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**How Dope, Incorporated has
swallowed the world economy**



How Dope, Inc. has swallowed up the world economy

by David Goldman and Susan Welsh

The editors of *EIR* are proud to announce the forthcoming publication of a new edition of the best-selling book *Dope, Inc.*, the only true story in print today of the supranational crime empire that runs the drug trade as a single, integrated world operation—from the opium poppy-growers in Afghanistan and the Golden Triangle of Southeast Asia, to the pushers of nickel bags of heroin on the streetcorners of Harlem. *EIR*'s founder and contributing editor Lyndon LaRouche commissioned the book in 1978, to name the names of the top-level controllers and financiers of the drug empire, the people who have always managed to escape prosecution. In one year, *Dope, Inc.* went through three printings and sold 50,000 copies.

Since that time, the worldwide narcotics traffic has *doubled* in dollar terms from the already staggering 1978 estimate of \$200 billion. The dope czars today are holding whole nations hostage, and have left a bloody trail of victims in their wake, as great in number as the casualties of war. The time has come to nail these criminals, with the even greater precision which six years of research on five continents now makes possible.

Who runs Dope, Inc.? The command structure, the book charged in 1978, includes the following principal groups:

- The oligarchical families of Britain and the European continent—the cult-manufacturers who produced the evil Thule Society, the Isis-Urania Hermetic Order of the Golden Dawn, the Scottish Rite Freemasons, and the Nazi Party of Adolf Hitler;
- The British financial interests that control offshore banking and precious-metals trading, providing the money-laundering capabilities for the multi-billion dollar proceeds of the drug trade. Foremost among these are the Hongkong and Shanghai Bank, Jardine Matheson; the Standard and Chartered Bank, the Oppenheimer gold interests, Eagle Star Insurance, and Barclay's Bank. These institutions are controlled by the same oligarchical families that ran Britain's Opium Wars against China in the 18th century.
- Their Canadian cousins, such as the Bank of Montreal, and the Bank of Nova Scotia;



U.S. DEA

A three-cornered financial directorate has made the dope trade the world's biggest business, doubling in size since 1978. The British banking houses that ran the Opium Wars of the 18th century, the continental European oligarchy, and the new imperialists of the Soviet Union have divided the market among them, and are out to destroy any nation that stands in their way. Here: coca leaves on their way to market.

• The second-level controllers of the criminal underworld, including the Bronfman family of Canada and other kingpins of the Zionist Lobby in North America. These are the families of *Hoffjuden* ("Court Jews") who betrayed the interests of the Jewish people to serve the monarchies of Europe in centuries past, and who are now relegated to the role of cutouts between the inner circles of the European nobility and the filthiest gutters of organized crime.

When *Dope, Inc.* appeared in 1978, the world financial oligarchy scrambled frantically to control the damage of this unprecedented exposure. "Have you presented this evidence to the Justice Department for criminal prosecution yet?" asked a distraught Stuart L. Pittman, senior partner in the law firm representing one of those accused, the Hongkong and Shanghai Banking Corporation.

But none of those accused dared to take the authors of *Dope, Inc.* to court! Who could tell what further incriminating evidence might emerge in a legal battle?

Indeed, the Hongkong and Shanghai Bank was denied a banking license in New York State because it failed to refute *Dope, Inc.*'s charge of massive involvement in the drug traffic. New York Banking Superintendent Muriel Siebert refused to permit the HongShang to purchase control of New York's Marine Midland Bank in 1979, delaying what was, until then, the largest foreign takeover plan in American banking history. She demanded detailed accounting of the HongShang's hidden profits, silent subsidiaries, and paraphernalia of money-laundering, and refused its application when the Hong Kong institution refused. HongShang was compelled to employ a subterfuge—ultimately sanctioned by Paul Volcker's Federal Reserve Board—in order to consummate the take-

over: It arranged for Marine Midland Bank, one of America's largest, to change its status from a state-chartered to a nationally chartered bank, in order to circumvent the regulatory powers of New York State. The Federal Reserve accepted the takeover of Marine Midland in early 1980.

The new edition of *Dope, Inc.* will finish off the job. One who will now find himself in the docket is Henry Kissinger, who has also failed to sue—even though Lyndon LaRouche described him on national television on Nov. 5, 1984, as having the moral character of a Bulgarian pederast. Kissinger's friends at American Express will particularly feel the heat.

To the already-established roster of criminals, the new edition will now add:

- The major Swiss banks;
- The Soviet dirty-money empire, the guns-and-drugs traders and assassins that have come to light in recent years as the KGB's "Bulgarian connection";
- The Nazi-communist syndicate which runs "narco-terrorism" worldwide, with Ibero-America as a special target. This brings together the Nazi International with the separatist, communist, and "liberationist" terror groups under Moscow's control;
- Venetian-Genoese bankers, including the late Roberto Calvi of Banco Ambrosiano, and the shadowy Edmund Safra of American Express; and
- The combined offspring of the Swiss bankers and the old European family trust funds—the *fondi*—and the international grain cartel of Cargill, Continental (Fribourg family), Bunge, and Louis Dreyfus.

Charges confirmed

When *Dope, Inc.* first appeared in December 1978, its most alarming conclusion involved the size and scope of the world narcotics traffic: It demonstrated that *dope* was the largest commodity in international trade, with the exception of petroleum, and that the annual revenues of the narcotics traffic exceeded the national product of most of the world's nations, and the revenues of the largest multinational companies. Today, the situation is far, far worse. With the consumption of \$75 billion per year of cocaine in the United States alone, the 1978 estimate of \$100 billion per annum in narcotics sales in the United States and \$200 billion worldwide is dwarfed by present reality. *Narcotics traffic today grosses a minimum of \$200 billion per year in the United States and \$400 billion worldwide.*

The explosion of this sordid business has forced official

investigators to confirm the findings which had been published first in *Dope, Inc.* The most significant of these studies were the March 1983 report of the Senate Permanent Investigations Subcommittee (SPIS) and the November 1984 report on money-laundering of the President's Commission on Organized Crime.

The Permanent Investigations Subcommittee report, titled "Crime and Secrecy: The Use of Offshore Banks and Companies," appeared after two years of investigations. It estimated the illegal economy of the United States at up to 10% of reported Gross National Product—or over \$300 billion. The study reported that London is the leading center worldwide for the concealment of funds, a charge first made in *Dope, Inc.*; that two-fifths of all foreign banking activities conducted out of Switzerland are performed with other offshore centers, Switzerland being the center for the practice

Henry Kissinger and the directorate of Dope, Inc.

When Henry Kissinger was elected to the board of directors of American Express in March 1984, a process was completed which began with the wave of foreign takeovers of American securities houses during the 1960s and 1970s. **The grand redeployment of the oligarchical family funds, the *fondi*, into the United States has now rendered obsolete some of the previous modes of operation of Dope, Inc.**

This transformation has proceeded through a series of mergers involving the old Wall Street banking houses and the European family fortunes. George Ball's firm, Lehman Brothers, had long since been absorbed by its great rival among the old-line German-Jewish Wall Street houses, Kuhn Loeb, to form Lehman Brothers-Kuhn Loeb. Shearson Hayden Stone, the second retail broker after Merrill Lynch, had repeated Merrill Lynch's march into investment banking by absorbing the third of the old-line German-Jewish firms, Loeb Rhoades. Now American Express, in turn, has swallowed up Shearson-Loeb Rhoades and Lehman-Kuhn Loeb, bringing under a single umbrella a large part of what Dope, Inc. identified in 1978 as the supposedly respectable interests behind organized crime and the drug traffic.

The American Express board member and chief attorney responsible for handling the series of mergers is Kenneth Bialkin, the chairman of the Anti-Defamation League of B'nai B'rith; his predecessor, Theodore Silbert of the Recanati family's Sterling National Bank, currently faces a civil

suit initiated by the Italian government, charging that Silbert helped jailed financier Michele Sindona to launder money for the bankrupt Banca Privata.

Shearson/Lehman/American Express, as this ultimate Wall Street merger calls itself, is the phoenix which has arisen from the ashes of the offshore money markets. The new entity is effectively controlled, in turn, by two of the world's shadiest financiers, **Edmund Safra and Carl Lindner**, each of whom owns about 4% of the stock. Lindner owns the old United Fruit dope-pushing apparatus, now called United Brands. Safra's case is more interesting.

Safra's controlling share of American Express derives from the January 1983 merger of his Trade Development Bank of Geneva with American Express International Bank (where Safra briefly served as chairman). Amex took control of the Swiss institution and its global network, in return for 4% of its outstanding shares. **Safra is the reported frontman for the Syrian-Jewish banking families who served the Venetian-Genoese *fondi* from Aleppo, through the long history of Levantine finance.**

Safra's Republic National Bank of New York, in the person of its chairman Theodore Kheel, made the introductions that permitted Argentine banker **David Graiver** to buy up the American Bank and Trust. Graiver subsequently looted \$45 million from the American Bank and Trust, in cooperation with **John Samuels**, a New York frontman for Safra's original backers, **the Recanati family of Israel Discount Bank.** The Argentine swindler subsequently disappeared, after his plane crashed over Mexico. Graiver had been one of the principal financiers for the Argentine terrorist organization, the Monteneros, and functioned as the Argentine connection for **the old Tibor Rosenbaum-Meyer Lansky drug-money wash**, before his short-lived fling in New York.

These are current employers of Henry Kissinger, who

of "layering" secret financial accounts so that beneficial ownership is impossible to determine.

The 1978 edition of *Dope, Inc.* was subtitled, *Britain's Opium War Against the United States*, and U.S. government investigations have confirmed the accuracy of this characterization. The SPIS investigators went to London to ask for British cooperation in dismantling criminal activities in the offshore centers, and complained that British officials rejected the proposal out of hand, asserting for the record that organized crime was an internal American problem and no concern of London's. The British told the Senate investigators:

As London sees it, the crime problem for the most part rests with the U.S., for whether it is drug money or other fraud it derives primarily from U.S. sources, i.e., criminal transactions in the U.S., and is processed

offshore on behalf of American citizens and companies. It is argued by London that control efforts will incur only costs but no benefits. Given these conditions, whatever the U.S. policy, it behooves the U.K. not to involve itself collaboratively.

American prosecutors have repeatedly charged the Swiss, British, and Canadian banks with involvement in dirty-money dealings, the SPIS reported. Most frequently mentioned are the three big Swiss banks, Britain's largest commercial bank, Barclay's, Canada's Bank of Nova Scotia, and the offshore divisions of American banks. Referring to the Bank of Nova Scotia, nestled into the coziest reaches of the British establishment, the SPIS report complains, "In the Caribbean, one major Canadian international bank has a consistent reputation for encouraging dirty money. . . . Senior bank of-

also serves as vice-chairman of the International Advisory Board of Chase Manhattan Bank (he was chairman until David Rockefeller retired from the bank and moved to its International Advisory Board); adviser to **Goldman, Sachs**; and a consultant to dozens of leading corporations and financial institutions through his firm Kissinger Associates.

The members of Kissinger Associates represent a kind of board of directors for the entity we call Dope, Inc. Just as Kissinger is represented on the board of American Express, Amex's **Mario d'Urso** is a Kissinger Associate. D'Urso came to Shearson/Lehman/American Express through **the old Kuhn Loeb firm**, whose international department he directed before it merged into **Lehman**. He is also the New York chief for the Jefferson Insurance Company, the joint arm of the Venetian insurance giants Assicurazioni Generali and Riunione Adriatica di Sicurtà—the central clearing-houses for the ancient Venetian fondi.

The New York chairman of Jefferson Insurance is an old State Department crony of Kissinger, **Nathaniel Samuels**, also of the old **Kuhn Loeb firm**; Samuels is also the New York chairman of the **Banque Louis-Dreyfus Holding Company in the United States** and director of the **Banque Louis-Dreyfus of Paris**. This bank owns the grain company of the same name, which hooks into the **Venetian insurance companies**. Another board member of Jefferson Insurance for many years was the former British intelligence station chief in New York City, **financier Arthur Ross**, an intimate of **Lazard Frères' late chairman André Meyer**.

Britain's **Lord Peter Carrington**, the co-founder of Kissinger Associates until his move to NATO headquarters in Brussels, is a former director of both **Hambro's Bank** (one of the constituent *fondi* of the Assicurazione Generali), at the time that Hambro's bought 25% of Michele Sindona's Banca Privata, and also former director of Barclay's Bank, the prin-

cipal financier and partner in the Caribbean skullduggery of the Oppenheimer interests.

Lord Carrington was replaced on Kissinger Associates' board in mid-1984 by the chairman of **the London merchant bank S.G. Warburg**, **Lord Eric Roll of Ipsden**. Lord Roll had just completed a reorganization of London Warburg interests under the umbrella of the Warburg holding company, Mercury Securities.

The Oppenheimer family's London vehicle, Charter Consolidated, meanwhile bought a 9% stake in the new Warburg consortium. Warburg has a mutual ownership with the Paris Banque de Paris et des Pays-Bas, the major stockholder of the Assicurazioni Generali of Venice.

In Asia, Kissinger Associates is represented by **Sir Y.K. Kan** of Hong Kong, who also represents the four overseas Chinese families which control the Hong Kong-based Bank of East Asia.

The staff of Kissinger Associates is headed by **Lawrence Eagleburger**, the former highest-ranking member of U.S. foreign service and a Kissinger protégé. In a 1984 series on Jamaica's marijuana economy, the *New York Times* ridiculed Eagleburger's claims that, in supporting the Edward Seaga regime in Jamaica, he had no idea that Seaga had made marijuana the country's principal cash crop—although Seaga had announced his intention on numerous public occasions.

The men who perform the dirty work of the fondi have moved out of the shadows of Caribbean offshore banking and Hong Kong smuggling and into the board rooms of the most powerful American financial institutions, close to the councils of the United States government itself. Still more ominous is the fact that Kissinger Associates, a major conduit for the political influence of the Soviet Empire in American politics, has now also become the point of interchange of the constituent parts of Dope, Inc.



Dope, Inc. has claimed more victims than many wars.

ficials describe instances where headquarters banks have removed competent offshore managers for their failures . . . to optimize profits through corrupt relationships."

The SPIS concluded that illegal financial operations are now so closely meshed with the offshore banking system that the movement of illegal funds may constitute a threat to the security of the world banking system as a whole. Citing the case of the 1982 bankruptcy of Banco Ambrosiano, Roberto Calvi's ill-fated vehicle for dirty political and financial operations, SPIS wrote:

In 1982, Banco Ambrosiano of Milan, Italy, collapsed, crippled by a \$1.4 billion exposure in loans to several mysterious Panamanian "shell" companies. . . . The Euromarket is a critically important . . . feature of international commerce. But in the haven countries where money is laundered, it is unregulated. Thus, the same conditions which facilitate international commerce also create criminal opportunities. The criminal use of offshore facilities poses a problem to the stability of entire national banking systems. The fragile condition of the world's banking system today is a result in part of questionable loans, poor controls and the country risk occurring when so many nations cannot pay the interest or principal on their debt. *It is not inconceivable that it could be a criminally derived loss, not the failure of repayment of a loan from a sovereign nation, which could be the backbreaking straw to the banking system.*

Far more comprehensive are the conclusions of the President's Commission on Organized Crime, released in November 1984. Here the bag of tricks of the narcotics traffic is on display, at least the best known of them: the use of casinos to launder drug money, the corruption and virtual takeover of banks, the participation of such august firms as E.F. Hutton, which sent security guards to the Waldorf-Astoria Hotel to help a Colombian client bring suitcases full

of cash to its offices, and then tipped off its client when informed that he was under investigation as a money-launderer for Colombian cocaine-traffickers!

The dope lobby has launched open warfare against the world's nations. Its intentions can be seen most gruesomely in Colombia, where former President Alfonso López Michelsen is trying to subordinate the constitution of his country to the dope mafias, boasting that no government can withstand their power. Colombian President Belisario Betancur is under siege from the drug mafia, the criminals who assassinated his justice minister, Rodrigo Lara Bonilla, in April 1984. Or take the case of Peru, where the paramilitary forces of the cocaine pushers are murdering civilian participants in a government-run anti-drug program, and the narco-terrorist gang Shining Path (*Sendero Luminoso*) is attempting to reduce the nation to ruins.

It is because of this all-out war by the drug mafias against Ibero-America that the publishers of *Dope, Inc.* decided to release the new edition first in Spanish, under the title *Narcotráfico, S.A.* (New York: The New Benjamin Franklin Publishing Company, Inc.) The English edition will follow. Both will contain extensive new material on the drug mafia's operations in Ibero-America, including how the economies of the region were set up for takeover by the drug traffic during the years of the Carter administration—thanks to Paul Volcker of the Federal Reserve. Another chapter will discuss the creation of narco-terrorist cults.

The \$400 billion annual dope empire has a stranglehold on world finance, and is out of the control of any government. Despite the best efforts of Ibero-American leaders, of President Reagan's declared war on drugs, despite the heroic efforts of the Italian police against the Sicilian mafia, despite the mopping-up of the money-laundering operations of Florida banks, *Dope, Inc.* has risen to commanding heights in the world economy. The International Monetary Fund shamelessly does its bidding among the debtor nations of the developing sector, enforcing the austerity conditionalities which

drive desperate countries to grow and export the biggest cash crop of them all.

In June 1983, the IMF made its first published comment on the subject, in an appendix buried in its *World Economic Outlook* report. In its bland, malevolent way, the IMF noted that about \$200 billion per year was disappearing from the accounts of national governments that report their balance-of-payments data to the international financial organization. *Since 1973, the IMF added, the total volume of "statistical discrepancies in the global current account payments balance" has reached the fantastic sum of \$800 billion.*

The principal factor accounting for the growth of the world payments asymmetry on current account has been the fairly rapid increase in the negative balance on invisibles. After being approximately balanced in 1973, estimated payments and receipts for services and private transfers have diverged progressively more widely in subsequent years, and the excess of recorded payments over receipts in these accounts reached some \$800 billion in 1982.

This is no surprise to the Ibero-American nations hit by waves of flight capital during 1982 and 1983. What the gross numbers state is that the movements of international capital are out of the hands of governments entirely; governments can no longer even identify \$200 billion per year in capital flows, much less attempt to influence them!

The IMF reports that the "invisibles" which account for the "statistical discrepancy," i.e., "shipment," "reinvested earnings," and "other earned income," are really flight capital:

The most readily identifiable part of this large excess of debits over credits is that rooted in the services provided by fleets flying so-called flags of convenience. The payments for services of these fleets are, for the most part, duly recorded in the balance of payments statistics of the countries using such services. The corresponding credits, on the other hand, are typically not entered in any country's balance of payments.

That is, the funds enter the banking system illegally.

As we show in summary form in the documentation which follows, the monster identified by *Dope, Inc.* in 1978 has changed its skin, only to multiply its influence. It is the center of the gravest threat to Western civilization since the 14th century. Slowly, belatedly, the governments of the West have acknowledged the extent of the problem. They must now move much faster and more ruthlessly against the "citizens above suspicion" and the institutions which have brought the dregs of the financial underworld to the surface.

The Spanish-language Narcotráfico, S.A. is scheduled for release by The New Benjamin Franklin Publishing Company, Inc., New York, on Jan. 23. The revised English edition of Dope, Inc. will appear later in the spring.

The dope trade moves 'onshore'

by David Goldman

Dope, Inc. has traditionally operated through a tight financial network, whose origins lie in the Dutch and British East India Companies and the British Opium Wars of the 1840s. At its heart has been the Hongkong and Shanghai Bank, with its ties directly to the five big London clearing banks, the five London "gold pool" dealers, and the big Canadian international banks. This network, as the 1978 edition of *Dope, Inc.* showed, provides the offshore banking, precious metals, and related capabilities to cause several hundred billion dollars per year to disappear from the streets of New York, Amsterdam, Frankfurt, and Hong Kong, and reappear as apparently legitimate assets wherever convenient.

Six years of additional research, plus major shifts in the financial structure of the dope trade, now make it possible to reconstruct the three-dimensional character of Dope, Inc., whose most obvious, outward facade is British. Its other dimensions, now integrated into the single world command structure, are Swiss-centered continental European, and Soviet.

Since 1978, this three-fold drug empire has moved "onshore" into the United States, through a complex series of banking mergers and takeovers.

The **Hongkong and Shanghai Bank** now controls Marine Midland, the 12th-largest American bank, and its close collaborators among the British clearing banks have moved massively into American banking, through the Midland Bank takeover of Crocker National Bank in California, the Rothschild takeover of California's BanCal-TriState, and similar expansion into the American market.

The **Oppenheimer mining group**, heirs to the empire of British racist Cecil Rhodes (who once vowed that Britain would one day retake the upstart American "colonies"), **is the dominant force—in collaboration with HongShang and its Mideast subsidiaries—in the illegal traffic in gold and diamonds through which so much dirty money is turned into untraceable, portable assets. Through its diamond monopoly, De Beers, its mining corporations, Anglo-American Mining and Consolidated Gold Fields of South Africa, through its commodity trading organization, Phibro, the Oppenheimer group has expanded its tentacles across the world and, most of all, in the United States.**

Eagle Star Insurance, the mediating link between the British oligarchy and the Canadian banks, has extended its branches to the continental insurance companies, and sunk

deep roots into the United States at the same time. **Eagle Star controls the family trusts of those barely rehabilitated Prohibition-era mobsters, the Bronfman family of Canada. The Bronfmans, in turn, control a variety of lower species of criminal life in Canada and the United States. The Canadian real estate firms which operate under the umbrella of Eagle Star have come to dominate the major urban real-estate markets in the United States.**

Eagle Star in November 1983 became the principal overt link between the British high command of the narcotics traffic and the Swiss-German financial interests centered around the great South German family fortunes. **Allianz Versicherung** of Munich, continental Europe's largest insurance company, bought 30% of Eagle Star, in a well-publicized takeover battle whose sound and fury disguised the actual identity of interests between the British and German sides. Close financial relationships had existed for some time between the HongShang in the Far East and the nastier elements of German finance.

Allianz Versicherung represents a coalition of the oldest German family *fondi*, or trust funds, including those of the old Bavarian Wittelsbach dynasty, and the most evil family in German-speaking Europe, Thurn und Taxis. It is the Thurn und Taxis family and their in-laws, the deposed Portuguese royal family of Braganzas, who created and funded the terrorist organization Tradition, Family, and Property, which was implicated in plans to assassinate Pope John Paul II and whose Venezuelan chapter was recently banned.

The old United Fruit Company, renamed **United Brands** in the 1960s, has been the center of American organized crime since the turn of this century. United Fruit's banana boats coming into the Baltimore harbor have been the freest vehicles for the physical passage of contraband into the United States. **In its successive corporate reorganizations, United Brands wound up in the hands of Cincinnati, Ohio, insurance financier Carl Lindner, the principal business partner through the last three decades of Michigan organized crime-linked figure Max Fisher.** And through an entanglement of financial interests that might have been invented by a mystery novelist, the fate of United Brands has been intertwined with that of **American Express**, and thus with the world's most efficient silent money-mover, **and the prince of Levantine money-laundering, Syrian-Swiss financier Edmund Safra.** American Express, which devoured half the old banking houses of Wall Street, ties together the United Brands crime and smuggling capability, the financial networks which created and funded the Argentine Monteneros and other terrorist organizations, and the Swiss-based interests which have acted, for a generation, as the private couriers of the Soviet Union in the international gold markets.

The *fondi* move in

It is no longer possible to tell how much American equity is, in fact, American; it can only be stated as a matter of

public record that investment banking in the United States is now almost wholly controlled by the ancient European *fondi*.

From 1971 to 1981, in the decade after then-Treasury Undersecretary Paul Volcker removed its gold backing, the dollar fell to a mere 60% of its pre-devaluation level, while the combined effects of inflation and lower stock prices devalued American equity to about 30% of its 1971 level in terms of gold. From the standpoint of the oligarchical *fondi*, secured through gold, American equity could be had for one-fifth its pre-1971 price during the late 1970s.

A similar collapse of the dollar and equity values had occurred during the years 1929-33. With stock prices at a fraction of their previous values and the economy in ruins, President Roosevelt was persuaded by the American friends of John Maynard Keynes to force a devaluation of the dollar in 1932, giving the *fondi*—particularly the fortunes of the Franco-Swiss-Italian "gold bloc"—the chance to buy into American equity at distress prices comparable to those available during the late 1970s.

Among modern financial institutions, the Assicurazioni Generali of Venice, the heir to the old Venetian fortunes, provides the most clues to the operations of the *fondi*. The "Generali," as an insurance organization, is a clearing house for the operations of numerous *fondi*, each represented by one of the principal European investment banks. Its board of directors in 1978 consisted of representatives of the principal banking fortunes of Western Europe:

- **Baron August von Finck**, reputedly the richest man in Germany until his recent death (with the possible exception of Johannes von Thurn und Taxis), owner of the Merck und Finck investment bank, the *fondo* of the old Bavarian royal family of Wittelsbach.

- **Elie de Rothschild**, of the French Rothschild family;

- **Baron Pierre Lambert**, the Belgian cousin of the Rothschild family and proprietor of the Banque Bruxelles-Lambert (and a force on Wall Street through Drexel Burnham Lambert);

- **Jocelyn Hambro** of Hambro's Bank, which owned one-quarter of Italian financier Michele Sindona's Banca Privata when it went under in 1974;

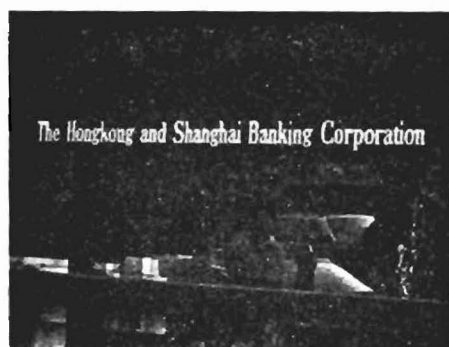
- **Pierpaolo Luzzato Fequiz**, of the ancient Venetian Luzzato family;

- **Franco Orsini Bonacossi** of Italy's Orsini family, whose origin includes members of the ancient Roman senate.

Europe's two most powerful investment banks, Lazard Frères and the Banque Paribas (founded by Venetian Jews based in the Ottoman Empire trade) are the largest stockholders in the Assicurazione, through a variety of shells.

The European *fondi* waited long to avenge themselves against the upstart United States. Their chance came with the break of the dollar from its gold backing in 1971.

Given the collapse of Wall Street stock prices during the long agony of the dollar between the 1967 collapse of the pound sterling and the aftermath of the 1971 debacle, every



New York headquarters of the Hongkong and Shanghai Banking Corporation, the in-house bank for the British oligarchy's drug trade.

major brokerage firm ran into trouble no later than the mid-1970s. Lehman Brothers, once the most powerful firm on the Street, was the first to raise the white flag. It secured, through the offices of George Ball, a 7% investment from **Banca de la Svizzera Italiana**, a Swiss bank which functioned as a virtual Swiss subsidiary of the Banca Commerciale d'Italia—the bank at whose headquarters the infamous Propaganda-2 lodge of Italian Freemasonry had been founded years earlier. The Banca de la Svizzera Italiana, based in Lugano, Switzerland, specialized in covert movement of Italian flight capital into the United States.

One by one, the other major Wall Street houses fell under the control of the European *fondi*. The dominant mergers and acquisitions operation on Wall Street, **Lazard Frères**, had never been an American house in any event; it was always dominated by the French-Jewish David-Weill family, and was only managed for the interim by its chairman, Andre Meyer, when no suitable family member was available.

Drexel Burnham Lambert, the sixth-largest house, sold out its entire capital to the Lambert family of Brussels, the Belgian cousins of the Rothschild family.

A.G. Becker, an old-line Chicago brokerage firm, merged into a *menage à trois* with S.G. Warburg's, the supposedly

independent branch of the Warburg banking family, and the ancient French-Ottoman Empire firm, the Banque de Paris et des Pays-Bas (Paribas), to create Warburg-Becker-Paribas (subsequently merged with Merrill Lynch).

With virtually no exceptions, Wall Street's major houses sold out to the *fondi*. Finally, in 1981, Wall Street's most powerful investment bank, **Salomon Brothers**, merged with Phibro, the trading arm of the Oppenheimer interests. As we shall see, the absorption of Salomon Brothers, investment bankers to New York's Citibank, had the most devastating implications of all.

In a July 1981 study, *EIR* showed that the Treasury Department was badly underestimating—or underreporting—the extent of foreign investment in the United States. If foreign investors behaved the same way as American investors, then the total foreign equity investment in U.S. stocks as of 1980 was \$225 billion, three times the \$75 billion figure estimated by the Treasury! That rough figure represents 20% of the value of all U.S. stocks. However, 20% of the total appeared to represent a much greater concentration of effective control.

We know that the European *fondi* and their investment banking frontmen launder funds from deficit countries, and turn these into anonymous investments in surplus countries, creating what the International Monetary Fund's economists describe as a "statistical discrepancy." Once the nature of the swindle is known, the discrepancy disappears. Armed with a rough-and-ready estimate of the extent of Dope, Inc. infiltration of the American financial system and control over American corporate equity, we may complete the sordid tale of the dope traffickers' intimate relations with the most prestigious American financial institutions.

Flight capital is king

Salomon Brothers was the last and most important of the big Wall Street firms to go, merging in 1981 with **Phibro**, the trading arm of the Oppenheimer Empire. In the process, the Oppenheimers also acquired effective policy control of the largest American commercial bank, Citibank.

Harry Oppenheimer had stated earlier that year, "We mean to expand into North America," and proceeded to create a \$3 billion vehicle with which to do so: the Bermuda-based investment firm Minorco. Both Citibank chairman Walter Wriston and Citibank's chief lawyer, Shearman and Sterling managing partner Robert Clare, joined the board of Minorco. A year earlier, Oppenheimer had taken control of 28% of the only South African gold firm to rival his Anglo-American, Consolidated Gold Fields of South Africa, the country's second-largest gold producer. With 28% control also of Englehard Minerals, the largest American precious-metals refiner and the parent organization of Phibro, Oppenheimer came to dominate world precious metals and related markets in a way that Anglo-American's 19th-century founder, Cecil Rhodes, only dreamed of.

Even more mysterious than the ultra-secret operations of Phibro is Anglo-American's role in the Caribbean offshore market, the main dumping ground for international flight capital in transit to a more permanent home, including about \$100 billion in banking assets in the Bahamas alone, as well as substantial operations in the British Virgin Islands, Netherlands Antilles, Cayman Islands, and other Caribbean banking centers. Chief investment banker to the region is the **International Trust Corporation**, or Itco, created by Anglo-American in consortium with Barclay's bank of the U.K., the Royal Bank of Canada, and N.M. Rothschilds of London. Itco is, in effect, the offshore-banking sister subsidiary of Phibro.

Citibank, Oppenheimer's direct partner in the Caribbean funny-money business and indirect partner in the Phibro-Salomon combination, was not new to the flight capital game. In the early 1960s, Robert Meyjes of First National City Bank suggested to chairman Wriston that the bank establish a division for "private international banking" to conduit funds from wealthy individuals abroad into U.S. investment markets. Wriston backed the plan.

When the new division for international private banking opened, it had a staff of six, and managed \$250 million. Twelve years later, the "private banking" division of the renamed Citibank was responsible for a \$12.5 billion investment pool, and contributed 10% of the bank's annual profits. It operates through a far-flung network of "investment advisers"; when a client abroad requests services that are too sensitive for the bank to handle—e.g., the creation of dummy subsidiaries or the chartering of nonexistent aircraft—the banker refers him to one of the "advisers," who accomplishes the required skulduggery.

David Rockefeller's **Chase Manhattan** bank did not take long to imitate Citibank's imaginative program for obtaining new deposits. In 1966, a memo circulated in Chase's international division arguing that the bank should seek illicit international funds as new sources of deposits. This became referred to as "looking for mafia money." Chase found that this was easier proposed than accomplished. It had made the Asian market a priority, but found that Hong Kong, the central Asian offshore market, was too closed a club to afford easy access to an American bank. Until Chase brought the billionaire shipowner Y.K. Pao onto its own board of directors, establishing a link to the Hongkong and Shanghai Bank (where Pao is vice-chairman), Chase could not begin its subsequent expansion into the Hongkong market.

Bank of America, looking eastward from its headquarters in San Francisco, also made Hongkong its top priority. Rudolph Peterson, its former international chief, once told a reporter, "The Hongkong and Shanghai Bank is the dominant institution there, but we found a way to work with them so that they wouldn't see us as a threat."

When the now-infamous **Banco Ambrosiano** went down

in a financial scandal two years ago, the chairmen of the major American commercial banks could not have been more embarrassed were they forced to tell their wives that they had contracted a social disease. Ambrosiano was a financial brothel; its ownership and clientele included the financial elite of Europe and the United States. Not merely the major Italian banks, including the Banca Commerciale Italiana and its Swiss offshoot Banca de la Svizzera Italiana, but Bank of America and Chase Manhattan Bank were up to their ears in the scandal.

Roberto Calvi, the most prominent financier of the Italian Socialist Party and the treasurer of the ultra-secret Propaganda-2 lodge of Italian Freemasonry, built the \$6 billion Banco Ambrosiano into the core of a \$20 billion international empire of merged and associate companies. Ambrosiano fit into a larger series of Chinese boxes, like the publicity-shy but powerful international syndicate called **Inter-Alpha**, the bridge between the Levantine money-wash of Calvi and the Far Eastern operations of the Hong Kong dope financiers.

Remarkable were the intimate ties between Calvi and the major American banks. The Inter-Alpha group capitalized a small securities firm in New York under the name **Ultrafin**, leaving the management to Calvi and his close friend, the late Club of Rome founder Aurelio Peccei. At Peccei's suggestion, Calvi brought in the chief economist of David Rockefeller's Trilateral Commission, Prof. Richard Gardner, to act as chief of intelligence for Interalpha in New York. Gardner became a board member of Ultrafin with this special assignment.

Richard Gardner, the former U.S. ambassador to Italy, who is personally close to Chase Manhattan chief Rockefeller, drafted all the major financial documents of the Trilateral Commission, including its 1976 plan to replace national governments' control of economic policy with a truly global central bank. His wife, Daniele Luzzato, is the daughter of Bruno Luzzato, the aristocratic Venetian who controlled the Paris office of the Marshall Plan after World War II.

Bank of America had capitalized a joint venture with Banco Ambrosiano, the \$3 billion assets Interbanca Spa. Almost to the end, Bank of America defended its connection to Calvi. "Banco Ambrosiano is a fine upstanding bank of good reputation," said the chief of the bank's international department, Rudolph Peterson, in an interview reported in *EIR* July 7, 1981. "I'm sure this scandal concerning them will wash away. Even when there is chaos all around them, the bankers and especially the central bankers know how to get through. The banks and central bank will continue with their direction, while they pull through and the scandal washes away."

Peterson was wrong. Calvi ended up hanging beneath Blackfriars' Bridge in London, and Dope, Inc. was reorganized again—bringing Henry Kissinger and company into the new directorate of the firm (see page 24).

Moscow moves in on the dope trade

On Tuesday, Nov. 23, 1982, an international law-enforcement team under the direction of Italian magistrate Carlo Palermo arrested eight members of a gang of criminals running the Milan center of "the biggest arms dealing network in the world." The arrests marked the dramatic climax of a three-year investigation, during which it was discovered that the Milan-based firm of Stipam International Transports was the channel through which huge quantities of arms were shipped to the Middle East to every extremist fraction of terrorist and integrist groups. The standard form of "barter" payment for the weapons? Hashish, heroin, and other drugs principally produced in the "Golden Crescent" region of Iran, Pakistan, and Soviet-occupied Afghanistan.

By the time the dust had settled on the Stipam bust, more had been unearthed than even a multi-billion dollar arms-for-dope ring. At the very heart of the Stipam operation was the arrangement between top government and private channels in the East and West to share the revenues and political power of Dope, Inc. As a direct result of the Stipam bust, the "Bulgarian Connection" to the assassination plot against Pope John Paul II was established beyond a shadow of a doubt.

Coinciding with the mid-1970s takeover of Wall Street's banking houses by the European oligarchical family funds, the *fondi* (see page 27), the Soviet Union began to muscle its way into a critical partnership position in world finance. Through the expansion of its own imperial banking apparatus, through the emplacement of organized-crime elements under Soviet influence, and, most of all, through deals with such Western interests as the Oppenheimer mining group, the Soviet Union took over its share of the world's dirty-money networks.

The Soviet Union conducts its trade abroad through 175 corporations; it controls a multinational banking empire, including fully owned banking houses in London, Frankfurt, Paris, Zurich, Luxembourg, Vienna, Singapore, Beirut, and Isfahan. It has established thousands of joint ventures with Western firms, including East-West Import-Export Ltd., a 50-50 partnership between Britain's elite Morgan Grenfell Bank (one of the shareholders of Dope, Inc.'s Hongkong and Shanghai Bank) and the Moscow Narodny Bank. The combined assets of these Soviet banks are in the tens of billions of dollars.

Dope, Inc.'s dossier on the Soviet dope-and-dirty-money operation details the following principal developments:

- **The move of Soviet-backed figures into leading positions in organized crime.** During the mid-1970s, a reorganization took place in the financial underworld. Mobster Bernie Cornfeld, for example, was unceremoniously expelled from the money-laundering organization par excellence of the 1960s, Investors Overseas Services (IOS), with the connivance of Baron Edmond de Rothschild and the Swiss authorities. He was replaced by Rothschild "discovery" Robert Vesco—a frequent visitor (some say resident) of Fidel Castro's Cuba and an instrument of Cuban efforts to milk the narcotics traffic as a slush-fund for dirty political operations in the Caribbean.

- **The creation of the Bulgarian Connection to organized crime, especially through Kintex, the Bulgarian government's official export-import agency.** According to a report issued in 1984 by the U.S. Drug Enforcement Administration, "Kintex is structured as an umbrella organization which orchestrates the trafficking of contraband through Bulgaria. Kintex has been identified as the principal narcotics-and-weapons shipping agency."

- **The establishment of ties between the U.S.S.R.'s Moscow Narodny Bank and the Mideastern dope mafia.** Moscow Narodny and the Soviet KGB maintain multiple ties to Lebanese warlord Camille Chamoun, who controls one of the largest private paramilitary organizations in the Mideast, and reportedly protects the transport routes for Golden Crescent opiates. Moscow Narodny had owned 5% of Intrabank, the old Lebanese dirty-money drug bank, and was involved in several bids to take over the financially ailing Intrabank.

- **The growing Soviet clout in the world financial and precious-metals markets.** During the dollar's big runup in winter 1983 and spring 1984, the Soviets demonstrated the financial resources to play \$1 billion per day in the foreign-exchange markets, for days at a time, during several consecutive weeks—even though official figures show only \$8 billion of Soviet funds on deposit in Western banks. U.S. intelligence analysts estimate that between 1972 and 1983 at least \$35 billion of Soviet funds was unaccounted for, being relegated to the "errors and omissions" column of statistical tables. The total Soviet assets deployed in dirty-money operations abroad can be estimated at \$50 billion.

- **The merging of the Soviet gold and diamond trade with Western dirty-money operations.** In July 1980, the Soviet government and Dope, Inc.'s Oppenheimer mining group (South Africa's dominant gold producer) struck a deal for exchange of intelligence on the world gold market. Wrote *Der Spiegel* magazine on Jan. 23, 1984: "The Soviets and South Africans meet regularly in the official Wozchod Handelsbank [Polish foreign trade bank] in Zurich, to consult over the erratic movements of the gold market; the two countries control more than 80 percent of world sales."