

Who is covering for Ohio drug bankers?

On March 9, 1985, Marvin Warner's Cincinnati, Ohio-based Home State Savings and Loans Association collapsed, jeopardizing millions of dollars of citizens' savings deposits and sending shock waves throughout Ohio and the world. The immediate aftermath of the collapse, which was precipitated by the bankruptcy of Warner's Florida-based ESM Securities Company, was the triggering of similar bank crises in New Jersey and Maryland.

Revelations soon began to emerge concerning the corruption of law-enforcement and political circles in Ohio. The fragility of Warner's companies had been fully known for at least one year prior to the collapse, yet no action was taken by the responsible authorities.

Companies associated with Warner have continually been the subject of criminal investigations into fraud, illegal financial practices, and drug-money laundering. Yet never has action been taken against Warner.

The reason? Marvin Warner, international wheeler-dealer, former ambassador to Switzerland, powerbroker in both the Democratic and Republican parties, is a drug-runner. Through his influence, the state and federal law-enforcement apparatus in Ohio has been thoroughly corrupted.

The evidence that Warner has law-enforcement personnel in his pocket is abundant. We cite here several of the more blatant examples:

- In February 1981, Drug Enforcement Administration agents raided Warner's Dade County, Florida-based Great American Bank (GAB), as part of the Operation Greenback project to shut down drug-money laundering. At that time, Great American was estimated to be laundering millions of dollars a year into the Swiss Banking Corporation of Berne, Switzerland, the Tokyo Bank of Lima, Peru, and Banco de Ibero-America in Panama.

Among the cocaine traffickers using GAB was Isaac Kattan-Kassin, described by the DEA as the biggest cocaine-launderer of the late 1970s. Kattan, who got his start in the late 1960s working for dope kingpin Robert Vesco, was running a \$350-million-a-year laundering operation for the Colombian mob.

- Warner's drug operations also ran through his ownership of the Orlando, Florida-based Combank, from 1976-83. During the late 1970s, according to the DEA, Combank became the bank of deposit for the largest marijuana distributor in the United States, Robert Govern.

It was through Combank that Warner began his relation-

ship with ESM, ordering all of Combank's bond and securities trading to be done through ESM. Warner's partner in Combank was his closest business associate, Hugh Culverhouse, Sr., who in turn is one of the top business associates of Dope Inc.'s Carl Lindner.

That Warner and Culverhouse escaped scot-free in these cases is not surprising. Warner's cousin Gerald Lewis was Florida's Comptroller of the Currency at the time of the raid on GAB. Hugh Culverhouse, Jr. was, at one point, Assistant U.S. Attorney in Miami, responsible for all money-laundering investigations.

- In 1979-80, Warner's Home State was the subject of a criminal investigation for issuing worthless commercial standby loan commitments to 41 contractors and developers in 11 states. Despite the bank's pleading "no contest" and being found guilty on two counts of fraud, it was merely ordered to reimburse \$800,000 to the victims.

- An "excellent case" on Warner's personal involvement in the GAB operation and in Colombian cocaine trafficking was presented to the U.S. Attorney in Cincinnati in 1981. No action was taken.

In both cases, the U.S. Attorney was James Cisell, a Democrat appointed during the Carter administration. It was Warner and Ohio Democratic Party Chairman Paul Tipps who ran Carter's 1976 state campaign. Tipps, in fact, had been granted a personal \$900,000 loan in 1976 by Home State, a loan that is still delinquent. Warner's public reward for his actions was his 1978 appointment as Carter's ambassador to Switzerland.

But Warner's friends are not only Democrats:

- In 1982, after the Reagan administration replaced Cisell with Republican Chris Barnes, son of the 10-year chairman of the state Republican Party Earl Barnes, the same case was presented for reconsideration. Again, no action was taken.

- During that same period, which spanned the last term of Ohio's Republican governor James Rhodes, the fragility of ESM and Home State was brought to the personal attention of Rhodes. Nothing was done.

The reason? Warner is a powerhouse in both parties in the state. He is a close associate of then Governor Rhodes, enjoying a special relationship with Earl Barnes, who was granted a \$1 million unsecured loan from Home State—a loan which is still outstanding. It is widely believed that Chris Barnes recently stepped down as U.S. Attorney, for fear that the relationship between Warner and his father would emerge in the course of investigations into the Home State collapse.

The likelihood, however, is that Warner's criminal actions leading to that collapse will be papered over. Aside from the above-named individuals from two previous Ohio state administrations that Warner has in his pocket, he also has leading figures from the current government. Among these are Gov. Richard Celeste, who has received \$300,000 in loans and contributions from Warner.