

See-no-evil bankers finally come under attack—but will it stick?

by Jeffrey Steinberg

Ten years ago, when the groundbreaking book-length study of the international drug trade, *Dope, Inc.*, was first released, the overwhelming reaction to the charges that major international financial institutions were up to their eyeballs in dope trafficking was: “preposterous.”

Indeed, the publication of those allegations in *Dope, Inc.* triggered a barrage of slanders against American political economist Lyndon H. LaRouche, Jr., who had commissioned the study. The “free enterprise” Heritage Foundation, beginning in 1978, branded LaRouche a “Communist” for attempting to disrupt the free market economy by calling for a crackdown against dope money. And the Anti-Defamation League (ADL), ostensibly a civil liberties arm of B’Nai B’Rith International, pronounced LaRouche the world’s most fierce “Anti-semitic,” for linking organized-crime figures Meyer Lansky and Edgar Bronfman to drug money washing enterprises. The two attacks came out within weeks of the release of *Dope, Inc.* The linkage was undeniable. The attacks have never ceased.

With the October indictment against the Bank of Credit and Commerce International (BCCI), the eighth-largest privately held bank in the world, on charges that top officials helped launder \$32 million for the cocaine-running Medellín Cartel, drug banking has emerged—albeit belatedly—as the new centerpiece of the international war against drugs. But the \$64 billion question, especially in an election year, is whether the BCCI precedent will be followed by more of the same. How far that crackdown against the big dope banks goes, may very well determine whether the war against drugs is won over the next months and years, or whether it goes the way of America’s costly, losing adventure in Vietnam.

So far, the Reagan administration is at least talking a tough, war-winning game.

In the wake of the BCCI bust, a grand jury in Tampa, Florida has handed out subpoenas to 41 banks in the United States, Western Europe, and Ibero-America, all suspected of participating in the dope-for-dollars laundering business.

When the boom came down on BCCI, U.S. Customs Commissioner William Von Rabb, echoing *Dope, Inc.*, pronounced drug cash flows as the most vulnerable chokepoint in the entire narco-economy. Von Rabb vowed to strangle the dope mafia on its own money, by shutting down its access

to what he chose to call “legitimate” banking institutions. Describing the BCCI executives indicted by the Tampa grand jury as “big-time” figures, as opposed to the “punks” who made their money smuggling cocaine, the commissioner promised a no-holds-barred assault on the banks.

Assistant Commissioner of U.S. Customs William Rosenblatt gave an interview that was beamed via satellite into Mexico, Colombia, Venezuela, and Bolivia on Oct. 25, declaring that the U.S. Customs Service would take a “hard line” against bankers who permit drug money to pass through their accounts. The mid-October indictment of executives of BCCI took the financial community by surprise, Rosenblatt stated in the interview, with many institutions protesting that bankers could not act as policemen. He answered bluntly: “If you have criminals coming to your bank to make enormous deposits, we are going to go after your officers, your directors, for conspiracy with those criminals.”

Another, unnamed Treasury enforcement official told the *Wall Street Journal* on Oct. 31, “It is clear to us that in many cases, bankers know, or ought to know, where this money is coming from. See-no-evil banking will not cut it any more.”

Hitting the right targets

The Oct. 31 *Wall Street Journal* report, drawn from documents in the court record in Tampa, named the 41 banks ordered to produce account records. Most of those banks were first named in *Dope, Inc.* as among the big London and Wall Street banks implicated in the washing of narco-dollars.

More than one of Ibero-America’s major creditor banks is now under investigation by the U.S. government for money laundering. These include: Wells Fargo and Co., Deutsche Sudamerikanische Bank, Manufacturers Hanover, Security Pacific Corp., and Bank of America.

Bank of America, a subsidiary of the third-largest bank in the United States, BankAmerica Corp., is the largest of the banks subpoenaed thus far. In 1972, BankAmerica helped finance the founding of BCCI’s start-up company, and at one point owned 30% of BCCI. Although it sold off those holdings in 1978, as part of a takeover by Democratic Party circles including Clark Clifford, Bert Lance, and Stuart Symington, BankAmerica still serves as a clearinghouse bank for BCCI in the United States.

In the BankAmerica case, Customs agents are scrutinizing accounts there used by people linked to **Roberto Alcaino**, a Colombian arrested in September in New York on cocaine-smuggling charges. Alcaino was named in the Tampa BCCI indictment as a "major trafficker" of Medellín Cartel cocaine in New York, Los Angeles, and Chicago. BCCI executives allegedly helped him to launder his profits.

Other Dope, Inc. banks targeted by the federal probe include:

- **Marine Midland**, since 1978 owned by the Hong Kong and Shanghai Banking Corporation, the most notorious of the British Opium War banks. So blatant was Hong-Shang's drug-laundering activities over a 100-year span, that the New York State Banking Commission originally blocked HongShang from purchasing Marine Midland. The deal only went through after the Federal Reserve Board took the extraordinary measure of granting Marine Midland special interstate bank status, thus shifting jurisdiction over to the Fed.

- **Republic National Bank**, the New York City flagship bank of Israeli mafia bigshot **Edmond Safra**. According to federal government sources, Safra is a target of the ongoing probes. His banking empire stretches from the eastern Mediterranean to Ibero-America. Safra comes out of a very unique community of Jewish families from the Syrian smuggling capital of Aleppo. Those families are not only tied to the Ariel Sharon circles inside Israel; they are also historically the bankers for the Syrian Alawite mafia of Syrian President Hafez Assad and his brother Rifaat. The Aleppo "mafia," now based out of Brooklyn, New York, is believed to be virtually interchangeable with the Russian mafia, which has not only moved heavily into the international drug trade, but provides a ready channel for KGB penetration of the Western Hemisphere. Republic National Bank was formerly owned by mystery man **David Gravier**. The bank is widely believed to be one of the major fronts for Israeli intelligence overseas operations, including the lucrative Central American guns-for-drugs trade.

- **Bank of Nova Scotia**, the Canadian banking giant with assets on deposit of over \$8 billion. It was identified in *Dope, Inc.* as the institution that opened up the British Caribbean as an offshore haven for hot money, including notably the dope revenues of the Meyer Lansky crime syndicate. Bank of Nova Scotia maintains close ties to the **Bank of Boston**, which was caught in 1985 concealing over \$1 billion in cash transaction with a string of European banks. Then Assistant Secretary of the Treasury for Enforcement John Walker publicly accused Bank of Boston of laundering drug mafia funds. The principal partner bank of the Bank of Boston in the cash washing scheme was the Geneva-based **Crédit Suisse**, known as Meyer Lansky's Swiss piggybank.

ADL banks to be hit?

In what will undoubtedly soon be branded a case of "Reagan-Bush anti-Semitism," the Tampa grand jury subpoenas also went out to a string of smaller banks in Florida that all

have a common denominator: historically close ties to the ADL.

Thus, the **Florida National Bank of Miami**, which handles the finances of the ADL Foundation, is prominent on the list of targeted local banks. A few years back, a group of Venezuelan financiers who then owned the bank brought in **Donald Beasley** as director. Beasley was formerly a top executive of the Australia-based **Nugen Hand Bank**, which was shut down after one of its founders committed suicide in the middle of a marijuana field and the other director absconded with millions of dollars in depositors' money. A probe by an Australian government commission revealed Nugen Hand to have been a front for guns-for-drugs transactions, carried out in part by a collection of rogue ex-CIA agents, including ex-covert operations chief **Theodore G. Shackley**.

The **Barnet Bank**, run by **Lou Barnet**, a leading figure in the Florida Israeli Lobby, teamed up several years back with **Kenneth Bialkin**, former national director of the ADL, to buy up a subsidiary of the Israel-based **Bank Hapoalim**. Bialkin, the senior partner in the Wall Street law firm of Willke Farr and Gallagher, was convicted in a civil suit in New York state in 1980 of having masterminded **Robert Vesco's** looting of Investors Overseas Service of over \$130 million. Much of that money was widely believed to have been hot cash laundered through IOS by the Lansky syndicate.

In Israel, both **Bank Leumi**, the country's biggest bank, with extensive ties to major City of London financial circles, and the **Israel Discount Bank** of the powerful Sephardic Recanati family, are prominent on the list of subpoenaed institutions. IDB is heavily involved in funding Israel's would-be Mussolini, Ariel Sharon, and has been linked to the Temple Mount terrorist Jewish underground.

Another Florida bank subpoenaed, **Dadeland Bank**, is owned by **Roberto Eisenmann**, the owner of the Panamanian opposition paper *La Prensa*, and other leading opponents of Gen. Manuel Noriega. This is actually the second time that Dadeland has been linked to drug-trafficking: During the 1985 trial of the Fernández marijuana-smuggling ring, friends of Eisenmann admitted in court that they had used Dadeland as a base for money laundering of their marijuana proceeds. The boss of the pot ring, Cuban-American **José Antonio Fernández**, had bought 9,900 shares of Dadeland stock.

The other banks subpoenaed so far are:

Arico Savings Bank, Banco Atlantico, Banco Central S.A., Banco de Bogota, Banco Ganadero de Colombia, Bank Real Miami S.A., California First Bank, Capital Bank, Consolidated Bank N.A., Eagle National Bank, Eastern National Bank, First Federal Savings of Palm Beach, First Nationwide Bank, Lorain County Bank, Miami National Bank, NCNB National Bank of Florida, Northern Trust Bank of Florida, Peoples First National Bank, Philadelphia International Bank, Professional Savings Bank, Southeast Banking Corp., Sun Bank N.A., United National Bank, Westchester Bank.