

# EU Charges Big Tobacco with Smuggling Conspiracy

by Roger Moore

Philip Morris, R.J. Reynolds, and British-American Tobacco (BAT) are the world's biggest cigarette companies. The first two are also "racketeering-influenced criminal organizations" (RICO), according to the European Union (EU) lawsuit filed in the U.S. Federal Eastern District Court in Brooklyn, New York on Nov. 6.

Following similar suits last year by Canada and by the governors of Colombia, the EU, and its law enforcement apparatus, is now ready to document that these companies control, from U.S. territory, a multibillion-dollar international market in smuggled cigarettes.

Conservative estimates are that over 30% of cigarettes in international trade end up in black markets. This criminal organization operates seamlessly, from the corporate boardrooms of London, New York, and Richmond, Virginia; through the Swiss, Aruba, Panama, and Singapore front companies moving containers of duty-free cigarettes around the world's free-trade zones. It connects to hundreds of thousands working in criminal syndicates, mafias, and warlord gangs, who bring the cigarettes past national customs and law enforcement structures into the black markets, without paying customs duties and taxes.

In the tradition of the British Empire's imposition (through "free trade") of opium on China for most of the 19th Century, our current RICO monster is also being accused in the Brooklyn Federal Court of interfacing with narcotics smugglers. As U.S. Customs head Raymond Kelly has repeatedly stated, and as the legal suits point out, it is virtually impossible to separate the cigarette smuggler from the narcotics trafficker.

## How It's Done

Over the last ten years, European customs, police, and financial investigators have assembled massive evidence of how the conspiracy works. In fact, since the mid-1970s, *EIR* offices in Europe have been in touch with law enforcement sources who have described in detail the quite simple *modus operandi*.

The Anglo-American monopolies sell to brokers/wholesalers, who in turn deal with the lower-level cutouts willing to run the risk of violating customs laws. BAT, Philip Morris, and Reynolds have been repeatedly documented directing every facet of placement of the cigarettes into even the most distant black markets. But, nothing has happened to them, until now. In the same way that pirates and *contrabandisti*

under the protection of the British Royal Navy expanded the Empire's free-trade reach, today's cigarette cartels have operated with impunity under the protection of the Anglo-American-dominated globalization push, particularly during the 1990s.

This author learned from discussions in 1992 with a German official designing the government task force against cigarette smuggling, that everybody knew what was going on, but nothing could be done against the companies. With the EU suit, the days are now over when these firms could say, "We're not responsible for what the brokers do with the containers of cigarettes bought from us."

According to a source close to the EU's Anti-Fraud Office at its headquarters in Brussels, the key break for preparing the suit came in 1999, when a U.S. Drug Enforcement Administration (DEA) informant, Adriano Corti, was arrested in Italy. Corti was a money-courier for a Philip Morris-directed "middleman" who organized cigarette deliveries to the often-feuding mafias in the Balkans. After being named in the 1985 "Pizza Connection" narcotics-trafficking case, Corti began informing for the DEA and Swiss authorities on narcotics traffickers operating in the cigarette-smuggling milieu.

Nothing was done against the cigarette-smuggling structure as such. Corti was a DEA informant in the 1988 Magharian Brothers/Shakarchi Trading narcotics money-laundering case in Switzerland. Swiss Justice Minister Elisabeth Kopp, whose husband was on the board of Shakarchi, resigned around that issue. Sources have told *EIR* that with the arrest of Corti, U.S. agencies combatting the Ibero-American cocaine trade and money laundering, integrated their efforts with European officials accumulating intelligence on the, mainly, U.S. companies' cigarette-smuggling conspiracy.

U.S. officials discovered that Philip Morris and other companies had developed the so-called "black peso market," which the cocaine cartels used to repatriate some of their cocaine dollars back to Colombia. Coke dollars financed purchases of cigarettes, which would be smuggled into Colombia for sale against pesos.

The news now, will be how the suit becomes a factor in the red-hot tensions centered on the unresolved issues created by the bankrupt Anglo-American globalization policies. EU countries have decisive intelligence on the intricacies of corruption around the Anglo-American cigarette companies. One of George W. Bush's top advisers, Karl Rove, is known as "Mr. Philip Morris," having been a paid intelligence operative for the firm during 1992-96, a high point of the smuggling conspiracy. British Tories of the Lady Margaret Thatcher ilk might be confronted by the fact that she had, and perhaps still has, a million-dollar-a-year consulting contract with Philip Morris to "facilitate" free trade in eastern Europe, one of the booming cigarette black markets of the 1990s, as German Customs well knows.

Although the suit formally seeks a civil injunction to stop the smuggling conspiracy, and restitution of lost customs duties and tax money, the real payoff will be outside the court.