

Commodity markets latest police-state target

Forty-six traders and brokers in the Chicago commodities markets were indicted on Aug. 3 on federal counts of fraud, tax evasion, and price fixing. That might not exactly bring cries of outrage from the majority of Americans—particularly from farmers whose lives and future hopes have been manipulated on the floor of the Chicago Mercantile Exchange.

But the roundup did not occur in a vacuum: During the same week, Congress passed a bill which, among other things, will send any local savings and loan banker to jail for five years if he so much as tells a depositor that his account is being “investigated” by a federal grand jury. And only days before, the FBI’s sting operation against the Department of Defense claimed another victim, Cmdr. Richard Marcinko, one of the few military figures who had dared to denounce the political nature of that “anti-corruption” operation.

All these victims have two things in common: First, they have been made to appear unpopular in the liberal Establishment news media; and second, they all, in one way or another, are standing in the way of the new political and economic order which powerful international forces—typified by their spokesman Henry A. Kissinger—want to establish before the end of this year. In the United States, that new order will require the suspension of basic political rights in all three branches of government.

The stories of each of the victims reported below have their particular twists and turns. But the abuse of government power—especially as embodied in the use of the Racketeering Influence and Corrupt Organizations (RICO) statute against political enemies—remains the same. Events bear out precisely what Lyndon LaRouche warned, after he was sentenced to 15 years in prison last Jan. 27 following a political frameup trial in Alexandria, Virginia: “The actions taken

against me are but the first of a series of actions by an Anglo-American Liberal Establishment determined to eliminate all independent political forces in the Americas and Western Europe. Next on the U.S. target-list are political circles associated with the U.S. military and defense industries, evangelical churches, and others. Moscow has demanded that the U.S. eliminate all potentially influential anti-Soviet currents, and so far, the Anglo-American Liberal Establishment is complying with Moscow’s demand.”

The Chicago indictments

The 46 Chicago indictments are the first ones in the Federal Bureau of Investigation’s two-and-a-half year undercover investigation of the Chicago Board of Trade and the Chicago Mercantile Exchange. FBI agents posing as traders were given hundreds of thousands of dollars to spend in the trading pits, and were set up with downtown apartments, health club memberships, and expensive clothing.

Sixteen of these indictments were under the RICO act, which allows the government to confiscate all an individual’s profits, legal and otherwise, during a period of alleged illegal activity—even if the confiscation deprives them of the funds to hire legal counsel for an adequate defense.

Even if no additional indictments are handed down—which is most unlikely—the scandal has already affected significant parts of the Chicago Exchange. The 21 traders indicted in the yen pit represent about 20% of that pit’s population, while the 19 traders indicted in the soybean pit represent 10% of the soybean pit population, but an even higher percentage of the total pit volume than those indicted in the yen pit. The Swiss Franc and Treasury Bond pits were hit with only three indictments each, but that number is expected to grow significantly, as the government plans to issue

over 100 indictments in the investigation. The number could grow even further, since 25 of the 46 traders just indicted have agreed to work with the government in providing information on their colleagues, in exchange for lenient sentences.

“When we heard ‘RICO’ we rebled the usual presumption of innocence,” the *Wall Street Journal* wrote in an Aug. 3 editorial. It noted that “The sting . . . has been curious from the start,” and that the “tactics violated the Justice Department’s own guidelines prohibiting RICO threats ‘solely or even primarily to create a bargaining tool.’ ”

It’s only the beginning. On Aug. 3, the House Agriculture Committee voted up a bill placing stringent new regulations on commodity futures trading. The bill represents the most sweeping changes in futures regulation since the Commodity Futures Trading Commission (CFTC) was created 20 years ago. Key features of the bill include:

- Authorization for the CFTC to conduct undercover surveillance on the floor of the futures markets, which could lead to a permanent undercover investigation force;
- Ending dual trading, i.e., prohibiting most futures brokers from trading for themselves at the same time they are handling orders for customers.

The truth about the S&L bailout bill

The abuse of RICO is also at the core of the Bush administration’s savings and loan bailout bill, known as the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA), which was finally passed late in the night of Aug. 5. The bill calls for \$50 billion of taxpayers’ money to be spent on insolvent thrifts over the next three years—\$30 billion of which will be made to disappear from the federal government’s budget.

While the media’s “spin-control” artists have attempted to portray the bill as restoring the thrift industry to financial health, its actual intent is to set the thrifts’ \$1.3 trillion in assets to be taken over by the big commercial banks, while the “little fish” get tied down, and then knocked out by the Justice Department. The maximum fine for any violation of the law is being raised from \$1,000 per day to \$1 million per day, and the maximum prison sentence raised to 20 years per violation.

The new law leaves the definition of what constitutes a violation exceedingly vague. Already in late June, John Villa, an attorney with the Washington firm of Williams and Connolly, warned a conference of the U.S. League of Savings Institutions that the bill would “permit the assessment of civil money penalties for breach of such vague standards as ‘any fiduciary duty’ or any ‘unsafe or unsound practice’ which has resulted in loss to the institution or financial gain to the individual. The chief effect of this change is to take a two-step process, which gave individuals ample warning of the possibility that civil money penalties might be imposed, and compress it into a single step in which any violation could conceivably be the basis for civil money penalties.”

The Marcinko indictment

In late July, Commander Richard Marcinko, the retired founder of SEAL Team 6, the U.S. Navy’s premier special forces unit, was indicted on charges of financial fraud by U.S. Attorney Henry Hudson, the prosecutor who ran the Virginia show trial against Lyndon LaRouche. Hudson has been spearheading the Justice Department’s effort to prevent the U.S. military from attempting to maintain U.S. national defense capabilities, especially its anti-Soviet spetsnaz component.

Marcinko has been put on the “rocket docket” in the Federal District Court in Alexandria, Virginia, and is scheduled to go to trial on Sept. 18 before the same Judge Albert Bryan who railroaded LaRouche and six associates in the record time of only 38 days.

Commander Marcinko first went public with his story at a conference in late February 1989 which highlighted the LaRouche case. Speaking at the Martin Luther King Tribunal on human rights violations in a Virginia suburb of Washington, D.C. on Feb. 25, Marcinko offered his support in the fight against political prosecutions.

Marcinko’s work has been vital in exposing potential weaknesses in U.S. defense against the kind of Soviet special operations which are most likely the first phase in a Soviet offensive military thrust. After founding SEAL Team 6, Marcinko went on to create (OP-06D), the code designation for a highly secretive Navy unit whose job was to test the readiness of Navy facilities around the world. Marcinko’s job was to evaluate the security structure in place at Navy facilities to withstand a Soviet spetsnaz attack. His job would entail assembling a mock Soviet spetsnaz or terrorist team that would penetrate the security of Navy facilities and expose the facilities’ physical and command vulnerabilities.

Sources report that Marcinko was highly successful in scaring the Navy brass by proving that security systems and facilities were not at the level of readiness which could withstand a spetsnaz assault. This reportedly won him the dislike of the bureaucratic military leadership in Washington.

A source close to the defense team says that U.S. Attorney Hudson’s case has Marcinko indicted with a co-defendant, Charles Beyer, a person Marcinko has never met. Marcinko and Beyer are charged with “procurement fraud” and conspiracy to defraud the U.S. government by overcharging in billing a sole-source defense contractor for munitions used by a special forces unit.

The case revolves around the movement of money, totaling \$310,500, involved in the sole-source contract which has been construed by Hudson and Assistant U.S. Attorney John J. Klein to have involved kickbacks and conflict of interest. Charles Beyer worked with two of Marcinko’s subordinates in procuring the production of 4,300 speciality grenades used by OP-06D’s and other special forces units in such operations as providing security at the 1984 Olympics in Los Angeles, California.