

Banking by Valerie Rush

Colombia's stolen millions

The Colombian investigation of Chase's \$13.5 million theft dodges the issue of a possible local bank conspiracy.

The Colombian government's efforts to retrieve \$13.5 million stolen from a government account in Chase Manhattan's London branch continues to run into a stone wall on the international front, but are causing an unexpected upheaval domestically.

The \$13.5 million, part of a \$47 million loan to the Colombian government for use by its defense ministry, was first transferred from Chase's London branch earlier this year, to an account in Morgan Guaranty Trust in New York, and from there to a numbered Swiss bank account, later discovered to belong to Israel's arms-trafficking Hapoalim bank, and from there dispersed in at least half a dozen transactions.

The original money transfer, allegedly authorized by a telex message originating in the Colombian central bank last April, was first discovered by government authorities in an audit in November, and, after careful investigation, was determined to have been a fraud, lacking the proper signatures and the central bank code. Blame for improper security procedures in the transfers was laid at Chase Manhattan's doorstep and the Colombian finance ministry demanded an immediate refund by Chase. Chase in response denied any laxness or impropriety on its part, and has, in effect, told the Colombian government to "go ahead and sue!"

That is where the case stands juridically.

Colombian authorities predict that

the \$13.5 million is at this point irretrievable in the face of Chase's awesome legal and financial resources, and have instead begun to focus their attention on placing the blame for the sophisticated theft at home. A congressional investigation—still ongoing—has emphasized the government's own sloppiness in monitoring its foreign credit accounts and Finance Minister Gutierrez Castro, who initially swore that the crime was committed outside Colombia, is now acknowledging that the crime involves individuals inside Colombia, as well as in London, New York and Switzerland.

In the course of the congressional investigation, it was discovered that Gutierrez Castro had personally ordered the withdrawal of the use of the central bank's special code six months prior to the Chase transfer, thereby facilitating the theft. Unable to provide adequate explanation for his action, or for the success of the "electronic theft," Gutierrez Castro has resorted to charges of international gangsterism, which have not endeared him either to his former friends in the international banking community, or to his erstwhile backers inside Colombia, who are anxious to keep open the dearly bought credit channels Gutierrez Castro himself had negotiated earlier this year.

Rumors of Gutierrez Castro's departure from the finance ministry by the end of the year have begun to circulate throughout Colombia.

During the congressional debate, several prominent senators moved to expand the scope of the case, demanding to know why government officials had expressed "unfounded optimism" not only about the recoverability of the missing millions, but also about Colombia's solid standing generally in the international financial community.

On everyone's mind is the relation of this case to Colombia's known role as a major world exporter of marijuana and cocaine: there are hundreds of millions of uncounted and untracked dollars that flow in and out of Colombia on a regular basis as part of this drug traffic. Is the Chase theft part of this?

Still another wrinkle on the case of the missing \$13.5 million is the fact that the original Chase loan of \$47 million for ministry of defense expenditures was contracted outside the allotment provided by the Colombian budget—not an uncommon practice of governments worldwide, but not often conducted in the limelight. The Chase scandal brought the practice to light, and thus has given ammunition to those who would like to rein in the Colombian military's power.

While the case of the stolen millions has served to air some dirty laundry around Colombian finances, the conduct of the investigation so far has obfuscated what is in fact the central aspect of the case: that at least three prominent international banks—and probably more—had a hand in stealing millions of dollars from Colombia, and appear prepared to use the full weight of their membership in the world financial community to cover their actions. One can only ask how many other millions, on top of foreign debt payments, are regularly siphoned out of the coffers of sovereign nations and into the vaults of overextended private banks through outright theft?