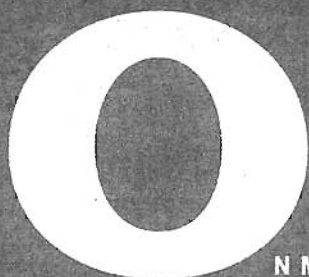


# Heir Wars

When DHL magnate Larry Hillblom died in a South Pacific plane crash, he left nothing to his "bar girls" or his unclaimed heirs. One of the women hired a flamboyant lawyer in Guam to take her claim to court—and to hunt for Larry's DNA.

BY PHILIP D. WITTE

ILLUSTRATIONS BY JAKE FLAHERTY



**O**N MAY 21, 1995, LARRY HILLBLOM, cofounder of DHL Worldwide Express, the giant air express carrier, was flying on business from Pagan in the South Pacific to his home in Saipan, an interisland hop of 173 nautical miles. Accompanying him was his friend Jesus Mafnas, a powerful local politician. Also on board was a pilot, but Hillblom was probably at the controls of his antique Republic Seabee, a quirky little 1940s aircraft that resembles a flying hatchet.

Though he had taken some lessons, Hillblom learned to fly by trial and error. In 1993 he had crashed a Cessna on the island of Tinian, caved in his face, and lost an eye. The mishap cost him a fine for flying without a license, not that Hillblom gave a damn about the Federal Aviation Administration. To him, the fine was tip money and the FAA a bunch of bureaucrats. Hillblom lived by his own rules, and he wasn't about to let a government agency in Washington or anyone else tell him how to live his

life. Hillblom was his own man, but he was a lousy pilot.

On that day in May 1995 when Hillblom took to the skies, his one eye apparently did not see the storm clouds that quickly engulfed the twin-engine aircraft. Well before its destination, the flimsy plane dropped into the sea. A search team recovered the bodies of the two passengers. A third body, that of Hillblom, may have been spotted bobbing on the surface, but it disappeared before the search boat could reach it. Within days, Larry Lee Hillblom, age 52, was declared legally dead.

At the time of his death, Hillblom owned approximately 60 percent of DHL.

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the domestic corporation, and 22 percent of DHLI, the international company, with a net worth of more than \$500 million. In his will, he left almost the entire fortune to a charitable trust benefiting medical research, mainly at the University of California. Drafted in 1982 and never revised, the will contained a single legal flaw rarely seen in the final documents of the rich and well represented: Hillblom did not disinherit any unacknowledged children. Soon after his death, young Asian women—in some cases disturbingly young—flocked to court, each claiming to be the mother of a Hillblom child.

The executor and trustees of the estate were left to clean up the mess. Hillblom's adventures had resulted in unintended consequences known in the legal world as heirs. If their claims proved legitimate, children living in four or five different countries could inherit a controlling interest in a major global corporation. The ensuing battle pitted DHL insiders and the University of California against a string of young mothers, each with a sad story to tell. Along the way, DNA evidence would disappear, special legislation would be introduced to defeat the children's claims, and at one point the entire case would hang on a facial mole preserved in paraffin wax. *In the Matter of the Estate of Larry Lee Hillblom, Deceased (CNMI S. Ct.) Civ. Action No. 95-626.*

The probate proceedings involving Hillblom's estate dragged on for seven years, ending in March 2002. But it still may not be over. Since October 2001, the mother of a nine-year-old girl in New York has claimed that Hillblom may have gotten her pregnant during a stateside visit. She and her lawyers have been corresponding with the trust's lawyers.

**L**ARRY HILLBLOM CAME UP WITH HIS BIG idea when he was still in his 20s. He would soon graduate from law school at UC Berkeley's Boalt Hall, but he had no interest in the traditional practice of law. For a time, Hillblom knew only that he wanted to start a business of his own.

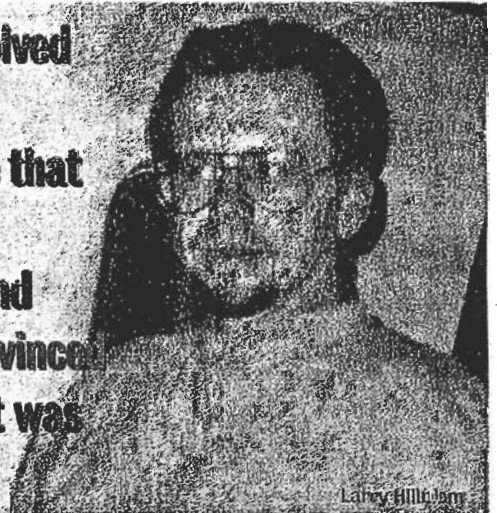
While employed at a small courier company in 1969, Hillblom and Adrian Dalsey, a coworker, sketched out a plan to fly bills of lading to destinations before cargo ships arrived in port. When investor Robert Lynn provided financial backing, the three men chose their initials, DHL, to name an air express company.

By the mid-1990s DHL was operating in more than 200 countries, and its annual revenue had grown to more than \$3 billion. Hillblom was worth hundreds of millions of dollars, and he had the time to indulge his fantasies. He began to scout for an island retreat, settling on Saipan, a dot in the western Pacific a thousand miles off the coast of Japan.

The largest island in the Commonwealth of the Northern Mariana Islands (CNMI), Saipan might seem an unlikely home for a rich bachelor. With a population of about 60,000 people, it supports only a few upscale hotels and restaurants, and its nightlife relies heavily on bars. The primary attraction is its tax code: Islanders pay no federal income tax. The Internal Revenue Service was one of Hillblom's obsessions—he hated it.

Soon after arriving in Saipan, Hillblom developed close ties to local politicians, including Speaker of the CNMI House of Representatives Jose Lifofoi. Eventually Hillblom became a part-time judge and even sat for a few cases on the CNMI Supreme Court. He also bought his own bank, the Bank of Saipan. At the same time, he affected a beachcomber look—preferring jeans and sandals—and could often go about unrecognized. Hillblom lived in a simple world, loosely regulated, where he could operate almost as freely as

**"Larry got involved in the kind of culture where that behavior was acceptable, and maybe he convinced himself that it was acceptable."**



a 19th-century European colonialist.

In the bars of Micronesia, the Philippines, and Vietnam, Hillblom was known as the "odd American" who favored young women—virgins, more precisely. He reportedly kept a network of madams on retainer to provide him with a steady supply. "Larry got involved in the kind of culture where that behavior was acceptable, and maybe he convinced himself that it was acceptable," says a close friend.

One woman, Kaelani Kinney, and her half-Caucasian son, whom she called Junior, apparently had a relationship with Hillblom. She sought him out in Saipan's and Palau's public places and loudly demanded child-support payments. Hillblom slipped her money and kept her at bay. But to his friends he denied being Junior's father, insisting that he had had a vasectomy long ago.

Kinney told a different story. She claimed that at the age of 16 she had been introduced to Hillblom at a bar in Palau, her island home and "one of Larry's playgrounds," according to a Hillblom friend. They spent three days together at the

Nikko Hotel, and in May 1984 Junior Larry Hillbloom was born—Kinney misspelled the surname on the boy's birth certificate. He was raised by his grandmother, who kept a photo of Hillbloom tacked to the wall.

**F**OLLOWING THE FATAL PLANE CRASH, Hillbloom's family and friends gathered for a memorial service in his hometown, Kingsburg, California. Among the guests was Peter J. Donnici, a law professor at the University of San Francisco Law School when he met Hillbloom in 1973. At the time, DHL was still a small operation with a big legal problem that threatened its survival. Donnici agreed to a half-hour meeting with Hillbloom at Donnici's law school office.

"I'm waiting for him, and this guy appears at my door," Donnici says. "I thought he was a student. We had just started a semester, and I didn't know the faces of all of my students. I said, 'Sorry, I can't see you right now. I have an appointment. Come back in about an hour.' He disappears. About ten minutes later, he's back and says, 'Professor, I think I'm your appointment.'"

The half-hour appointment turned into a three-hour discussion. Hillbloom offered to retain Donnici at a fraction of his usual fees, offering as compensation free air travel anywhere in the world. They struck a deal, and a friendship was formed, although for years Hillbloom addressed Donnici as "professor."

Donnici helped rescue DHL by successfully appealing a cease-and-desist order—entered against the company at a rival's behest—for a regulatory violation. Later, he established a law firm devoted almost exclusively to DHL and Hillbloom's business affairs. Donnici also became Hillbloom's business partner and for a short time even served as DHL's interim chairman and CEO. Though Hillbloom tried to persuade Donnici to join him in Saipan, he always demurred.

Donnici knew about the persistent rumors that Junior was Hillbloom's illegitimate son. He advised him to update his will, but Hillbloom always shrugged him off. "Twice I said to him point blank, 'Larry, if Junior is your child, let's do something. Let's take care of him and get him out of poverty,'" Donnici recalls. "He told me, 'I don't have any children.'"

Donnici had nothing to do with drafting Hillbloom's will and says he did not know its terms. The document transferred the bulk of Hillbloom's estate to a charitable trust that was to "show particular attention" to funding medical research at the University of California. The Bank of Saipan—wholly owned by Hillbloom when the will was drafted—was named executor of the estate. Donnici was designated chairman of the charitable trust.

Unaccountably, however, the will failed to include a standard provision disinheriting all pretermitted children. Stranger yet, Hillbloom must have been aware of the need to address the issue. While acting as a special CNMI Supreme Court judge in 1992, he and two other justices signed a

13-page opinion holding that pretermitted heirs are entitled to full inheritance rights if they prove by clear and convincing evidence that the deceased was their parent.

It is possible that Hillbloom deliberately omitted the clause in his will. The heirs' lawyers have suggested that Hillbloom couldn't bring himself to acknowledge his children in his lifetime, but that he intended his estate to pass to those unacknowledged offspring upon his death. Those who knew him best, however, insist that he never would have left anything to his "mistakes," and certainly not to the exclusion of the beneficiary specified in his will.

**A**T THE OPENING HEARING OF PROBATE IN July 1995, Kaelani Kinney and Junior made their claim against the estate. Four months later Julie Cuartero—a 16-year-old when a madam introduced her to Hillbloom in a Manila club—filed a second claim. When she discovered she was pregnant, she confronted Hillbloom, who denied paternity but urged her to have an abortion. Cuartero gave birth to a girl, Jellian, less than a month before Hillbloom died.

Mercedez Feliciano, who said she lived in Hillbloom's Manila condo when she was between 13 and 14 years old, claimed she gave birth to a daughter, Mercedita, seven months after Hillbloom died. Feliciano contended that Hillbloom promised to marry her, but he never returned to the Philippines.

Next to file, Nguyen Thi Be, was an 18-year-old waitress in a Vietnamese resort that Hillbloom owned. When the two met in 1993, Hillbloom's face was scarred from the Cessna crash. She spoke no English, and he spoke only a few words of Vietnamese. She gave birth to a boy, Nguyen Be Lory. According to Nguyen Thi Be, Hillbloom promised to send money to support her son after she showed him photos of the baby. She filed her claim on the last day of the statute of limitations.

In all, six women claimed that Hillbloom had fathered eight children. Each claim had the ring of authenticity. As their stories filtered out from Saipan, attorneys armed with photos of Hillbloom canvassed the seedy bars of Southeast Asia looking for other women who might have had sex with Hillbloom and produced an heir.

Members of Hillbloom's inner circle were outraged. They were convinced that the women—possibly with the exception of Kinney—were con artists. "We initially treated all these heirship claims as being fraudulent," Donnici says. The University of California, represented in the proceeding by the state attorney general's office, also had an interest in blocking the claims. So the battle lines were drawn: DHL, a closely held global corporation, and the University of California, a multibillion-dollar public institution, versus a group of poor, uneducated Asian women and their Amerasian children. The first task for the claimants' lawyers was to level the playing field.



**D**AVID J. LUJAN WAS AN UNLIKELY champion of the heirs apparent. His path to the law began on the wrong side of it. An indigenous Chamorro from the island of Guam, he was a high school dropout who spent time in correctional facilities. "I was a thief," he admits. After a stint in the U.S. Army and service in Vietnam, Lujan made a career running illegal gambling houses. Eventually, he entered the first of three colleges before finding his way to Notre Dame Law School, where he graduated at age 33 despite prolonged absences from the classroom. "I was not your typical role model," he acknowledges.

Returning to Guam, Lujan set up a practice dependent on court-appointed indigent criminal defense. He built a reputation by winning acquittals in difficult cases and attracted as clients the island's alleged drug dealers. Few local lawyers could match his showmanship and flair. He appeared in court wearing yellow or scarlet suits, tailor-made in Hong Kong. He had seven pairs of green shoes—in shades ranging from lime to olive—with socks to match. "My race likes color," he says. After 15 years of practice, Lujan was one of the top criminal defense attorneys in Guam. But he had never handled a complex probate matter.

Lujan wasn't Kinney's first choice to represent Junior. After she dumped a lawyer in Palau and fought with her lawyers at the Family and Immigration Law Clinic in Guam, Kinney and Junior's grandmother agreed to permit Lujan to lead the case. He got the job partly for tactical reasons: Lujan had once represented Hillblom's close friend Jesus Mafnas in an extortion case. For six weeks Lujan and Hillblom had met with the defendant every day to discuss the case and to socialize. Mafnas eventually was released following a hung jury, only to die with Hillblom in the Seabee crash.

Before agreeing to represent Junior, Lujan wanted some assurance that he was really Hillblom's child. He flew the boy to Guam to see for himself. "I took one look at him, and I knew this case was over," Lujan says. "There was no doubt in my mind" that Junior was Hillblom's son.

For a time, however, it wasn't clear who controlled the case. When Lujan convinced Junior's grandmother to reject the first settlement offer, Kinney retaliated by asking Johnnie Cochran—who had obtained an acquittal for O. J. Simpson a year before—to step in. Cochran backed out on Lujan's insistence, and turmoil raged in Junior's camp. Lawyers for the estate had offered Junior \$5 million and \$50,000 a year for life, plus an additional \$500,000 every five years. Lujan convinced his client to turn down that offer, and others for lesser amounts. But the temptation to settle was enormous: Junior was living with his grandmother at the time on about \$125 a month.

One of Lujan's toughest chores was unraveling a complex series of transactions that lawyers for the estate had made to gain control of the executor. At the time of Hillblom's death, the Bank of Saipan, executor of the estate, was

controlled by Hillblom and two families from Saipan and Guam. But Lujan discovered that Donnici, former DHL president and CEO Joseph Waechter, and former Saipan legislator Lifofoi had used a shell corporation to take control of the bank. The bank then appointed Waechter to administer the estate as its trust officer, with the authority to decide which claims to accept and which to contest. Lujan was convinced that "the DHL insiders," as he called them, were self-dealing.

Donnici maintains that he was only trying to protect Hillblom's business ventures and his financial legacy. "We decided that the best of all possible worlds would be if Joe Waechter was somehow the *de facto* executor," Donnici says. "He knew Larry's Asian assets backwards and forwards. No one in the Bank of Saipan had ever handled an estate or business venture of this size, and certainly no one knew Larry's business dealings like Joe did."

Eventually, a San Francisco superior court judge ruled that Donnici and the other DHL insiders had not violated any laws in gaining control of the executor. But that ruling was years away.

The DHL side assumed that the trial court judge—Alexandro Cruz Castro, presiding judge of the CNMI superior court—was not going to do them any favors. Born on the tiny island of Tinian, Castro was raised by his maternal grandmother, studying at night by kerosene lantern. After high school, he held a succession of one-year jobs as a teacher, an assistant hotel manager, and a police officer. With a nudge from the territory's chief public defender, Castro attended law school at the University of Papua New Guinea. He excelled as a prosecutor and within seven years was sworn in as CNMI's attorney general—the first native Micronesian to hold that position. At the age of 37 and with six children of his own, Castro was then appointed to the CNMI superior court. "I always thought we could get Judge Castro to sympathize with the kids," Lujan recalls.

Castro's small courtroom wasn't built to accommodate battalions of lawyers. It had cracks in the walls and needed a fresh coat of paint. A few chairs were available for the attorneys at the front; interested parties sat in several rows of wooden pews. A rattling air conditioner lodged in a window frame kept out the tropical heat, but by mid-afternoon the humidity invariably seeped in. Lizards crept up the exterior walls, and thumb-size cockroaches sometimes skittered across the floor.

Nevertheless, the DHL estate and the Bank of Saipan eventually hired lawyers from Calvo & Clark of Guam, Carlsmith Ball of Honolulu, and the San Francisco firms of Brobeck, Phleger & Harrison; Morrison & Foerster; Heller Ehrman White & McAuliffe; and Murphy Sheneman Julian & Rogers. The first wave of San Francisco lawyers endured the 19-hour flight in wool suits unaware that local counsel seldom bother with jackets in court.

Lujan was not impressed. The San Franciscans were, for the most part, not trial lawyers, and Saipan was his home



turf. He figured he could beat them. "White lawyers don't take me seriously," he says. "That's why I work harder."

If opposing attorneys initially underestimated Lujan, they quickly changed their minds. With the assistance of co-counsel Barry Israel of Santa Barbara and Joe Hill of Saipan, Lujan argued the complex accounting and legal issues without reference to notes. He didn't even know how to operate a computer. Yet when Judge Castro needed a piece of information, Lujan would rise from his seat and begin speaking, while the lawyers at the other table thumbed through indexes. Lujan thereby achieved a primary goal: He gained credibility with the judge by mastering the details of the case.

Lujan's zeal as an advocate sometimes took the form of intemperate outbursts and petty name-calling. He referred in court documents to a California assistant attorney general as a "disgrace" and a "stuffed turkey." He said that Waechter was "a man who would do funny things for money." He called Donnici a "big-city crook." The CNMI Supreme Court issued a warning that if he didn't behave himself they might have him removed from the case.

Lujan didn't care. At one point, he summed up his view of his opponents' argument by declaring, "Your Honor, this is nothing but bullshit." An attorney leapt out of his chair and demanded that the vulgarity be stricken from the record. Judge Castro, who appeared to enjoy Lujan's irreverence, said, "I didn't hear anything. Did you, Mr. Lujan?" "No, Your Honor," Lujan replied.

Donnici's lawyers, in turn, accused Lujan of ex parte contacts with the judge. One mainland lawyer commented that to him the case seemed to turn on "what was said at the picnic table."

Prompted by Lujan's advocacy, Judge Castro appointed a special master to review the takeover of the Bank of Saipan by the DHL group. In a 194-page report released in 1996, the special master excoriated the insiders for seizing control of the bank to further their own interests as well as for asserting their claims for millions of dollars against the estate. The DHL group "manipulated" and "misstated the estate's assets" and attempted to "circumvent the decedent's will," according to the report. Based on the findings, Judge Castro suspended the bank and Waechter as executors, citing their conflicts of interests, and ordered Carlsmith Ball off the case. "After the special master's report, it was all

downhill for the other side," Lujan says. "I could point to them and say, 'The bad people are over there.'"

Ultimately, the CNMI Supreme Court reversed Judge Castro's order, and the bank was reinstated to defend the heirship claims. But by then the court had forced the DHL group to reverse the transactions that had given them majority control of the bank, and new lawyers had been hired to represent the bank.

By July 1997 the children of three other Asian women had joined Junior as claimants. Lujan did not welcome them, not only because Junior's share would be diluted by valid claims but also because false claims might weaken his client's case. The children were as much in competition with one another as they were with the trust. "I was afraid of a setup," says Lujan. "I had to be skeptical of a lot of the plaintiffs. I was fighting on all sides."

DNA testing is the usual method for settling paternity cases. But because Hillblom's body was never recovered, the claimants were forced to be creative. Investigators visited the site of Hillblom's 1993 plane crash on Tinian and reported that dried blood was clearly visible within the aircraft wreckage. But when they returned three weeks later to collect samples, there was not a speck of blood anywhere. The Cessna fuselage had been scoured clean, and its dashboard and seats were missing.

Lujan demanded that Hillblom's empty cliff-top mansion in Saipan be searched for possible traces of DNA—hair on a comb, traces of skin on a bathroom floor, dried sweat from clothes. Over the trust's objections, Judge Castro per-

mitted the search. But the house had been sanitized down to the bathroom drain, which investigators searched unsuccessfully for stray hairs. All of Hillblom's clothes, toiletries, combs, and shoes had disappeared.

Next, lawyers for the claimants turned to indirect genetic evidence. They attempted to secure a court order for DNA samples from Hillblom's mother and two brothers, but citing California's privacy laws they refused to cooperate. The trust later charged that someone from Junior's legal team took a saliva sample from Hillblom's mother while she was in the hospital. The trust and Hillblom family attorneys charged that the act constituted an assault; ultimately, the sample was not used.

Junior's lawyers next sifted through Hillblom's medical records, hoping something might be disclosed that would



Photo courtesy of David Lujan



aid their investigation. That's when they learned about the mole. After the 1993 crash, Hillblom had been airlifted to a clinic in Hawaii and later flown to Davies Medical Center in San Francisco, where he was treated by a University of California physician. Surgeons at Davies had performed a series of facial-reconstruction operations, and in the course of one of them removed a tiny bit of tissue from Hillblom's face. The tissue, thought to be a mole, could prove to be a half billion-dollar blemish.

The hospital asserted the estate owned the tissue sample and refused to release it without its permission. In the legal battle that followed in the California and CNMI courts, Lujan hired New York lawyers Barry Scheck and Peter Neufeld—recently made famous by their work in the O. J. Simpson case. Lawyers for Davies lost in CNMI superior court and on appeal. After months of legal wrangling, the hospital was ordered to hand over the mole.

At a deposition in the case, however, Davies claimed that there had been an embarrassing mix-up—the mole had come from someone else's face. The hospital claimed it was an honest mistake. During a later deposition, Neufeld asked the chief pathologist if he had any idea what had become of the real Hillblom tissue sample. Surprising a roomful of lawyers, the pathologist reached into the pocket of his lab coat and tossed a block of paraffin wax containing the tissue sample on the conference room table.

Neufeld immediately called Lujan and reported what had happened. Lujan, now suspicious of the sample's source, told him, "We don't want to open that shit."

In desperation, Neufeld proposed a novel strategy: If Hillblom fathered the children, their blood samples should reveal common genetic material—so-called junk DNA—that would separate them from randomly selected individuals. The approach had never before been used in a paternity case. The lawyers proceeded cautiously because each positive result would diminish the estate, and each negative result would cast doubt on the remaining claims. So they agreed to certain ground rules: The testing would be conducted in secret, and the outcome would not be revealed unless the results supported a claim. Each child agreed to contribute a fixed amount of money from the proceeds of the suit to anyone who tested negative.

Eventually, five of the eight children provided blood samples. Using this indirect method four claimants—Junior Larry Hillbloom, Nguyen Be Lory, Jellian Cuartero, and Mercedita Feliciano—proved, with a high degree of mathematical certainty, to have been fathered by the same man—Larry Hillblom. One child tested negative and agreed to receive \$2.5 million from any settlement. Three children born to Angelica Nonan were not tested at her insistence. After consulting with her lawyer, Nonan agreed to accept \$7 million to go away.

As part of subsequent settlement talks, Hillblom's mother agreed to provide a blood sample for \$1 million and a portion of the proceeds of the trust's interest from the sale of her

son's French chalet. Those tests confirmed that Larry Hillblom had fathered the four children.

But the DHL group did not concede. Even before the test results were disclosed, the group lobbied the CNMI legislature to pass a probate reform law. Lifofoi, Hillblom's old friend, urged his former colleagues to pass a bill that would retroactively disinherit every illegitimate child in the islands. Called the "Hillblom law" by its detractors, it required the putative father to publicly acknowledge paternity before a child could claim benefits as an heir. Since Hillblom was dead, his children would be barred from sharing the estate. Supporters of the bill included California Attorney General Dan Lungren's office and trust chairman Donnici. "We know that Larry would have intended that a significant portion of the trust funds be devoted to charitable causes and purposes in the CNMI," Donnici wrote to the Speaker of the CNMI House of Representatives in February 1996. No such intention was stated in Hillblom's will. Donnici claims that he was merely responding to critics, who were claiming that no money would flow to the islands. Although Lujan recruited his own allies in the legislature, including the attorney general of Saipan, the Hillblom law passed in May 1996.

Lujan challenged the law's constitutionality in CNMI superior court and in U.S. district court. The Saipan suit eventually came before CNMI Superior Court Judge Timothy Bellas, who postponed a ruling to give the parties a final chance to settle the case.

During the years of litigation, many believed that Lujan was the chief obstacle to settlement. Whenever the estate's attorneys made an offer, Lujan's response was, "Fuck you. I'm going to play machine poker." He would then walk out, leaving co-counsel Barry Israel to deal with opposing counsel. Lujan says his responses had a purpose: "I wanted to convince them that I was crazy."

Lawyers for the estate may have believed it. They estimated the litigation had cost Lujan about \$1.5 million and should have brought him to the edge of bankruptcy. Yet despite his firm's lack of a bank credit line, Lujan managed to find the money he needed to continue. "I don't like banks," he says. Instead, Lujan sent his wife to borrow from "the Korean women"—individuals who lent him money at 4 percent interest a month.

By August 1997 negotiations had reached an impasse, with the estate stuck at 40 percent and the children's lawyers holding out for 60 percent. A 50-50 split seemed like a reasonable compromise, and all the children's lawyers but Lujan were prepared to accept 55 percent. But Lujan wouldn't move from 60 percent. "I said, 'Let's go to court,'" he says. "I knew none of the other lawyers were trial lawyers, including the lawyers for the other kids." Eventually, Lujan persuaded the others not to break ranks. On the eve of the hearing in Judge Bellas's courtroom, the estate met Lujan's terms. He had won the biggest poker game of his life.

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Heir Wars, continued from page 28

**A**LTHOUGH THE PARTIES had agreed to a 60-40 split of the estate, the value of the assets remained uncertain. Estimates varied from \$500 million to \$1 billion. Hillblom's wheeling and dealing and his penchant for verbal agreements created an accounting nightmare. During his own investigation of

the assets, Lujan pursued a rumor that someone had bagged up Hillblom's personal effects shortly after the fatal crash and buried them near his house. He thought that Josephine Nocasa, who had been Hillblom's live-in girlfriend on Saipan, might know more.

Nocasa had filed her own claim for 50 percent of Hillblom's estate, based on her asserted status as his common-law wife. No one wanted to pay her

anything, but Lujan knew she had to be included in a global settlement. To dispose of her claim, the parties agreed to pay her \$3 million. "I rammed it down everyone's throat," Lujan says. As part of the deal, Nocasa testified in June 1998, revealing the location of Larry Hillblom's buried effects.

Shortly thereafter a backhoe operator—acting pursuant to a court order and watched by police, lawyers, and a television crew—dug a trench near the tennis courts below Hillblom's villa. Under six feet of earth were black plastic bags containing clothes, shoes, toothbrushes, and other items—all of them washed and scrubbed. Nocasa testified that within days of the fatal crash, Waechter had instructed her to get rid of all of Hillblom's personal belongings. She used bleach to wash the walls of the shower stall in his home. She even cleaned the filter of the clothes dryer.

Lujan was outraged. "These are the worst and the most despicable type of people you can find," he was quoted as saying. But Waechter, through his lawyer, denied the charge. He claimed Nocasa told him that she was afraid of Hillblom's ghost haunting her and discarded the belongings as part of a Filipino custom. Whether laundering the clothes before burying them was part of the ritual remained an open question.

Lujan still wanted to press criminal charges, as well as pursue another civil suit. But putting a settlement worth hundreds of millions of dollars at risk would be yet another huge gamble. Opposing attorneys argued that it was all a ploy to squeeze more money from the trust. But Judge Castro, perhaps weary from refereeing the three-year battle, ruled that the 60-40 settlement would stick.

The compromise meant that the four children would receive about \$90 million each. But their net was considerably less: Attorneys and experts were paid off the top, and the IRS took more than half of each share. Junior's legal team reportedly cleared about \$15 million. Fees for the attorneys and accountants representing the estate



exceeded \$40 million, but Judge Castro found those expenses excessive and eventually lopped off several million dollars.

The trust benefiting the University of California received about \$200 million—much less than it would have received under the terms of Hillblom's will. Still, the children could have been awarded the entire estate had the case gone to trial. "I hope Larry would think that the resolution was a just one," says Donnici.

**T**ODAY, JUNIOR HILLBROOM is attending college in the United States. He seldom sees his mother, who was deported from Guam to Palau after serving a year in prison for possession of crystal methamphetamine. She claims that Larry Hillblom was the only man she ever loved.

Lujan insisted that Junior accept a portion of the settlement in business assets of the estate, including the real estate developments in Vietnam. Until early this year Junior owned the properties jointly with the Larry L. Hillblom Foundation—administered by Peter Donnici. Lujan felt it was important to link Junior with his father's business in a material way. Thanks to his maneuvering, Junior and Donnici did business together, though always through intermediaries. Lujan, who has occasion to speak to Donnici, thinks there is nothing odd in this. "Donnici is a real pleasant guy, easy to deal with. He understands. This is business."

The Larry L. Hillblom Foundation's first award was for \$3 million, a portion of which will be used to train doctors in Micronesia to repair cleft palates and other deformities. Donnici, however, still harbors bitter feelings about the mud flung his way during the litigation. "I was a dedicated professional," he says. "The crap that was going on and the shenanigans of the lawyers ... it gave me a jaundiced view of the legal profession." He

blames Lujan for tarnishing his reputation but gives him grudging praise. "He did a helluva job for his client. I don't want to pick another fight with David Lujan."

Donnici also wants to set the record straight about his friend, Larry Hillblom. "There are thousands of girls performing in clubs in the Philippines, Vietnam, Thailand—God knows where else. And there are hundreds of thousands of male patrons who go to those

clubs and pay for the pleasures of using those girls. You'll see Chinese executives, Japanese executives, and American executives who are there to have fun. So it's not that Larry was unusual in that regard. Unfortunately, his story was publicized."

Adds Lujan, "Larry was a friend. I don't condone what he did. But we'd be hypocrites—all of us—to condemn him when Larry's the one who made us all rich." ■