requirements for mutual funds in most countries, and the porous Canadian oversight of non-resident corporations, IOS founder Bernie Cornfeld, who had worked for B'nai B'rith in the 1950s, gradually built up a global army of "salesmen" who traversed international borders carrying satchels of cash to Geneva's Banque du Crédit International. BCI was headed by Tibor Rosenbaum, an intimate of British intelligence's Maj. Louis Mortimer Bloomfield, the head of the Montreal-based Permindex front-company implicated in the assassination of President John Kennedy and the failed efforts to kill President Charles de Gaulle. Rosenbaum's Swiss bank was staffed by top officials of the Lansky crime syndicate, such as Sylvain Ferdman and John Pullman.

By 1970, the burgeoning international drug trade, the offshore gambling business, and other Lansky "growth industries" had outstripped the labor-intensive money-laundering methods pioneered by Cornfeld and crew. At its peak, IOS had laundered many millions of dollars a week in flight capital and crime revenue. But everything was about to change.

Despite its sleazy clientele, IOS was a class outfit, counting among its directors GM's Buhl; Sir Eric Wyndham White, KCMG, a former director general of the General Agreement on Tariffs and Trade (GATT); Count Carl Johan Bernadotte, youngest son of the late king of Sweden; Martin Montague Brooke, senior partner in the London investment bank Guiness Mahon & Co.; and James Roosevelt. The French branch of the Rothschild banking empire headed its stock-underwriting syndicate.

So, when it came time to break up and redeploy the IOS cash pool, it was the Rothschild-Club of the Isles apparatus that handled the transition.

In early 1970, the IOS crisis was triggered by Buhl and Sir Eric White, when they leaked out apparently false information that IOS's cash position was vastly inflated in the latest corporate report. This caused a run on IOS stock, which in turn triggered orders to many IOS regional managers to begin dumping their stock portfolios to generate quick cash. At a May 3, 1970 meeting at Cornfeld's Geneva mansion, the IOS board was pressured by the Rothschild team to sell the company to an outside "rescue committee" that would in turn trigger orders to many IOS regional managers to begin dumping their stock portfolios to generate quick cash. At a May 3, 1970 meeting at Cornfeld's Geneva mansion, the IOS board was pressured by the Rothschild team to sell the company to an outside "rescue committee" that would come up with badly needed cash. Already, Cornfeld had sold off a large bloc of preferred stock to Meshulim Riklis, a Turkish-born, but now Minneapolis-based frontman for the local grain cartels and for ADL official Burton Joseph.

A month after the Geneva meeting, Banque Rothschild, the Paris branch headed by Baron Guy de Rothschild, convened an emergency meeting attended by officials from Barclays Bank, Hill Samuels, Chemical Bank, Bank of America, and other leading financial houses. The meeting had been requested by top officials of the U.S. Treasury Department, who were alarmed that the IOS crisis had caused a run on the New York stock market and threatened to bankrupt several large U.S. corporations, including Chrysler and Penn Central.

Out of the Paris meeting came the Vesco takeover of IOS. It began with Vesco's purchase of the entire bloc of IOS stock that had been just grabbed by Riklis. Riklis had been a surrogate for the Rothschild-Vesco shakeup of IOS from the outset.

The takeover cost Vesco absolutely nothing. He agreed

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**How Vesco set up the Medellín cartel**

In 1971, Robert Vesco fled the United States to set up shop in the Bahamas and Costa Rica. He had a new assignment: to direct the founding of a cocaine "cartel," organizing the disparate operations of traffickers into an integrated, Americas-wide "industry," operating under centralized production, transport, distribution, financing, and protection. The results transformed the Western Hemisphere into the greatest drug production region in the world, a region bled by marauding narco-terrorist armies.

Media stories that Vesco joined Colombia's Carlos Lehder and Cuba's Fidel Castro in the dope trade somewhere along the way, invert reality. In three central areas, Vesco played a critical role in *creating* the Medellín and associated Cali cartels, as institutions:

- He picked up small-time Colombian thug and ex-convict, Lehder, providing him with the political protection and financial backing he required to set up the cocaine transport pipeline between Colombia and the United States;
- He set up the cartel's first sophisticated money-laundering schemes; and
- He brokered the provision of political and military protection for spreading drug plantations across the region, by Cuba-aligned terrorist forces—protection continued today by the members of the São Paulo Forum.

**'New instruments of finance'**

When he first fled the United States, Vesco found assured protection in two Caribbean countries which had long served as operations bases for the Meyer Lansky mob and the "men above suspicion" which deployed it: the British Crown Colony and offshore banking center of the Bahamas (whose prime minister, Lynden Pindling, was in Lansky's hip pocket), and Costa Rica.

Vesco went first to the Bahamas, and then in 1972,
moved to Costa Rica, where he lived until 1978, under the personal protection of President José “Pepe” Figueres. From the time he first seized power in 1948 in a farcical five-week “guerrilla war,” Figueres had run Costa Rica as a regional deployment center for the Caribbean Legion, a Social Democratic political machine linked to the Lansky mob and backed by the Rockefeller and J. Peter Grace interests. The Legion, using exiled communist fighters from the Spanish Civil War, trained various guerrilla operations over the decades; its most famous operation was its sponsorship of Castro’s 1957 expedition back to Cuba on the Granma.

Figueres sent a letter in 1972 to President Richard Nixon, reporting that Vesco “has been visiting Costa Rica with a view to helping us establish some new instruments of finance and economic development.” Figueres promoted Vesco’s financial schemes—which included plans to turn the Caribbean and Central America into a “Hongkong West”—arguing that this was vital for regional “development.” He wrote, “I am impressed by his ideas, his group of business leaders, and the magnitude of the anticipated investments. He may provide the ingredient that has been lacking in our plans to create, in the middle of the Western Hemisphere, a showpiece of democratic development.”

Cuban bases

When a new Costa Rican President took office in 1978, he expelled Vesco, who returned to the Bahamas, where he had already established operations. In 1977, Lehder had begun setting up drug transshipment headquarters on a small Bahamian island, Norman Cays, later owned in its entirety by Vesco and Lehder together. Lehder associates, turned government informants, later reported that Lehder considered Vesco a “financial genius,” and told them that Vesco was “schooling him in the use of offshore banks to launder money,” according to the book Kings of Cocaine, by Guy Gugliotta and Jeff Leon (1989). Lehder also bragged that it was Vesco who had introduced him to both Bahamian Prime Minister Pindling and Castro.

When heat from the United States ran him out of the Bahamas in 1981, Vesco began moving between the British colony of Antigua and Sandinista Nicaragua. By 1983, however, he settled in Havana, Cuba. As an adjunct of the dope trade, Vesco provided the Castro regime aid in smuggling into Cuba high-technology goods banned by the U.S. embargo.

On Aug. 4, 1985, Castro made Cuba’s protection of the cartel architect official. He told foreign reporters: “Is it just, that the country where people speak so much of human rights [the United States] . . . goes after someone said to have evaded paying taxes?” He announced that he had told Vesco, “If you want to live here, live here.”

From the outset of the Medellin cartel, Castro’s most critical role in the transformation of the Americas into a drug empire has not been through the extensive logistical support the cartel has provided on the island of Cuba nor the shipments allowed through Cuban territory. Rather it has been Cuban deployment of narco-terrorism, directing allied terrorist forces in other Ibero-American countries, both to defend the drug trade and to assault government and political forces seeking to suppress it. Today, despite their protestations to the contrary, Cuba and its allies in the São Paulo Forum remain intensely involved in the drug trade.

The best known exemplars of Cuban-allied narco-terrorism from the 1980s are Colombia’s M-19 and Nicaragua’s Sandinistas. Lehder’s alliance with the M-19 was publicly hailed by Lehder and M-19 leaders alike. The M-19’s most devastating blow for the drug trade was the 1985 seizure and destruction of Colombia’s Justice Palace and the resulting murder of 12 members of the Supreme Court. Likewise, the Nicaraguan Sandinistas, whose 1978-79 “revolution” was financed in part by Vesco partner Pepe Figueres, were in on the drug trade from the beginning. Vesco was a frequent visitor in Nicaragua throughout the 1980s; U.S. government sources identified Vesco as the boss of Federico Vaughn, the ex-vice minister of the interior filmed by DEA undercover agents in 1984 loading cocaine on a plane waiting at a Nicaraguan military air base.—Gretchen Small.