estate, as Seibu Railway, to Yoshiaki.

Perhaps Seiji's days as a leftist taught him what the masses wanted. He built his Seibu into one of Japan's trendiest department store chains. Seiji has also diversified into supermarkets, convenience stores, restaurants, resorts, hotels, travel agencies,

Philip J. Griffiths/Magnum

Seiji Tsutsumi

consumer credit, real estate development—Seibu Saison Group now has over 100 companies.

His feuds with Yoshiaki, his richer half-brother, are a perennial topic in the Japanese business and gossip press.—**Hiroko Katayama**

MASATOSHI ITO
Look To Mars

Masatoshi Ito's 131 Ito Yokado supermarkets and 3,311 7-Eleven stores are by far the most profitable among big Japanese retailers. Ito's public companies are now valued at $20 billion. Ito himself is worth over $2.5 billion.

Despite the stores' growth and the cheap dollar, foreign products still account for only about 8% of Ito Yokado's sales. Ito blames this on the foreign suppliers, Americans in particular. "American food producers don't have a mind for business," he complains to FORBES. He leafs through a report on his desk listing U.S. products and their prices in Japan, and pounces on Coca-Cola. When Ito Yokado buys its Coca-Cola through Japanese distributors, Ito must pay 1.4 times the American wholesale price,

Masatoshi Ito Robert Wallis/JB Pictures

even after adjusting for transportation and tariffs. Ito wishes Coke and other American suppliers would make more efforts to sell to him directly and cut through the web of Japanese middlemen.

He also wishes American food producers would pay more attention to packaging. "An American company asked me for more sales efforts to increase their sales. But unfortunately, I could hardly guarantee it. Their products are canned goods, and the Japanese in general dislike using can openers."

Ito does give high marks to one U.S. vendor: Mars, Inc. Sales of Mars' M&M's candies have rapidly increased thanks to low price and high quality. Mars, says Ito, shows how much opportunity there is in the Japanese market.—**Hiroko Asami**

AKIKAZU FUJISAWA
Consumer's Best Friend

He's the man who bet his future on forcing a breakthrough against Japan's notoriously inefficient distribution network—and won. Fujisawa, 52, son of a rice farmer, is a high school graduate who moved to Tokyo with his family in 1960.

Fujisawa had the fresh eyes of a newcomer. He foresaw the surge in sales of automobiles, home appliances and cameras in the 1960s and 1970s. He started as a wholesaler of cameras and camera equipment—the product his slender means could stock. For an edge, he dealt strictly in cash, both buying and selling, so he could cut his price. He was an early discounter in a land that frowned on discounting.

Appalled retailers in Japan's comfy, high-priced distribution network

Robert Wallis/JB Pictures

Akikazu Fujisawa

pressured suppliers to boycott him. But the consumers loved him. By 1975 he was able to open his now-famous Yodobashi Camera in front of the busiest Japan National Railway station, in Tokyo's Shinjuku district. He opened more stores, added watches, calculators and hi-fi. And from 1982 video and home appliances, all still bought—somewhere—for cash or short-term deferred payment. Fujisawa bought many of the sites he uses, and that real estate is good for a third of his estimated billion-dollar fortune. Next step? Maybe European-style hypermarkets *(see Bouriez and Ito)*.—**Hiroko Asami**

KANICHIRO ISHIBASHI
He Didn't Flinch

Akira Ieiri, the president of Bridgestone Tire, has been quoted as saying that "only three producers could survive in the global tire market in future."

His boss, Kanichiro Ishibashi, 68, whose father founded Bridgestone, agreed that to become one of the three survivors Bridgestone would have to expand through acquisition. It bid $750 million for 75% of Firestone, then, when Italy's Pirelli topped that bid, raised the ante. Ishibashi (literally "stone bridge") huddled with Bridgestone's professional managers for a week. Then came their unflinching response: a $2.6 billion offer for all of Firestone. Pirelli threw in its hand. Bridgestone had the prize—but at a huge price.

Zatkai

Kanichiro Ishibashi

Firestone's U.S. factories will cost hundreds of millions more to modernize. Bridgestone expects earnings to be depressed for three or four years. But now Bridgestone is the third-largest tiremaker in the world (behind Goodyear and Michelin), with 16% of world volume. Firestone adds a valuable foothold in Europe, as well as U.S. plants to serve the Japanese carmakers setting up here.

The Ishibashi family's 14% stake in Bridgestone was recently worth $880 million.—**Hiroko Asami**

KEIZO SAJI
Foot-In-Mouth Problems

Suntory, Japan's biggest distiller, is staggering. Its whiskey sales have been dropping as much as 4% a year. Last year Britain's Guinness Plc. switched sales agents in Japan. There went I.W. Harper bourbon, Suntory's biggest, most heavily promoted import brand. And its Suntory Old, once the bestselling Japanese whiskey, is reckoned an old-fogey drink by the young generation. A tax on imported liquor that long sheltered Suntory and other Japanese distillers will be reduced next spring. Foreign distillers are likely to gear up for more sales, if possible through their own channels. In the beer wars, rival Asahi has a bestseller in Asahi Super Dry.

Philip J. Griffiths

Keizo Saji

Suntory Chairman Keizo Saji, 68, has been taking his foot out of his mouth. At a February conference on moving Japan's capital from Tokyo to reduce overcrowding, Saji asserted it shouldn't go to Tohoku, the northern region of the main island, because the "cultural level is so low over there." Uproar followed. Saji apologized profusely, but there's a highly publicized boycott against Suntory products in Tohoku.

At current Japanese price/earnings multiples, Suntory would still be worth billions. Privately held, mostly by the Saji family, the company is clearly still very valuable. But it needs to come up with new products and a new image.—**Hiroko Asami**

KUMAGAI FAMILY
The Caretaker

When Santaro Kumagai set up his construction company back in 1938, he took Jinichi Makita, his trusted lieutenant from another company, with him. That Kumagai Gumi is today one of Japan's big six international construction firms owes mainly to Makita. The boss pursued a political career and named his son Tasaburo Kumagai, now 81, president of the company. But Tasaburo, too, had politics in his blood, and wrote poetry in his spare time.

While political clout never hurts a construction firm, business talent is also required. Luckily, Jinichi Makita proved a tough-minded businessman. He organized a top-flight collection of subcontractors, bought into major projects, even set up a factory to produce construction equipment because what he could buy didn't suit him. In 1968 Tasaburo made Makita president in name as well as fact. He retired from the presidency in 1978 so that Tasaburo's son Taichiro Kuma-

Robert Wallis/JB Pictures

Taichiro Kumagai

gai, now 55, could take over. Makita died in November, at age 94, and left behind a construction giant that is building harbor tunnel projects for Hong Kong and Sydney, and the $228 million Broadway Crown Plaza hotel/office complex among numerous other projects in New York and elsewhere.—**Hiroko Asami**

TAKENAKA FAMILY
Meet The Competition

United States firms seeking construction contracts in Japan better take the measure of the Takenaka family's Takenaka Komuten, which imports construction knowhow and sells it to fellow Japanese. The Takenaka name means a lot in Japan; ancestors built the famed and beautiful

Takeshi Takahara

Toichi Takenaka

Nagoya castle. Recently, under their 16th headman, Toichi, 45, the family firm imported American airdome technology to build their locally famous "Big Egg," or Korakuen Stadium. For the winning bid to build a second National Theater—Japan's first opera house—they sent engineers to West Germany's Hanover Institute of Technology. The list goes on.

Takenaka Komuten made Y9.8 billion aftertax in 1987, up 26%, on Y811 billion in revenues. That razor-thin 1.2% profit margin is typical in Japanese construction. Just imagine trying to bid against them and stay solvent.—**Hiroko Asami**

KONOSUKE MATSUSHITA
Nonmonetary Asset

The vast consumer electronics empire Matsushita founded continues to prosper, thanks to strong demand in the domestic market and excellent management *(see* FORBES, *July 13, 1987)*. Domestic sales for the fiscal year ended March 1988 were Y2.9 trillion, overseas sales about Y2 trillion—a total of nearly $39 billion. Projections for this fiscal year call for a 10% increase in domestic sales against a 1% drop in exports, assuming the dollar averages Y120 per $1. Matsushita will accelerate overseas production this year too; some $4.3 billion worth of products will be manufactured outside Japan, up 24% from last year.

Ethan Hoffman/Archive

Konosuke Matsushita

Matsushita built the company through a brilliant mix of price-cutting, long-range planning, and employee relations designed to make every worker feel responsible for the success of the whole enterprise. At 93, he lives at the Matsushita Hospital, built for the employees. He holds over $2 billion of stock and enjoys the nearly universal veneration of his countrymen.—**Hiroko Asami**

KENKICHI NAKAJIMA
Master Gamesman

Kenkichi Nakajima figures he's doing the world a favor: "To stabilize society, pachinkos contribute much," he says. "They really soothe people's anxiety."

Pachinko, as anyone who has visited Japan knows, is a pinball-like petty gambling game on which an estimated 29 million Japanese of all stripes—salarymen, college students, housewives—spend maybe $80 billion a year. Nakajima is a wicked player and claims he can routinely make $385 in a five-hour sitting.

Robert Wallis/JB Pictures

Kenkichi Nakajima

But that's not how Nakajima, 67, has amassed his billions. That he's done by becoming the predominant manufacturer of pachinko machines. His company, Heiwa Kogyo, has 37% of the market (the rest is split among 15 rivals). Last year Heiwa reported $117 million pretax profits on revenues of $428 million)—an astounding 27% margin. In September Heiwa will go public on Tokyo's over-the-counter market, where it will probably be valued at $3 billion. Nakajima owns 95% of Heiwa.

Nakajima got into pachinko in 1949 by opening a parlor. In 1960 he began making machines for his and other parlors and, within the decade, was dominating the market. Heiwa's 87 engineers develop new machines every two or three months, thus keeping ahead of fickle public tastes while not running afoul of government regulations that require pachinko to be a "skill" game. Research and development amounts to 7% of sales.

Nakajima is a game player par excellence. Aside from pachinko prowess, he took up golf in his 40s and became a scratch player in six months. He used to play go, the traditional Japanese board game roughly equivalent to chess, for up to 63 consecutive hours. Now 67, he's slowed down to being ranked at the top in a private mah-jongg league.

Nakajima wants to export pachinko machines, and he plans an assembly plant in the U.S. He says China's former vice premier, Deng Xiaoping, has approached him. Nakajima promised to send Deng ten machines as a gift. As for how best to play pachinko, the master gamesman advises: "Don't be greedy."—**Hiroko Asami**

YASUO TAKEI
Up From Usury

As a young man Yasuo Takei, 58 and new to our list this year, had a shadowy background. As a young railroad worker he reportedly was shot by local gangsters in a quarrel. Around 1951 he went to Tokyo and worked at a pachinko parlor. Until the government clamped down, he was a black market dealer in rice, the staple of the Japanese diet.

By the early 1960s Japanese consumers were desperate for credit to

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Yasuo Takei Zaikai

buy the consumer durables finally becoming abundant. Banks would not lend without hard collateral like real estate or the life savings of elderly parents.

Thus were created Japan's usurious *sarakin*, who lent money to consumers at rates up to 109.5% per annum and often employed *yakuza* (gangsters) to intimidate slow payers. The intimidation seems to have had its effect: In 1978, a bad economic year, about 180 debtors of *sarakin* committed suicide and 2,203 disappeared.

Takei became a *sarakin* and built a large organization now known as Takefuji. In 1978 the government began clamping down on the *sarakin* by dragging commercial banks into consumer lending. In addition, *sarakin* lending rates were limited to 73% annual interest, soon to be reduced to 40%.

Few *sarakin* could compete, but Takei survived and prospered. He cut the number of his lending offices from 521 to 374 and has installed 221 automatic teller machines. Thus Takei could compete with the banks, and, to add respectability, he hired such august bankers as Yoshio Akiyoshi, formerly a vice minister at the Ministry of Finance.

Takei, the *sarakin* king, has a personal net worth of $1.5 billion, including his private holding company.—**Hiroko Asami**

RYOICHI JINNAI

Once A Marxist, Always. . . ?

This onetime Marxist agitator went on to become what he once preached against: a moneylender. The son of a poor farmer, Jinnai, now 62, got through college and came out a radical. He found a government job at the Ministry of Agriculture, but devoted himself to labor union activity and advocating Marxism. In 1950 he lost his job in a purge of leftists.

To feed himself, he peddled shirts and became a caseworker for a Christian welfare organization. He looked around, it is said, and observed salarymen in the Osaka area where he lived who were spending all their income on drinks and girls. Such people were often desperate for ready cash. Jinnai became a moneylender—at rates that even the most greedy capitalist would consider usurious.

He almost went under in 1984, when the government was clamping down on his version of capitalism, but his supporting banks backed him through his cash emergency and he recovered. Now his Promise is the third-largest *sarakin*.

The equity of Jinnai and his family, given Japanese multiples, is $1.7 billion.—**Hiroko Asami**

HISASHI ISHII

Japan's Bernard Baruch

In his autobiography, Hisashi Ishii, a new Japanese entry this year, wrote of his experience in Tokyo just after World War II: "I felt lost, giving up the long-cherished dream." Ishii's dream had been an "intellectual occupation." Born the fifth son of a poor farmer in Fukuoka Prefecture, he worked from the age of 15 in a local steel mill through World War II. After the war, he opened a *dorayaki* stand (*dorayakis* are inch-thick cakes baked and prepared in front of the customer on the street). He soon saved Y30,000, the equivalent today of $230 but back then a respectable sum, and set out for Tokyo to become a lawyer—the intellectual occupation he dreamed of.

Zaikai

Hisashi Ishii

But postwar Tokyo was so crowded that newcomers were prohibited entry unless they took a needed occupation; Ishii became a policeman, and his dreams of law school vanished as inflation ate away his paltry savings. That's when he changed course and decided on a life of moneymaking.

Quitting the police force, Ishii began buying and selling on Tokyo's rampant black market and soon had some capital. By 1948 he was ready to play the Tokyo Stock Exchange. "I worked hard, I memorized all the daily transactions and the historical data of each stock," he wrote. No doubt his black market trading experience also helped. In any case, he predicted the market crash of March 1949, and sold out on the previous day at a huge profit.

Ishii's market prognostications gained fame. Around 1952 Ishii predicted a big bull market—the Japanese Dow Jones average was at 240 and proceeded nearly to double in the following year. And for 1953 Ishii predicted a crash in February—that selloff is remembered to this day as the Stalin crash because it coincided with the Russian leader's death. In 1957 Hisashi Ishii established his own small brokerage.

Ishii is 65, and the Japanese Dow is around 27,000. For the fiscal year ended September 1987, his brokerage, Tachibana, reported Y6.86 billion of profits ($53 million), and the 81% owned by Ishii and his family is worth around $1.3 billion.—**Hiroko Asami**

MASAHITO OTSUKA

Lucky In War

Japanese businessmen have always been adept at going to the U.S. in search of talent and technology, and Taiho Pharmaceutical, the main company of the Otsuka family's group, is no exception. Otsuka has set up several laboratories overseas, in Canada, West Germany and in Seattle. It generally sends Japanese technicians, say two or three at a time, to run the labs and keep their ears to the ground. Otsuka heavily concentrates on anti-

Robert Wallis/JB Pictures

Masahito Otsuka

cancer drugs, which now account for more than half Taiho's sales. Masahito Otsuka's and his family's stock in Taiho Pharmaceutical is worth about $1.7 billion. That puts the clan a long way from hard times after WWII, when Otsuka's young company almost went bust. Fortunately for Otsuka, the Korean War broke out in 1950. The war triggered a boom in the injectable drugs he manufactured, and Otsuka, now 71, was saved in the nick of time.—**Hiroko Asami**

SHOJI UEHARA
Heir Today, Hair Tomorrow

Shoji Uehara, 60, is chairman of Japan's Taisho Pharmaceutical, which sells at a rarefied 76 times earnings, valuing the Ueharas' holding at $1.5 billion. But the family cannot, and probably won't, rest on its laurels. Taisho heavily depends on over-the-counter drugs, an ever changing business that now accounts for 80% of total volume. Lately the Ueharas have won the Japanese rights to Upjohn's much-publicized hair-growing agent, Minoxidil. Taisho hopes to have it on sale in Japan in early 1990. Taisho is also working to gear up the ethical drug side, with a target of tripling sales in this business to $385 million in 1995.

Robert Wallis/JB Pictures

Shoji Uehara

Meanwhile, Shoji is preparing for succession by naming his son-in-law Akira Uehara (who took the family name) Taisho's president. Akira's brother has married a relative of Princess Michiko, the Emperor's daughter-in-law. This association with Japan's royal family, tenuous though it seems to outsiders, has added luster to the money behind the Uehara name.—**Hiroko Asami**

KIYOSHI SAGAWA
Watch Out, Federal Express

Sagawa ran away from a prosperous home at 17 (stepmother problems) and, with two bicycles, started a courier business. The Sagawa Kyubin group long ago spread all over Japan using an incentive system whereby each courier was made responsible for obtaining new orders and collecting money as well as making deliveries, just as Sagawa himself originally was. His several companies today do a couple billion dollars' worth of business a year; his equity must be at least $2 billion.

Kyodo Press

Kiyoshi Sagawa

Sagawa, 66 and presumably happy in his huge (by Japanese standards) home in Kyoto ("Earn enough money so you can afford to waste some," is his motto), is moving into international multimodal transport: plane, train, ship, all taking his business far beyond Japan.—**Hiroko Asami**

Korea

CHON BROTHERS
Identity Crisis?

The Chon brothers—Chon Jin Shik, 56, and Chon Yong Shik, 62—call themselves North Koreans. North Koreans? The brothers, new to our list, were born in Pusan, in the south, and moved with their family to Japan in 1941. At war's end they worked the black market. In 1951 they opened a pachinko parlor in Fuchu city, a conservative town that would seem especially unpromising for Koreans. But the Chons put Japanese employees in the front, and eventually came to own every pachinko parlor in town. In 1958 their Sakura (Cherry Blossom) group opened its first big discount food-and-sundries "superstore." Last year Sakura group sales topped Y56.4 billion ($434 million), profits $21 million. At prevailing multiples in Japan, the group would be worth some $1.3 billion.

The Chons say they have a joint venture with North Korea's Kim Il Sung gang that will soon export 2 million pieces of clothing a year, some to West Germany, Canada, Hong Kong and Japan.

"We are not Communists, but we wish the Korean peninsula to be unified some time in the future," Chon Jin Shik told FORBES. He should be taking his message to the isolationist dictator who runs the shabby country.—**Hiroko Asami**

SHIN KYUK-HO, A.K.A. TAKEO SHIGEMITSU
A Korean Disney

By whichever name, Shin Kyuk-ho (his original Korean name) is probably the only man in the world to become a multibillionaire twice, in two separate countries. His total net worth is over $8 billion.

In Japan, Shin/Shigemitsu's 19-company, $2 billion (1987 sales) Lotte Group includes confectioneries, fast foods, delicatessens, vast real estate—and a pro baseball team. In Korea, his 24-company ($3 billion sales) Lotte Group includes hotels, department stores, confectioneries, fast foods, petrochemicals, aluminum, construction, trading, banking—and a professional baseball team.

Zaikai

Shin Kyuk-ho

Shin, now 65, moved from his native Korea to Tokyo in 1943, an aspiring novelist who studied engineering because it was a draft dodge during the war. "I despised those who made money," he tells FORBES. After the war he began making hair cream and

soap. In 1948 he added chewing gum, buying his ingredients on the black market. "I thought the only way to win was to make the best quality." From chewing gum he went on to chocolates.

In 1967 Shigemitsu returned to South Korea and is today counting heavily on his $1 billion Lotte World, scheduled to open for the Olympics. The 20-acre, four-story theme park is covered by one of the world's largest glass domes, and will be surrounded by department stores and hotel towers. The theme park will feature hot air balloons, fiber-optic fireworks, waterfalls and more. Shin expects 500,000 visitors a day to the complex. "Korea is motorizing," he says. "On the weekend families are going out together more. People will remember me by Lotte World."—**Andrew Tanzer**

LEE BYUNG-CHULL FAMILY
In Good Hands

Before he died in November at 77, Lee Byung-Chull, the legendary founder and chairman of Samsung, defied Confucian tradition by appointing his third son to run the highly profitable *chaebol.* Intensely competent, Lee Kun-hee, 46, will nonetheless face formidable hurdles in running the $24 billion group, with affiliates in consumer electronics, retailing, hotels, insurance and other businesses from textiles to food, from shipbuilding and construction to semiconductors, genetic engineering and aerospace.

"I have a dream to build Samsung into a world-class company, a genuine multinational," young Lee told FORBES in March. He added, "If we don't move into more capital- and technology-intensive industries, our very survival might be at stake." The same is true of Korea. As founder Lee said before his death: "Samsung is a social entity. Its rise and decline is directly related to the rise and decline of the state."—**Diana Fong**

H. Edward Kim

Lee Kun-hee

CHUNG JU-YUNG FAMILY
Peace? Or A Lull?

Hyundai's tough little Excel cars continue to dazzle. Excel subcompacts are so cheap that General Motors and Ford sued Hyundai for dumping in Canada; Hyundai won the case in March. In the U.S. sales are expected to top 300,000 this year. Come fall, Hyundai will introduce the Sonata, a midsize front-wheel-drive model that the company sees as the next step in becoming a true world automotive competitor.

H. Edward Kim

Chung Ju-yung

With success comes problems—in this case, labor unrest. Hyundai weathered one wave of nationwide strikes that crippled auto production last year. A second wave began in May, when Hyundai workers demanded a 48% pay raise and rioted when Hyundai executives were charged with kidnapping a union organizer.

Chung Ju-yung, 72, Hyundai's passionately antiunion founder, turned the title of chairman over to younger brother Chung Se-yung, 59, last year. Chung Se-yung, a U.S.-educated internationalist, has said publicly that he is willing to work with unions. But founder Chung Ju-yung is believed still to wield power, and is grooming his sons to take over the company. Labor peace? Or merely a lull in the fighting?—**Diana Fong**

Taiwan

RUMOR MILL

The Taiwan Stock Exchange is exploding. In December 1986 the market index was 1039; in precrash October, 4700. The crash knocked it to 2300, but it's now back near 5000.

"Ninety percent of the trades come from individual investors," explains Blair Pickerell of Jardine Fleming Taiwan. "Most are short-term oriented and react to rumors rather than fundamentals." Pickerell notes that there is plenty of cash around and says that with the rapid appreciation of the NT dollar against the U.S. dollar, there's little incentive to invest outside Taiwan, even though foreign exchange controls have been lifted.

Dangerous? You bet. Of the 140 stocks on the Taiwan Stock Exchange, 15 account for over 50% of the entire market capitalization. The government holds 25% of all listed stock, family and corporate groups, 45%, leaving only 30% to the public. There is very little regulation. It adds up to a very thin market for companies that sell at an average price-earnings ratio of 30.—Diana Fong

HSU FAMILY
Why Quotas Are Dumb

Before Mao Tse-tung's Communists drove Chiang Kai-shek's Nationalists to Taiwan, Y.Z. Hsu, now 76, ran a small knitting factory in Shanghai. Last year the Hsu family's Taiwan-based FET Group (for Far Eastern Textile) earned $200 million aftertax on $1.4 billion in consolidated sales. New to our list, the Hsus are worth at least $1.1 billion.

In 1957 the Hsus began diversifying—into cement production, and

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Y.Z. Hsu *Douglas Hsu*

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then into department stores; theirs is now the island's only chain.

But FET Group's core is still textiles; direct exports amount to 50% of volume. Douglas Hsu, 45, the founder's U.S.-educated eldest son, is president of FET Group. How does Hsu cope with U.S. textile protection? "We sell to 40 countries and don't rely on any one market for exports," and he adds: "Quotas are only numerical, they don't apply to the dollar amounts you can export."—**Diana Fong**

Y.C. WANG
Unrelaxed

Y.C. Wang's built-from-scratch Formosa Plastics Group is the world's largest producer of polyvinyl chloride, the plastic polymer used in everything from pipe fittings, vinyl footwear and textiles to artificial leather. Wang's business is a vertically integrated network of three listed companies involved in every aspect of PVC processing and production. Vast by Taiwanese standards, it is big even

Ed Kashi

Y.C. Wang

by U.S. standards: It earned $695 million pretax on $5.3 billion in sales, up from $379 million pretax in 1986. These gains came despite an appreciated Taiwanese currency that hurts exports, and environmentalist opposition to building an important new naphtha cracker plant (pollution is a big issue in Taiwan—the rivers are filthy, the air foul from hell-for-leather development). Worth around $4 billion and now 71, Wang nevertheless says: "Once one relaxes, he will be left behind."—**Diana Fong**

CHANG YUNG-FA
Nonpolluting Diversification

The chairman likes hotels. He wanted to diversify into nonpolluting businesses," says an Evergreen Group spokesman, explaining why Evergreen

Chang Yung-fa

Ed Kashi

founder Chang Yung-fa will soon break ground on a $350 million deluxe resort hotel in Taichung and another hotel in Hong Kong. Other Evergreen real estate includes an office building in New Jersey, another New Jersey site across from New York's World Trade Center, and a commercial development in Hamburg.

Still, container shipping accounts for more than 90% of Evergreen Group profits. The company is a hot item on the manic Taiwan Stock Exchange, where the Chang family's 76% or so of Evergreen Marine, the largest and only listed enterprise in his 14-company group, is valued at $1.65 billion. Neither the cheaper dollar, weak ocean freight rates nor a $30 million U.S. fine in March against one Evergreen company for carrying marijuana through the Gulf of Mexico has hurt the company's reputation among Taiwan's investors.—**Diana Fong**

TSAI WAN-LIN
Where Life Is Expensive

Cathay Life Insurance was founded by Tsai Wan-lin in 1962. Tsai has been careful to command the respect of Taiwan's investors, and they have rewarded him. Cathay, the largest family-controlled stock on the Taiwan exchange, has a market cap of $8.1 billion, higher than Bankers Trust or Chase Manhattan. The Tsai family has an estimated 70%, worth $5.6 billion, making Cathay Life one of Taiwan's most thinly traded stocks. That partly explains its enormous price range last year—NT$123 a share to NT$777 through last October. So does the volatility of the banking sector, up 675% over the same period. But at least Cathay's stock price bears some resemblance to the company's fundamentals.

According to a banking analyst in Taipei, Cathay Life Insurance, which has a one-third market share, holds commercial real estate assets for rental and also invests in listed companies. Taiwan's rising tide, in short, is pushing Cathay Life's value—and the Tsai family's net worth—up even faster.—**Diana Fong**

Tsai Wan-lin

Excellence Magazine

Hong Kong

SIR YUE-KONG PAO
Sir Y.K., Please Call Your Office

Billionaire sea lord Sir Y.K. Pao hasn't been seen in public for months now. Friends say he was treated for cancer in the U.S. and has been resting in Hawaii. But rumors of his death spread one day, driving up the price of his listed Wharf Holdings, a property conglomerate, apparently on the grounds that Sir Y.K.'s management has been complacent. Company officials, meanwhile, insist that Sir Y.K., 70, is simply "very busy."

Stuart Franklin/Sygma

Y.K. Pao

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He will see that you get more to think about.

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There is much to be busy on. Sir Y.K.'s 14.99% of Britain's Standard Chartered Bank is now worth roughly half the sterling he paid for it. He lost a bid to develop the biggest container port terminal in Hong Kong to Li Ka-shing. Even Sir Y.K.'s Dragonair, the Hong Kong airline, principally to China, is mired in a battle with aviation authorities and Swire Group's Cathay Pacific.

What of Pao's World-Wide Shipping? Says Helmut Sohmen, Sir Y.K.'s son-in-law and head of aviation and shipping interests: "It will be a few years before we expect the [ocean freight] market to be a good one." But Pao isn't to be counted out yet. Sohmen values the nearly debt-free 53 ships at $750 million, and Wharf Holdings sits on a pile of cash.—**Diana Fong**

LI KA-SHING
Li's Not Leaving?

Through his Cheung Kong Holdings, Li Ka-shing controls a pyramid of companies that make up over 15% of Hong Kong's stock market capitalization. Li is worth more than $1 billion, but is even more powerful than rich.

Li, 60, has been pyramiding overseas, too. Last year he bought control of Canada's Husky Oil for $418 million, partly through personal investment, partly through Hutchison Whampoa, which he controls. Husky in turn has been buying other companies. This April a Li consortium won the bid to develop Vancouver's 200-acre Expo site.

But don't think Li is leaving Hong Kong for Canada. Last September Li companies acquired 4.9% in the U.K.'s Cable & Wireless, which operates the colony's telephone system. "Hong Kong represents 90% of our activities," says Hutchison Whampoa's Simon Murray. "We've just poured some HK$7 billion [$897 million] into a container port terminal. For every dollar we invest abroad, $3 goes to Hong Kong."

Lincoln Potter/The Stock House

Li Ka-shing

Market? Or firing squad?

Hong Kong's problem is simple to state. No one knows how the communists will treat the colony's capitalists when Beijing takes over the territory in 1997.

The Chinese know how unpredictable events are. Fifty years ago who would have guessed that Mao Tse-tung would conquer and rule in 1949? Or that in 1966 crazed ex-students brandishing red books would bring on the Cultural Revolution and relegate Deng Xiaoping to imprisonment in the countryside? Or that Deng would later return to foment a market revolution?

Now imagine you're a Hong Kong billionaire grappling with the colony's fate after 1997. Will it be the gateway to a billion-customer virgin market? Or the setting for a firing squad?

CHENG YU-TUNG
Smiles To China, Dollars To America

Cheng controls Hong Kong's New World Development, which owns the world-class Regent Hotel. A small-scale jeweler some 30 years ago, he married his way into Chow Tai Fook Jewellery, which is now the largest retailer in town. He also has interests in neighboring Macao. In May, Cheng, Li Ka-shing and Lee Shau-kee sold most of their 12% stake in Hong Kong Land at a nice premium after a showdown with Jardine Matheson taipan Simon Keswick.

What's Cheng's take on Hong Kong's future under the communists? Speaking in his native Cantonese, Cheng predicts great things for the colony, and notes that New World is the largest hotel operator (as opposed to owner) in the People's Republic. "I believe in Hong Kong," said Cheng. Up to a point. He also owns a third of Houston's Allright Auto Parks, the world's largest parking lot operator, and has joined Li Ka-shing and Lee Shau-kee in a plan to develop Vancouver, B.C.'s 200-acre Expo site. He wants more property deals in North America.—**Diana Fong**

KWOK TAK-SENG
Thank God For The Middle Class

Kwok Tak-seng's Sun Hung Kai Properties group has only one-fifth the market capitalization of the conglomerate controlled by Li Ka-shing, Hong Kong's best-known property developer. But size isn't everything, and Kwok has fared far better since the Oct. 19 stock market crash. His secret weapon: Hong Kong's vibrant middle class. "The small to medium residential real estate market, where SHK Properties concentrates, was little affected by the crash," explains Gisa Tse, a Smith New Court Far East analyst. "With low mortgage interest rates [9.5% in Hong Kong] and rising salaries, there's increasing demand to purchase middle-income flats."

South China Morning Post

Kwok Tak-seng

Kwok used the crash to bargain-hunt and raised his company's stake in New Town Development, a publicly traded SHK subsidiary, from 72% to 75%. In November Kwok, now 78, and sons Raymond, Walter and Thomas—all British-educated managers in their 30s—also converted their preference shares of SHK to common, another bet on recovery. The Kwoks' stake in the publicly traded parts of the business is now $963 million and rebounding (it was $1.1 billion pre-crash). Privately, they also own at least $110 million of commercial property in San Francisco.—**Diana Fong**

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KADOORIE FAMILY

Two Coups For Kadoorie

Talk about timing. Only a few days before Black Monday sent the Heng Seng stock index plunging over one-third, a banking consortium representing the Kadoories—Lord Lawrence, son Michael and Lawrence's brother Horace—sold one-third of family-controlled Hongkong & Shanghai Hotels to public and private investors for $257 million. A few days after Black Monday, the shares were worth $140 million (they're now worth around $217 million). The coup was especially sweet, says Citicorp International's Hong Kong director, Stephen Clark, because the Kadoories themselves were obligated to buy the

Robert Gale/The Stock House

Lord Kadoorie

shares if they couldn't be placed by Oct. 31—at a price of $288 million.

Then, a second coup. After the market collapsed, the Kadoories bought in more Hongkong & Shanghai shares, and increased their stake to 35%, lately worth $288 million. As a result, the company is securely back in family control after a raid last summer by Joseph Lau. The family also owns a 30% stake, worth some $784 million, in China Light & Power, which is building a controversial nuclear power plant at Daya Bay in Canton (but that's another story). The Kadoories, says Schroders Asia Securities' Eugene Law, "are becoming more aggressive and expanding overseas; before Joseph Lau came along, they were conservative, complacent."

Not entirely true. Lord Kadoorie, 89, born in Hong Kong, comes from an old Iraqi Jewish merchant family. He keeps a ragged Humpty Dumpty pillow in his office. The pillow is there to remind him how fragile a family fortune can be.—**Diana Fong**

RUN RUN SHAW AND FAMILY

China Mogul

Asked by the *South China Morning Post* what types of films he liked, Sir Run Run Shaw replied: "I particularly like movies that make money." Sir Run Run and his late brother Runme (he died in 1985) made hundreds of films—horror, martial arts and soft porn—and a lot of money. They left Shanghai for Singapore in the early 1920s, established a cinema chain and cranked out silent films. After World War II the brothers dug up S$4.5 million worth of gold and jewelry they'd buried in a vase in their Singapore garden and set up Shaw Brothers studios in Hong Kong, where labor was cheap.

But by the late 1970s the popularity of home videos began to kill the Shaws' theaters, now down from a peak of 300 to 160. But Sir Run Run,

Michael O'Neill

Sir Run Run Shaw

seeing Hollywood conquering Asia, acquired lucrative distributorships instead—James Bond, Rambo and Rocky, *Fatal Attraction, The Last Emperor.* He also turned to television. Every day 80% of Hong Kong tunes in to his station, HK-TVB. Early last year Sir Run Run sold 24% of it to Australia's Alan Bond for $180 million. With cronies Li Ka-shing, Cheng Yu-tung and others, he is now investing in a $162 million commercial complex in Singapore. At 81, Sir Run Run is passing the business to sons Vee Meng and Harold and two nephews, all in Singapore. The Shaw family's known interests around Southeast Asia are worth at least $1.1 billion.—**Joyce Quek**

Singapore

LEE FAMILY

The "Rubber Lees" Bounce Back

The value of their 30% stake in the Oversea Chinese Banking Corp. dropped by $200 million in the October crash, but the "rubber Lees" of Singapore, who founded the bank, are still safely in the billionaire class. The bank stock is back to $675 million, and their extensive rubber plantations

Dilip Mehta/Contact

Lee Seng Wee

in Malaysia are easily worth another $500 million, according to a reliable family source. The family has a major stake in Dole pineapple, a result of late family patriarch Lee Kong Chian's business and academic ties to the U.S. during World War II. As major processors of latex, the Lees are also profiting from AIDS, which has multiplied demand for such latex products as disposable surgical gloves and condoms, says Hugh Peyman of Singapore's Merrill Lynch.

Family head Lee Seng Wee sits on the bank's board while his two brothers run the rubber, pineapple and palm oil plantations in Malaysia. Since 1983 the bank has been shedding its stodgy image under nonfamily manager Yong Pung How. Recently the bank undercut competitors on home mortgage rates (currently 5¼%) and is moving into stockbroking, insurance and property management.

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With 1987 net profits of $64 million, OCBC has not yet regained its one-time leadership of Singapore's Big Four banks, but now even rivals admit it is on the move again.—**Diana Fong**

KWEK FAMILY
Kweks And Queks

Hong Leong means "plenty of prosperity"—an appropriate name for this family's giant property and finance group. When Singapore split from Malaysia in 1965, the Hong Leong group split along two family lines. The Singapore Kweks and Malaysia Queks remain bound together by common interests and heritage.

Straits Times

Kwek Hong Png

Kwek Hong Png, 76, the most dominant of the four founding brothers, runs this wealthy family's Singapore interests with son Kwek Leng Beng. His nephew Quek (the surname was misspelled by a midwife, but the change stuck) Leng Chan heads the Malaysian side.

Patriarch Hong Png emigrated from China's poverty-stricken Fujian Province in 1928, saved up his pennies and went into rubber trading and distribution, but the family always craved land, always buying, never selling. They acquired large parcels for as little as one or two cents per square foot. As Kwek Hong Png says in his recent autobiography "Where there is land, there is wealth, and wealth opens many avenues."

Eight arms of the enterprises in three countries are public companies. The family is apparently less gifted in politics than in business: Singapore's Monetary Authority steadfastly refuses to issue the Kweks a banking license, but they have set up financial institutions in such places as Hong Kong and London.

But property remains the old man's first love. At 76 he is working on his biggest deal ever—using his City Development to build Singapore's new Republic Plaza, which will be the tallest office building in the world outside the U.S.—**Joyce Quek**

Indonesia

LIEM SIOE LIONG
Nothing Lasts Forever

Indonesia's Liem, 72, reputed by some to be the wealthiest Chinese in all Asia, is worth about $2 billion. Inside Indonesia, he owns monopolies in cement, flour and cloves—a boon from his business partner, President Suharto. But Liem has been moving capital abroad, perhaps preparing for the day when his partner no longer

Lincoln Potter/The Stock House

Liem Sioe Liong

rules the country.

His Bank of Central Asia, which caters to overseas Chinese clients worldwide, opened its second branch in New York last year. His First Pacific Co.—incorporated in Bermuda and listed in Hong Kong—distributes consumer products, pharmaceuticals and telecommunications equipment in Southeast Asia.

Australia

KERRY PACKER
Deals Wanted, Apply Down Under

The richest man in Australia—and one of the shrewdest—came through the crash relatively unscathed. Packer, 50, who inherited control of Australia's leading magazine publisher, Consolidated Press Holdings, from his father Sir Frank, scored a timing coup in January 1987 selling Consolidated's television network to fellow Australian Alan Bond for $750 million. If he tried to sell the stations today, he would almost certainly take less.

Now he's looking to reinvest some of the loot. This year he paid about $100 million for 4% of London-based Courtaulds Plc., the £2.1 billion (sales) manufacturer of chemicals, industrial products and textiles. Hardly makes a dent in his wallet.

But he won't overpay. He let himself be outbid for Colly Farms, one of Australia's biggest cotton concerns, and turned down several other big deals. It's bargains he wants.

Recently, for example, he dropped a joint bid along with New Zealand magnate Sir Ron Brierley to buy a piece of Robert Holmes à Court's faltering empire. In the U.S. Packer has a partnership with Australian-born, New York-based investment banker

ACP/World Press

Kerry Packer

James Wolfensohn—to invest in U.S. properties.

He bides his time, but when he gets into something, it's not halfway. Since September he's bought 150 ponies and built five polo fields at his huge estate 150 miles north of Sydney—to which he travels in a new Sikorsky twin-engined helicopter. Observes a longtime friend, "Not too long ago, Kerry said to me, 'Why not enjoy myself? There's no dress rehearsal; this is it.' "—**Thomas Jaffe**

How Leaseway helps major auto manufacturers reduce costs through integrated logistics.

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Leaseway Transportation is a group of companies providing high-quality, cost-effective, physical distribution services to manufacturers, distributors, and retailers.

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There are probably more reputed billionaires in the world than there are real ones. Saying that someone is a billionaire is one thing. But proving it is quite another.

A few who failed to make the cut

LAST YEAR we valued the **Alireza family** at more than $1 billion. But, on closer examination, the three branches of the "Arab Rothschilds" are quite separate. No single branch seems to have $1 billion in visible assets; one branch may be having financial problems.

Carlo De Benedetti, wiser from his experience with Société Générale, currently controls visible net assets that still fall short of $1 billion.

Serge Dassault's principal holding, just under 50% of Avions Marcel Dassault-Breguet Aviation, was hit hard by the October crash, and is lately worth under $1 billion.

Michel David-Weill, head of Lazard Frères, has a fortune of at least $700 million. It could be as high as a billion, but that is uncertain.

Fok Ying-tung, a.k.a. **Henry Fok** (rhymes with buck), is the junior partner with Stanley Ho in the Macao casino cartel. Ho is not clearly a billionaire, either.

In the face of Argentina's economic difficulties, **Amalia de Fortabat,** Argentina's cement queen, socialite and art collector, falls short of being a billionaire, with a fortune estimated around $750 million.

Sir James Goldsmith, the Anglo-French financier, certainly has over $1 billion in assets, but the level of debt within his private empire is unclear and possibly large.

Stanley Ho, chief of the Macao casino cartel, owns, with his family, the controlling interest; case not closed.

Robert Holmes à Court, possibly the world's briefest billionaire, saw his highly leveraged fortune cross the $1 billion mark (net) early last September. By the time the dust settled from the October crash, Holmes à Court was worth a fraction of that.

Simon Keswick and family are more influential than wealthy. He owns an equity stake estimated at less than 10% in Jardine Matheson, making him less than a billionaire.

Hong Kong's **Lee Shau-kee** had a billion last year, but his primary property company, Henderson Land, took a big hit in the October crash, reducing the market value of his shares to under $1 billion.

Stavros Niarchos, the Greek shipowner, has liquidated much of his fleet; his assets are doubtless large, but not largely visible. And secretive **Costas Lemos,** said by some to be the richest Greek shipowner of all, proved too clever at hiding his assets for us to include him. This year.

Ronald Li Fook-shiu, former chairman of the Hong Kong stock exchange, who is widely believed to have profited from bribes and insider knowledge during his tenure, is thought by some to be worth $2 billion. Pending the criminal investigation adjourned until August, far less than $1 billion is visible.

Harry Oppenheimer, the South African mining magnate, remains below the $1 billion level, largely because of the depressed South African rand.

The wealth of Egyptian construction magnate **Osman Ahmed Osman** has been estimated at as high as $1.5 billion. But these estimates seem to ignore the fact that the largest enterprise under his wing, giant Arab Contractors Co., was nationalized during the Nasser years and is legally owned by the Egyptian government. Its considerable worth, therefore, cannot be assigned to him.

The **Pesenti family** of Italy, with huge stakes in cement, forest products and steel through holding company Italmobiliare, is believed to be worth following for next year's billionaire edition.

Saudi Arabian entrepreneur **Ghaith Pharaon,** whose wealth last year was estimated at just under $1 billion, has renegotiated $340 million of debt on Redec, his largest Saudi operating company, but he had to give lenders a portion of the company.

Britain's **Gerald Ronson,** founder of construction conglomerate Heron International, who was arrested in the Guinness scandal, is estimated at $800 million. But he's still young.

Thomas Schmidheiny, brother of Stephan Schmidheiny *(see p. 100)*, was included as a billionaire last year, but since Swiss stocks are lower since last summer, his portion of the family fortune is now only about $850 million.

India's **Tata family,** who virtually founded Indian industry (India is now the tenth-largest industrial power in the world), long ago placed the bulk of their assets in charitable trusts. Their direct holdings in the immense Tata empire seem to be worth under $1 billion.

Germany's **Thyssen family,** long resident in Argentina, owns about 20% of steel giant Thyssen A.G., a holding once worth $1 billion, but lately valued at under that.

Holland's **Van Beuningen family** is enormously rich, but our documentation is not yet complete enough to include them on the list.

Princeton graduate **Gordon Wu** is reportedly investing $1 billion to construct a superhighway linking Hong Kong and Macao to China, the "New Jersey Turnpike of Asia." But not all of the $1 billion represents his family's equity stake in the highway. ■

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RANKING THE FOREIGN BILLIONAIRES

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