

Dakota farm banks function as slush fund for the mob

On March 22, North Dakota House Resolution 3037, which calls for an investigation of fraud in credit practices against farmers and a moratorium on farm foreclosures pending the outcome, was defeated in the North Dakota Senate, after having sailed through the state's House and the Senate Agriculture Committee. The defeat of the resolution, which had been sponsored by the Food for Peace organization, came as a result of a mobilization by what is best termed the "bankers' faction" in the state legislature.

But these were no ordinary community bankers who quashed the resolution. Led by Democratic Party hack Al Wolf, lawyer for the Independent Bankers' Association who testified against the resolution, these legislators were protecting the proprietary interest in the North Dakota farm banks, and the state-owned Bank of North Dakota, controlled by Minneapolis mob financier Carl Pohlad. Up until the recent sale of Pohlad's Marquette National Bank in Minneapolis to First Bank Systems in a stock swap, as many as 33 North Dakota farm banks had corresponding banking relationships with Pohlad's bank. Pohlad is now the second-largest shareholder in First Bank, which ranks just behind the Minneapolis-based Norwest Bank Corp. as the second-largest bank system in the upper Midwest.

Beginning in the 1960s, the Bank of North Dakota was turned into a slush fund for the far-flung speculative activities of this Minneapolis banker and his partners. Al Wolf is also the attorney for the Richter brothers, who operate five banks in North Dakota and are known to be heavily indebted to Pohlad.

One of the prime pieces of evidence presented to the legislature in support of H.R. 3037 was the fact that farm loans were being sold to Pohlad from the Richter bank in Regent, North Dakota. The bank had fraudulently obtained Farmers Home Administration (i.e., government) guarantees on the loans, which makes them prime speculative instruments in the international money markets.

Gangster to banker

Pohlad is a rags-to-riches billionaire who typifies the transformation since the 1960s of the "Minneapolis Mob" from gangster to banker in a three-piece suit. In the late 1950s, Pohlad was given the mob franchise over respectable business fronts, which masked widespread money-laundering and looting operations.

In 1958, he took over the Minneapolis Transit Authority from Isadore Blumenfeld (a.k.a. Kid Cann) and his associates, the Minneapolis representatives of the "national crime syndicate." Cann had outlived his usefulness, having looted the transit system flagrantly, and was indicted in order to satisfy public outrage. Pohlad instead adopted a lower profile, and affected the style of a respectable businessman, which gave him and his mob backers a much wider latitude to steal.

The Minneapolis Transit Authority was transformed into Minnesota Enterprises Inc. (MEI), which over the next 30 years bought and sold dozens of cash-rich businesses, including Pepsi-Cola distributorships, snack food companies, beauty salons, and, between 1968 and 1972, the Meyer Lansky-controlled Tropicana Casino in Las Vegas. He also built a banking empire, which consisted initially of the family-owned Bankshares Inc. and its lead bank, Marquette National, out of Minneapolis. Pohlad became the president and chief executive officer of Bankshares in 1955, after his brother-in-law, the original owner, died. According to published accounts, Pohlad worked the banks in the Ninth Federal Reserve District, offering them collection and loan services in return for becoming their corresponding banker.

As Pohlad became the corresponding banker for numbers of smaller, weaker banks, he was able to profile their financial condition. It also gave him access to their funds. By leveraging his stock and borrowing on correspondent banks' balances, over 25 years he bought up 30 troubled banks. In 1980, he took over the bankrupt Farmers and Merchants Savings Banks and merged them with his Marquette National—with \$30 billion worth of government assistance. Together with the Chase- and Citibank-controlled Norwest Banks, and with First Bank Systems, the Pohlad banking empire now dominates the banking market in the upper Midwest.

Pohlad and the Humphrey machine

Pohlad and his partner and protégé Irwin Jacobs are known as "liquidators." They buy up distressed properties, loaning just enough, not in order to make an enterprise work, but so that the debtor cannot get out of debt, allowing his assets to be looted. Pohlad's enforcers, who give his far-flung enterprises the license to steal, are located in the notoriously

mob-controlled Minneapolis Democratic Farmer Labor (DFL) Party machine. With Floyd Olson at its helm beginning in the 1920s, and the Humphrey family beginning in the 1940s, DFL protected the Lansky mob's gambling, prostitution, and bootleg liquor proprietorships. Pohlada is a major moneybags for the DFL.

One of Pohlada's partners, mob-financier Deil Gustafson, was Hubert Humphrey's campaign manager for his 1960 campaign for the Democratic presidential nomination. DFL kingmaker Gustafson bought the bankrupted Tropicana Hotel and Casino from Pohlada in 1972. In 1978, he was caught kiting checks backed by Pohlada's Marquette bank in an attempt to keep the Tropicana afloat. Two years later, he was jailed for skimming the proceeds for organized crime interests in Kansas City.

In the days of Lansky associate Kid Cann, if you wanted a liquor license, you got it from the mob. Of course, you had to use all their suppliers. And naturally, the mob skimmed off every transaction. When the business went bankrupt, the mob banker bought it out at 30¢ on the dollar, and the whole thing started afresh under a new cover. These are the methods of Cann's successors, the bankers, "investors," and developers in the three-piece suits associated with Pohlada.

Today these mob-backed financiers approach banking the way their more colorful predecessors approached the granting of liquor licenses: as a license to steal. If you want to borrow from Carl Pohlada to buy a bank, you first buy a box seat at the Minnesota Twins baseball games. You might have his friends in the bank examiner's office declare the bank insolvent first, so that you can buy it cheaper. And you can borrow the money from the Bank of North Dakota. Before he went to jail, Deil Gustafson was the one who supplied the banking licenses.

How the Bank of North Dakota was ruined

The Bank of North Dakota, technically owned by the citizens of the state, was founded as a result of a political movement of farmers and their allies to establish and control a source of credit to fund their farms and infrastructure needs. To secure the bank in 1918, they defeated for a short time the Minneapolis and Wall Street speculators who controlled all access to credit and at usurious interest rates. But by 1921, the speculators and grain traders had wrested control of the bank away from the farmer leaders of the Non-Partisan League.

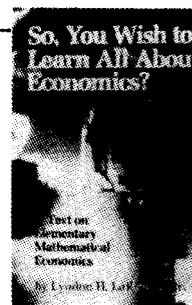
Since the 1960s, the Bank of North Dakota has been the property of the Minneapolis mob and their Democratic Party henchmen, who brought the Democratic Party of North Dakota back into power in the early 1960s. The Democratic Party anoints the Industrial Commission, a three-man executive committee which oversees the bank. The power resides in Minneapolis: In 1972, a "confidentiality law" was passed by the North Dakota Legislature which prohibits public disclosure of the bank's loans, even though it is the depository for

the state's funds, as well as for those of private corporations.

The farm banks in North Dakota all have corresponding relationships to the Bank of North Dakota. Increasingly, as the region's productive economy has fallen into the hands of speculators, the local farm or farm bank has become merely another asset to be looted. Today, no farm bank in Minnesota or the Dakotas will make a farm loan which is not guaranteed by the government, and which its corresponding bank does not approve. The financially strapped farmer will find his loan liquidated so that the speculators can collect on the guarantees.

The bank of North Dakota participates in farm loans with the privately owned farm banks, and the government-supported Farm Credit System, which uses the Bank of North Dakota as a depository. These loans are pooled with their government guarantees and discounted in multimillion-dollar packages on the international money markets.

Pohlada, using his control over the farm banks and the Bank of North Dakota, is a major speculator on the international markets. He is listed by *Forbes* magazine as one of the 100 richest men in the United States. His partner Curtis Carlson is the wealthiest man in Minnesota. The brokerage companies and security firms which make the deals for the Bank of North Dakota securities and bond sales all make sizable percentages on every transaction.



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