

Weld told the committee that “in all fairness to the banks, speculation of a possible connection between the \$1.2 billion in international transactions that were not reported and organized crime has been overdone.” Weld even said that he had heard that lower level bank officials, “and I emphasize lower level,” say that the best way to drum up business is to put out the word that a branch is not stringent about complying with federal regulations.

Nonetheless, the opening statement presented by committee chairman William Roth indicated the potential for a serious inquiry. The Delaware Democrat said, “There is no question in our minds that the Bank Secrecy Act is an indispensable link in the prosecution chain of crimes; particularly those involving organized crime, drug traffickers, and major frauds.” He pointed out that the IRS has 188 ongoing Title 31 (Bank Secrecy Act) investigations involving 41 banks. Fifty-three of the 188 cases are located in the Northeast.

“These are very disturbing statistics,” Roth said, “more so because of the types of banks represented.”

William L. Brown, chairman of the board of the Bank of Boston, simply said that his bank did not know the regulations. He seemed perplexed when Sen. Warren Rudman (R-N.H.) said, “Mr. Brown, how could it be that someone comes into your bank with, literally, bags of money and no one takes note?” “I’ve been asking myself that same question, Senator,” Brown said, “I just don’t know!”

Swiss banking exposed

On March 12, the same day as the hearings, the *Wall Street Journal* reported on the study of the President’s Commission on Organized Crime, quoting Rudolph Giuliani, U.S. Attorney for the Southern District of New York, saying that the Crédit Suisse bank of Zurich, Switzerland was at the center of the \$1.65 billion in narcotics money-laundering operations of the “pizza connection” drug networks broken up in New York last year. *This is the same Swiss bank named as one of the major recipients of laundered money from the Bank of Boston.*

“A key bank of the network’s operations was Crédit Suisse. . . . They point to a number of accounts there, including ‘Wall Street 651’ and ‘estate 386’ used at various times by defendants in the pizza case. . . . A Crédit Suisse spokesman declined to comment because the matter is still under investigation by Swiss authorities.”

The President’s Commission named the following financial institutions under suspicion in the “pizza connection” story: E.F. Hutton; Merrill Lynch & Co.; Crédit Suisse’s Bellinzona branch near the Italian border; the Bank of Butterfield in Bermuda; and Banca della Svizzera Italiana in Nassau. “In addition to Hutton,” financial institutions alleged by a presidential commission to have been used for laundering include Chase Manhattan Bank, Irving Trust Company, Great American Bank of Dade County, Florida, and the foreign exchange and precious-metals dealer Deak & Co.”

Judge rules against bank, for LaRouche

by Suzanne Rose

Judge Harold Ackerman ruled in federal court in Newark, New Jersey on March 11 that First Fidelity Bank of New Jersey had illegally seized \$170,000 of Lyndon H. LaRouche’s presidential campaign funds just before the November 1984 election. The loss of the funds prevented LaRouche from making an Election Eve broadcast on CBS national television, part of a scheduled three-network blitz that night to educate voters on the crucial issues of strategic defense and monetary reform.

Judge Ackerman’s decision is the first ruling on the merits of one of three cases stemming from an outbreak of financial warfare during the closing days of the 1984 election, when the campaign and organizations connected to Lyndon LaRouche were targeted by some of the country’s largest drug-connected banks for destruction.

- William Weld, U.S. Attorney from Boston and scion of the White Weld investment banking family, announced an investigation into LaRouche’s campaign committees for credit card fraud on the heels of “exposés” provided by Boston’s NBC affiliate, WBZ. Weld’s family bank is in a partnership with the notorious Crédit Suisse in London and Paris, and Weld himself was recently caught covering up for his family interests by refusing to prosecute Bank of Boston officials found laundering drug money to Crédit Suisse.

- First Fidelity Bank in New Jersey shut down LaRouche’s campaign accounts, wreaking havoc on the campaign’s ability to pay its debt to contributors and vendors alike. First Fidelity, led by “civic leader” Robert Ferguson, made New Jersey the second state to bring drug-money laundering capabilities onshore in the United States in a big way by legalizing casino gambling. First Fidelity not only used its clout to promote legalization against strong opposition in the state, but it provided Resorts International, founded as a front for mobsters Vesco and Lansky, with \$11 million to fund their casino.

- The third bank to jump into the “shut down LaRouche campaign” was New York’s Chemical Bank, which followed First Fidelity’s lead in seizing the funds of organizations connected to Lyndon LaRouche. One branch of Chemical Bank has been cited for drug-money laundering in the President’s Task Force Report on Organized Crime. It was also

the first bank to be indicted under the Bank Secrecy Act for drug-money laundering.

The intention of these circles has been to undermine the financing of a LaRouche-led movement for strategic defense and economic reform and to eventually indict LaRouche, after charging his supporters with fraud.

What First Fidelity did

First Fidelity's illegal actions, which involved shutting down the accounts of both LaRouche campaign committees, seizing their funds four days before the election, and refusing to issue a check for the CBS broadcast, were prompted by a telephone call from the Boston branch of the FBI on Nov. 1. The campaign committees—The LaRouche Campaign and Independent Democrats for LaRouche (IDL)—immediately sued First Fidelity for breach of contract, conversion, and \$10 million in damages. Another suit was filed against Chemical.

Weld, Bank of Boston, and the FBI were similarly treated. A suit against them was filed to enjoin them from continuing to harass the political supporters of Lyndon LaRouche through a lawless investigation which has involved numerous visits to contributors and smears conducted throughout the banking community and media.

At the March 11 hearing on *LaRouche v. First Fidelity*, Judge Ackerman focused strongly on First Fidelity's brazen seizure of the money deposited with them. "Why did you take \$200,000 of their money? What gave you the right to do this?" he asked First Fidelity's counsel at the very start of the hearing. "Campaign committees represent a time-honored tradition in this country," the Judge asserted, "giving anyone the right to support a candidate of his choice. I don't think Mr. LaRouche thought he could defeat Reagan," Judge Ackerman said, "but then Mondale didn't do so well either."

Robert Epstein, First Fidelity's lawyer, attempted to defend the bank's actions by appealing to "economic realities." The bank had cleaned out LaRouche campaign funds to prevent the committees from simply emptying the accounts without meeting debts, once the election was over, Epstein asserted.

The bank also tried to justify breaking the law by the *post hoc* argument that the volume of chargebacks against the campaign accounts since the election had exceeded the funds the bank seized. Judge Ackerman was not impressed. He outlined the agreement between the bank and Independent Democrats for LaRouche, stating that the bank accepted the risk of chargebacks when it opened the account, and were compensated for the risk by its charges for each credit slip.

A spokesman for Independent Democrats for LaRouche, Sanford Roberts, commented that the bank's attempt to justify seizing the money by citing excessive chargebacks was totally self-serving. "They created the chargeback issue to justify shutting down the account in time to prevent the CBS broadcast on Election Eve. After the account was closed, the

FBI and the bank created the kind of bad publicity about the campaign that caused contributors to panic and charge back, fearing that they would never get repaid the money they loaned to the campaign." He added, "The campaign has found that several of the biggest drug-connected banks in New York and Boston have been involved in foisting chargebacks onto the campaign."

'Self-help' banking

Ackerman made light of the cases First Fidelity cited to try to justify its actions. The first, the F.I.N.N.E. case, concerns a bank which seized the account of a person who had forged a check. Judge Ackerman found no analogy. He also asked First Fidelity's lawyer, "To prevent a person from bouncing a check, you seize their account?" The Judge deplored this "self-help" method of banking (a phrase originally used by the Bank in its own brief). The other case First Fidelity cited in self-justification occurred in the 1920s and, as the Judge observed, banking practices have changed a lot since then.

Epstein's attempt to brazen it out, declaring summarily that there was nothing wrong with the bank's seizure of funds, which he called perfectly consistent with banking practices, did not succeed either. The LaRouche campaign committees must have thought there was something wrong, the Judge said, and certainly let the bank know it with leaflets charging First Fidelity with grand larceny.

Breach of contract

Judge Ackerman ruled that, contrary to First Fidelity's contention, it had only terminated its contract with IDL on Nov. 2, when it sent a telegram to the campaign committee. Therefore, the bank's refusal to process \$112,000 in credit slips deposited by IDL Nov. 1 constituted breach of contract. These funds were slated by the campaign committee to pay for the CBS election eve broadcast.

Ackerman's decision granted summary judgment to Independent Democrats for LaRouche on two of the three contract issues involved in the case, a sharp reversal for First Fidelity. The bank had moved for partial summary judgment against LaRouche and the campaign committees, but the Judge ruled in favor of the LaRouche counterclaim.

A third count of the LaRouche counterclaim—whether First Fidelity was legally bound to issue a check against deposited funds on Nov. 2 to pay for the CBS broadcast—Ackerman deferred to trial. Also deferred to trial is the issue of damages.

Judge Ackerman's rulings are an important precedent for the case of *Campaigner Publications v. Chemical Bank*, which is now pending in New York. The decision and the Judge's denunciation of First Fidelity's outrageous seizure of funds may do much to undercut the libel action the bank has filed against IDL for distributing leaflets and posters throughout New Jersey, charging the bank with grand larceny.