

## Boston dope bank coverup and Attorney William Weld

Special to *EIR*

On Feb. 21 at 10:30 a.m., *EIR*'s Editor-in-Chief Criton Zoakos held a press conference at Boston's Meridien Hotel before newsmen and cameras from three Boston television stations, in which he charged that U.S. Attorney for the District of Massachusetts William Weld and his family have made their fortune from financing international drug traffic throughout the 90 years since the founding of the family firm, White, Weld, and Co. Mr. Zoakos detailed certain aspects of the Weld family's business relations with the Swiss banking giant *Crédit Suisse* and argued that Mr. Weld is in violation of the Code of Federal Regulations pertaining to "conflict of interest" matters for not having disqualified himself from participating in the investigations of Bank of Boston's illegal money-laundering activities.

A second charge of "conflict of interest" was made in relation to the fact that Mr. Weld, during his 1978 electoral campaign for attorney general of Massachusetts, had received campaign contributions from at least two Bank of Boston officials, William C. Mercer, honorary director, and Peter M. Whitman, senior vice-president. Mr. Zoakos, charging that the U.S. attorney for Massachusetts is deliberately covering up for drug money laundering going on between *Crédit Suisse* and Bank of Boston, characterized Mr. Weld as a "dope pusher" and challenged him either to resign or to disprove the charges or to "sue for libel" if he believes himself unjustly characterized.

Subsequent to that press conference, one of the attending

TV camera crews reportedly went to Mr. Weld's office to record either a rebuttal or some other kind of response and, according to their own account, was gruffly shown the door. Three hours later, Bank of Boston chairman William L. Brown held a press conference in which he said that the investigations by the government (i.e., by Weld) had found nothing "unsavory" in his bank's "international currency transactions" and subsequently tried to draw public attention toward the matter of the indicted organized crime Angiulo family of Boston and away from Switzerland.

The Bank of Boston is currently being investigated:

- By Peruvian authorities for extending "credit lines" to a leading left-radical politician with close ties to the terrorist "Shining Path" (*Sendero Luminoso*) organization and the leadership of the Peruvian Communist Party.
- By the Irish justice minister for conduiting millions of dollars to the terrorist wing of the Irish Republican Army.
- By the U.S. Senate for laundering billions of dollars of drug money with Panama and Switzerland.
- By at least two committees of the U.S. House of Representatives for laundering billions of dollars of drug money with Panama and Switzerland.
- By the U.S. Department of the Treasury for having for years failed to comply with federal reporting regulations and for large-scale laundering of drug money.
- By the U.S. Department of Justice for similar reasons and also for facilitating the financial transactions of the New

England “mob” around the notorious Angiulo family.

- By the Securities and Exchange Commission, respecting the bank’s dealings with the Angiulo family.

## Weld and Crédit Suisse

As this worldwide barrage of investigations was underway, back on Feb. 7 the Bank of Boston negotiated with U.S. Attorney Weld a “guilty plea” in one particular area of criminal activity, as a result of which, the bank was released from “any further liability.” The case involved dirty money laundering with Crédit Suisse, the bank with which Mr. Weld’s family has maintained a lucrative business association for approximately 50 years. Weld claims to have no knowledge of the Bank of Boston’s conduiting funds to the terrorist IRA or extending “credit lines” to Peruvian terrorists. He is attempting to draw the public’s attention away from the larger issues raised by the bank’s overall behavior—and especially away from the most unsavory Bank of Boston-Crédit Suisse connection—by focusing on the sensationalism of the relatively unimportant case of the already indicted Angiulo family’s finances.

Of all the potentially criminal activities for which the Bank of Boston is being investigated, the gravest is that which involves money laundering with the Swiss banks, including the Weld family’s partner bank, Crédit Suisse. In describing the laundering of approximately \$1.22 billion, Assistant Secretary of the Treasury for Enforcement John Walker declared: *“The patterns that we saw, which were small bills coming back from Switzerland and large bills going out to Switzerland, are consistent with money laundering going on. There was definitely money laundering in the air.”*

This evaluation of Mr. Walker’s became known to the public after U.S. Attorney Weld had agreed with the Bank to stop prying into this money laundering with the Swiss in exchange for a \$500,000 “fine,” a transaction which more accurately should have been described as a “bribe.” Mr. Walker’s subsequent characterization of “money laundering” was probably released to the public to signal Treasury Department disapproval of Mr. Weld’s decision to allow the Bank to “cop a plea.” Undaunted, the Bank of Boston went away waving the plea agreement before the public like some kind of trophy. On Feb. 11, Executive Vice President Eugene M. Tangney boasted: “The Plea Agreement releases the Bank and its employees from any further liability relating to the reporting by the Bank of currency transactions that were the subject of the investigation. As far as we are concerned, therefore, the case is closed as to the Bank.”

Again on Feb. 21, chairman of the Bank of Boston William L. Brown released the following statement to the press: “The government has investigated the Bank’s compliance to date with the Currency and Foreign Transactions Reporting Act. As a result of that investigation, *the government has determined not to bring any charges against the Bank other than those relating to the international transactions. The*

*Bank negotiated a plea agreement that releases the Bank and its employees from any further liability relating to the reporting of currency transactions that were the subject of the investigation.”*

What Mr. Brown describes as “the government” in this instance is of course William Weld, the man who “determined not to bring any charges against the Bank other than. . . .” There is good reason to believe that the investigations into the Bank announced by the Senate, House, IRS, etc., after Feb. 7, the date of the Plea Agreement, are all votes of no-confidence in the way Weld has handled the case.

The lack of confidence in the man is well founded, and here are the reasons: Crédit Suisse/White Weld.

Parenthetically it should be noted that Weld is the same prosecutor who has conducted months-long grand jury proceedings targeting the 1984 presidential campaign of Lyndon LaRouche with allegations of “credit card fraud.” The First National Bank of Boston (also known as the Bank of Boston) is the same bank which teamed up with NBC-TV affiliate WBZ and Weld to smear LaRouche and “bootstrap” an investigation on the basis of media coverage last fall.

Was Weld rewarding First National Bank of Boston for its role in the attempt to frame up the LaRouche campaign? Or is there an even more sinister explanation?

Apparently, simultaneously with the Angiulo investigation, Organized Crime Strike Force personnel, on orders directly from Washington, D.C., had been looking into another set of illegal money transfers, this time from Swiss banks depositing cash in bills up to \$50, and then withdrawing these deposits in denominations of no less than \$100. The total amount of money from Swiss banks laundered in this way was reported to be \$1.22 billion. Assistant Secretary of the Treasury John M. Walker characterized the transactions as “consistent with money laundering.” According to the *Boston Globe* of Feb. 8, the leading Swiss bank involved in the matter was Crédit Suisse.

Crédit Suisse, it appears, was in possession of “dirty” money, perhaps street drug money, which it deposited at First National Bank of Boston, much in the same fashion as the Angiulo brothers.

At a certain point in these investigations, William Weld intervened to facilitate an arrangement whereby First National Bank of Boston would plead guilty to violating federal reporting requirements and pay a \$500,000 fine; in exchange, Weld would drop any further investigation into the nature of the money-laundering operations with the Swiss banks.

A misled national press at the beginning of this affair hailed the \$500,000 fine as the “largest ever” levied in a case of this kind, and praised Weld as a “tough prosecutor” who “is not afraid to take on the big banks.” But when Assistant Treasury Secretary Walker made his remark characterizing the affair as “consistent with money laundering,” Weld appeared to have some egg on his face. After Walker’s remarks, the Angiulo investigation began to attract public attention, at which point Weld’s face began to resemble a five-egg omelet.

He finally muttered something to the public to the effect that despite the plea bargain with First National Bank of Boston, he might continue the investigation anyway.

It was at that point that people in the press and in official law enforcement positions began wondering whether Weld was perhaps attempting to cover up for First National Bank of Boston. After all, why should investigations into drug trafficking and organized crime be stopped for a mere guilty plea and a \$500,000 fine? It would appear that the people behind a \$1.22 billion drug deal were bribing the U.S. government with a mere half-million so that it would look the other way.

Those who speculate that Weld is running cover for First Bank of Boston are missing the point. In all likelihood, Weld is trying to prevent the investigation from reaching into *Crédit Suisse*, his family bank! It will be entertaining to see whether Weld, before this sordid affair is over, will choose to have the First National Bank of Boston take the rap in order to protect *Crédit Suisse*. Is Weld, the scion of a centuries-old Boston Brahmin family, more loyal to the First National Bank of Boston or to *Crédit Suisse*?

William Weld's little family secret is that *Crédit Suisse* has been his family bank since the time of his father, David Weld, who had been general partner of the investment house known as **White Weld** since 1948. *White Weld Securities* is the basis of the family fortune which our good U.S. attorney for Massachusetts will inherit. It is his family *fondo*. Now what about **Crédit Suisse**? The Weld family fortune's biggest venture at this time in the international markets of "high finance" is a "prestigious" outfit in London called **White**

**Weld Securities**, the Eurobond syndication subsidiary of **Crédit Suisse First Boston, Ltd.** of London. Until 1978, this outfit was known as **Crédit Suisse White Weld** and its stock was owned as follows: *Crédit Suisse* 46%, *White Weld* 31%, and an "unknown Swiss foundation" 23%.

In 1978, First Boston, Inc. (a different entity from First National Bank of Boston) was brought in as a partner with *Crédit Suisse* and the London branch of *White Weld* continued as a partner in charge of all Eurobond operations of the group. Today it is known as the *White Weld Securities* subsidiary of *Crédit Suisse First Boston* and it dominates the \$100 billion-a-year Eurobond market. Another portion of the Weld family wealth, **Valeurs White Weld** of Paris, is a "wholly owned subsidiary of *Crédit Suisse*."

In its 90 years of existence, *White Weld*, a *privately* held company, has not once disclosed its holdings, wealth, and activities on the grounds that, not being a publicly held corporation, it is not obliged by law to report. To wrap itself more tightly with a protective shroud of secrecy, *White Weld* decided to throw in its lot with *Crédit Suisse* of Zurich, to thus be further protected from any prying eyes, behind the legendary banking secrecy laws of Switzerland.

What is the terrible secret that William Weld's family has for all these years tried so carefully to conceal from public scrutiny? And why choose the impregnable walls of secrecy afforded by *Crédit Suisse*? What is *Crédit Suisse* hiding for the Weld family? Maybe the attempted coverup in Boston, maybe our Massachusetts federal prosecutor's odd behavior will provide the clue.

Why did Weld slyly suggest the plea bargaining in return

## Bank of Boston's ties to dirty money, terrorism

At a closed-door meeting of Boston-area law-enforcement officials in mid-February, James Harmon, counsel-general of the President's Commission on Organized Crime, revealed that 41 U.S. banks are now under investigation by federal authorities for "legitimizing crime by accepting tainted money." This is just part of the growing troubles for the Bank of Boston:

- Connections between the bank and the Shining Path terrorists of Peru (*Sendero Luminoso*) have come to light. Miguel Angel Mufarech, the "strong man" of the United Left party, the local Communist Party-associated leftist coalition, was quoted in the Peruvian press in mid-February saying that he "could get from the Bank of Boston account a credit line in foreign exchange that could fund a good part of the campaign." Mufarech is a Lebanese-Peruvian millionaire who has used his political base in the

Ayacucho region to demand that the government "negotiate" with the Shining Path terrorists.

- The Irish High Court in Dublin announced Feb. 20 that it was seizing \$1.64 million in funds that it said belonged to a secret IRA fund transferred from outside the country, reaching Ireland "via Switzerland and the U.S.A., where it was held for a time in Boston." Intelligence sources had alerted the Irish authorities to a coming major transfer of money to the flagged IRA account in the Bank of Ireland. The money moved from London to the Bank of Boston and then to Dublin. Justice Minister Michael Noonan said that the money had been obtained by the IRA through "kidnapping, death threats, and robberies."

On Feb. 21, the *Boston Globe* described the reaction of U.S. Attorney Weld to the Irish charges: "U.S. Attorney William Weld, asked about reports that U.S. law enforcement officials tipped Irish authorities to the alleged IRA funds and that at least some of the money came from a Boston bank, said, 'I'm not familiar with that.' Weld said he would have known if U.S. officials had made such a contact. 'I would have thought I would have been famil-

for dropping further investigation into the money laundering? What was so "dirty" about Crédit Suisse's \$50 bills that they needed to be laundered at the First Bank of Boston laundromat? Was it drug money? And why should a U.S. attorney wish to cover up for drug money? Is his reason for hushing up a drug money investigation today the same as the reason his father and grandfather had for so meticulously concealing their financial affairs? Is William Weld hiding Crédit Suisse's dirty drug money because Crédit Suisse is hiding his family's own drug money?

William Weld's grandmother, David Weld's mother, was a lady named Margaret Lowe White, of the A.A. Lowe family which used to build clippers in New England for use in transporting opium. Another ancestor of our federal prosecutor, one Theodore White Weld, was an agent of the British East India Company, which launched and conducted the famous Opium War to impose the drug habit on China. William Weld's family is a drug-running family and his family wealth is drug money. This is what he is hiding in the vaults of Crédit Suisse.

### The mysterious 1978 transactions

During the spring and summer of 1978, a fascinating sequence of transactions took place between White Weld, Crédit Suisse, Merrill Lynch, First Boston, Inc., and others, which to this day baffles even the sharpest Wall Street operators. Initially, Merrill Lynch appeared to have purchased White Weld for the sum of \$50 million. Subsequently, Crédit Suisse purchased from Merrill Lynch White Weld's stockholders' "stake" for \$25 million. Afterward, Crédit Suisse

bought into First Boston, Inc. and First Boston bought into White Weld Securities of London. By the time the transaction was completed, the tangle became impenetrable. To this day it is difficult for specialists to discern who owns what or how much and who preserves what options over whom. A disentanglement of the whole matter is still theoretically possible, if the records of these matters are still preserved at the offices of the Comptroller of the Currency and if the contents of these documents are eventually subjected to the rigors of a court-supervised discovery proceeding.

At the end of such an inquiry—and only then—will it be possible to evaluate the veracity of the financial disclosure statement which William Weld submitted when he first was appointed to public office in 1981.

Meanwhile, there is a theory respecting the real reasons why the complicated 1978 sale of White Weld stock took place. Why did the Weld family wish to "shed" after 85 years of successful and lucrative business? Was it a sale of stocks or was it laundering of stocks? Consider the fact that 1978 was the year in which William Weld first ran for public office. Had he won his bid for attorney general of Massachusetts in the November 1978 election, he would have been obliged, in one way or another, to make some kind of public disclosure of his wealth. This would have been the first time in its history that the Weld family would have permitted the prying public to take a peek into its financial affairs. Hence, if disclosure were to be made in November 1978, April and May of 1978 was the right time to bury the skeletons. Was the 1978 transaction a "sale" or was it "laundering?"

Stay tuned.

iar with it and I am not," he said."

- Rep. Carroll Hubbard (D-Ky.), chairman of the House Subcommittee on Banking General Oversight and Investigations, announced on Feb. 18 that it was "very possible" that the House Banking Committee would hold hearings to examine the Bank of Boston. Rep. Fernand St Germain (D-R.I.), chairman of the House Banking Committee, has asked Comptroller of the Currency C. T. Conover for information on all examinations conducted on the First National Bank of Boston since 1975. He has also requested all reports dealing with the bank's compliance with the 1970 Bank Secrecy Act.

- In the Senate, Republican Warren Rudman of New Hampshire, vice-chairman of the Senate Permanent Subcommittee on Investigations, announced that the subcommittee will begin looking into Bank of Boston's cash transactions and ties to companies controlled by the Angiulo family. "We'll look at all large institutions and their cash transactions," Rudman declared. "The Bank of Boston is only part of what may be a larger picture."

- Three investigators from the U.S. Senate Perma-

nent Subcommittee on Investigations arrived in Boston in mid-February to look into Bank of Boston's dirty-money misdoings.

- The Senate Investigations subcommittee has already investigated the Bank of Boston International in New York, a Bank of Boston Corp. subsidiary. The subcommittee discovered that \$1 billion was funneled from the Banco Nacional de Panama through the Federal Reserve Bank to the Bank of Boston International in 1982-83. According to the October 1984 report of the President's Commission on Organized Crime, "The cash flow from Panama to the United States is the most significant recorded flow of currency that is likely to be drug money."

- The Securities and Exchange Commission announced Feb. 20 that it was opening an examination of both the Bank of Boston and Provident Institution for Savings in connection with transactions by the Angiulo organized crime family. The SEC is particularly focusing on the Bank of Boston, which, unlike Provident, actually provided special exemptions for large cash transactions made by Angiulo family members.