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The Fatherlode: Settled Paternity Suit Makes Junior Hillblom One Very Rich Kid --- Three Others Get \$50 Million Each, Too, but Wealth Has Certain Drawbacks --- Jetting in to Catch the Knicks

By Robert Frank, The Wall Street Journal, 1822 words
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Document Text

HAGATNA, Guam -- In his baggy shorts, baseball cap and black Nikes, Junior Larry Hillblom can pass for an average American teenager.

The gangly 15-year-old pitches for his high-school baseball team. He eats burgers from McDonald's. He dates girls. He listens to Yellowman, the popular reggae singer. "I'm just normal," he says, sipping Hi-C in his living room. "A normal life."

Normal, that is, except for the \$40 million in cash that was just dropped in his bank account. Not to mention his bizarre legal battle that brought him to this remote spit of U.S. soil in the Pacific -- a case involving disappearing facial moles, buried clothing and a lead attorney who once boasted of being the "biggest burglar in Guam." Plus the strange legacy of a multimillionaire who had a taste for young Asian girls, especially virgins.

Junior Larry Hillblom, or "Junior," as he is called, is the oldest known son of Larry Lee Hillblom. Mr. Hillblom Sr., the "H" in DHL Corp. and a co-founder of the air-courier giant, built a business empire valued at more than \$600 million before his death in 1995. He was also the reigning playboy of the Pacific, paying teenage girls for sex throughout Asia and siring at least four children.

When his seaplane went down in the ocean, Mr. Hillblom had written a will that left his entire estate to charity. Yet the document lacked one vital detail: a disinheritance clause, which Mr. Hillblom perhaps deemed unnecessary, since he had never acknowledged his offspring. Weeks after his death, several young women emerged from Vietnam, the Philippines and the islands of Micronesia claiming that Mr. Hillblom was the father of their children. As chronicled in a page one Wall Street Journal article in 1996, the claims set off one of the world's most tangled paternity cases, stretching from the nude-dance bars of Manila to the California boardrooms of DHL.

Despite the odds, and an expensive campaign waged against the children's claims by DHL, the estate and its beneficiaries, the case was recently settled. The terms: Each kid gets about \$50 million, after taxes -- \$40 million in cash, and the rest in assets, according to documents filed in the probate division of Superior Court of the Commonwealth of the Northern Mariana Islands in Saipan. The bulk of the rest of Mr. Hillblom's estate will go to the Larry L. Hillblom Foundation, a charitable trust that will largely benefit medical research at the University of California, Mr. Hillblom's alma mater.

Now, four impoverished Asian children have suddenly become millionaires. The money isn't without its baggage. Lory, a four-year-old Vietnamese boy, instantly became one of the richest people in Vietnam. He had to be spirited off to America after threats that the authorities -- and kidnapers -- would try to take the money.

The lives of two Philippine toddlers, Jellian Cuartero, age five, and Mercedita Feliciano, four, have also been upended. Jellian has moved to an undisclosed state in the U.S., and an accountant from the island of Saipan now is her legal guardian. Mercedita Feliciano is still in the Philippines but in the custody of her grandmother.

Only Junior is old enough to realize what has happened to him, and even he seems stunned. Staring out his bedroom window at his new backyard -- a luxury golf course perched above a crystal-green bay -- the shy teen ponders where to take his next vacation.

"Maybe the Bahamas," he says. "Nice girls there, I hear."

For a boy who used to spend his days spearfishing and tending to the family chickens on the remote island of Palau, \$50 million has its charms. He recently flew to New York to watch a Knicks game and is about to purchase

the gleaming white ranch house where he lives with nine other family members, including his grandmother (his legal guardian), several half-brothers and sisters, and a growing collection of distant cousins.

While he doesn't drive yet, he is hoping to buy a Jeep and "maybe a boat." His hero, he says, is pro-basketball star Vince Carter-another newly minted multimillionaire. The only decoration in the house is a framed basketball jersey signed by Karl Malone of the Utah Jazz. When Junior's baseball team went looking for sponsors recently, he and his attorney agreed to pay for the whole team.

Junior's chief attorney, minder and co-manager of his estate is David Lujan who, as a minor, was convicted of several burglaries before reforming and going on to law school and a successful career as a trial lawyer. He says Junior, aside from the \$40 million in cash, is now also the owner of three luxury hotels, a deluxe apartment complex and two golf resorts in Vietnam, along with several properties in Micronesia. He is also the largest shareholder in the Bank of Saipan, controlling three seats on the board.

The plan, says Mr. Lujan, is to "ease him into his new life. Give him a sense of responsibility." He moved Junior from Palau to Guam -- a U.S. territory 1,500 miles southeast of Japan -- a few months ago so he could adapt to English from his native Palaun and "be closer to civilization." Next year, he plans to ship him to Hawaii and later to the mainland for college.

Junior isn't so sure of his new calling. Sitting in a frayed T-shirt and shorts, munching out of a McDonald's bag, he says he misses Palau, where he played on the beach and helped care for the family farm. Most of his friends are in Palau, along with an old girlfriend. He is lagging behind at the elite Guam Adventist Academy, and his English is still halting. When asked what he wants to do when he grows up, he pauses. "I want to go back to Palau and be a farmer. I like to farm."

He is even more confused about his father, whom he met only briefly when he was a small boy. "I just know what people tell me," he says. "And from what people tell me, he was a pretty good guy."

Albeit, a controversial one. Larry Hillblom Sr. was largely retired from the day-to-day business of DHL in the early 1980s when he started living and loving in the far corners of Asia. According to Superior Court documents, Mr. Hillblom frequently padded around nightclubs and bars in his shorts and T-shirts and paid "finders" to help him secure women -- some as young as 13, and all virgins.

In 1983, he met an exotic beauty named Kailani Kinney, then 16 years old, in a bar on Palau. In court documents, Ms. Kinney says she had sex with Mr. Hillblom several times, and in May of 1984, she gave birth to a son. Not sure what to name him, she told the nurse to write "Junior Larry Hillbroom" on the birth certificate.

Mr. Hillblom never acknowledged his son publicly. When rumors started swirling about Junior, Mr. Hillblom denied any relationship, according to his longtime friend and attorney, Peter Donnici. "He told us all, 'He's not my son,'" says Mr. Donnici. "He said [Ms. Kinney] was just trying to find an excuse for money."

But privately, many say, Mr. Hillblom helped pay for Junior's schooling and often asked about his welfare. A poster of Mr. Hillblom hung in Junior's living room when he was growing up, showing the elder Hillblom wearing a traditional Micronesian headdress of flowers and vines.

Court documents also show that Mr. Hillblom met Junior briefly on three occasions, twice at a resort in Palau and once after speaking at Junior's high school. During one resort visit, he gave Junior a bag of potato chips.

Weeks after Mr. Hillblom died, at the age of 52, Ms. Kinney approached a Guam law clinic that dispenses free legal advice, about getting a piece of the estate. Mr. Lujan took over the case after the clinic decided it wasn't equipped to handle it. Already well known as a trial lawyer, he eventually wore down more than 100 wellheeled American attorneys representing the estate. (Mr. Lujan won't discuss his fees, though those familiar with the case say it has brought him millions.)

The clincher for the settlement -- and source of epic hijinks -- was a DNA test. Because Mr. Hillblom's body was never found, claimants tried to get samples of his DNA from his Saipan mansion. Yet by the time investigators got there, all of his belongings had disappeared, and all the sinks had been scoured with muriatic acid to remove any blood or hair samples. Mr. Hillblom's clothes, combs and even toothbrushes were later found buried in the backyard -- rendered useless for testing.

A facial mole taken years earlier from Mr. Hillblom by a San Francisco hospital was also ruled out after the hospital said a mixup meant the mole in question wasn't Mr. Hillblom's after all. It was only after Mr. Hillblom's mother agreed to provide blood for a DNA sample -- in return for \$1 million and a French villa offered by the claimants -- that Mr. Hillblom's genes could be matched to the four children.

Even with the settlement, though, the case drags on. Lawyers are still fighting over some of Mr. Hillblom's remaining assets, and a final agreement isn't expected until early April. What's more, because of the large gap in the children's ages, lawyers say more women could come forward with legitimate heirs. Mr. Lujan has purchased a \$30 million insurance policy to shield Junior's settlement from any such claims.

Meanwhile, Junior is struggling to find his way in his new life, and new extended family. His mother has been

deported from Guam to Palau after being imprisoned on drug charges. Mr. Hillblom's mother and brothers have yet to accept any of the four children as family members, though Junior says he wants most of all to meet his paternal grandmother.

The protracted case has taken its toll on the estate, which paid out more than \$40 million in legal fees and more than \$150 million in taxes. DHL executives and officials of Mr. Hillblom's charity, who once hotly contested the paternity claims, have only recently started to acknowledge their validity. "I hope the money will be used to better the lives of the children," says Mr. Donnici, head of the Hillblom Foundation, which has received about \$100 million of the more than \$200 million it will eventually get from the estate. "This money can help them, but it can also ruin them."

Trudging along the manicured greens of the golf course, Junior turns to the subject that most fascinates him these days -- girls. He asks a visitor about California girls, Asian girls, European girls.

This preoccupation would be unremarkable, but for his \$50 million. Around girls, Mr. Lujan advises Junior, sounding as much like a lawyer as a minder, "be careful."

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