

# The British Monarchy's Direct Links to BAE

by Dean Andromidas

*Investigations into the apparatus which spawned the gigantic BAE-Saudi arms deal, have turned up a direct link to the British Royals. The connection runs into an “emanation of the Crown” called Crown Agents, a quasi-private arm of the Monarchy, that has handled a wide range of government support functions for British Crown Colonies around the globe from 1833 forward.*

*A definitive study of Crown Agents was published by EIR in 1997, and reprinted in EIR's Special Report “The Coming Fall of the House of Windsor” (available from EIRNS for \$75). We reprint that section below.*

*The specific point of continuity centers around Sir John Cuckney, who was brought in to reorganize Crown Agents in the mid-1970s. He spun Millbank Technical Services out of Crown Agents, into the Ministry of Defence, and also assumed responsibility as the chief advisor on overseas arms sales to the new Prime Minister, Margaret Thatcher. When put into the Defence Ministry, Millbank Technical Services takes on the name International Military Service (IMS), which is organized as a “private company” whose shares are owned totally by the Secretary of State for Defence!*

*From the Ministry of Defence, Cockney laid the groundwork for the Al-Yamamah deal, although he left in 1985, before the final negotiations were completed by his replacement, Sir Colin Chandler. Chandler himself came into the Defence Ministry from BAE Systems, where he maintained his post. At the Ministry he headed the Defence Export Services Organization, while chairing the IMS.*

## **Crown Agents: The Queen's Managers**

Crown Agents, officially known as Crown Agents for Overseas Governments and Administration, occupies a nondescript office block in Surrey, in the suburbs of London. According to its literature, Crown Agents is a not-for-profit, private corporation, which carries out mundane logistical and administrative sub-contract work for the British Overseas Development Administration, and various development agencies and foreign governments. This is typical British understatement—i.e., strategic deception.

Crown Agents is exactly what its name implies, an agent of Her Majesty the Queen. It was founded in 1833 as Crown Agents for the Colonies, and historically played a vital role in

the creation and management of what British historians call the Third Empire.<sup>1</sup> While Lord Palmerston, Cecil Rhodes, Prince Edward Albert (“The Prince of the Isles”), and Lord Milner were providing the geopolitical theory and ideology to justify Britain’s global empire, Crown Agents ran the day-to-day affairs. Crown Agents printed the stamps and banknotes of the colonies; provided technical, engineering, and financial services; served as private bankers to the colonial monetary authorities, government officials, and heads of state; served as arms procurers, quartermasters, and paymasters for the colonial armies. In effect, Crown Agents *administered* the British Empire, which at one point in the 19th Century, encompassed over 300 colonies and nominally “independent countries” allied to the British Crown.

According to its charter, Crown Agents is an “Emanation of the Crown.” This gives Crown Agents a status close to the monarchy, yet outside the official government structures of the United Kingdom. Through much of its existence, it was overseen by the Colonial Secretary and, later, in the so-called post-colonial era, by the Minister of Overseas Development. Although not formally a department of the government, Crown Agents’ entire debt was *guaranteed* by the Exchequer.

In 1996, as the British were in the process of unleashing the dogs of war in Africa, as the cutting edge of its final assault against the nation-state system worldwide, Crown Agents was “privatized,” under the new name, Crown Agents for Overseas Government and Administrations Ltd., with its own board of directors and management. In turn, Crown Agents functions as a holding company for dozens of operating companies and joint ventures. Its shares are held in trust by the Crown Agents Foundation, which is presided over by a board of directors and councillors, bringing together an impressive collection of governmental and non-governmental organizations, corporations, banking and business organizations, and so on—all from the inner core of the City of London Anglo-Dutch financier oligarchy and the formal Crown apparatus.

### Providing Functions in ‘Difficult Areas’

According to its 1996 annual report, Crown Agents’ numerous subsidiaries still carry out the same wide array of governmental functions, from printing postage stamps and bank notes, to running worldwide commercial shipping and air

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1. In an unofficial history of Crown Agents, written by a former Crown Agent and published privately in 1958, the author talks of three distinct British empires. The First Empire, according to this account, began in the first half of the 16th Century as a by-product of England’s wars with Spain, and lasted until the American Revolution, which left England in an extremely weakened position, both as a colonial and a European power. Nonetheless, the period between the end of the American Revolution and the end of the Napoleonic wars, is considered the era of the Second Empire, which included the consolidation of Canada and expansion in Asia and Australia. The Third Empire is dated by the founding of Crown Agents in 1833, and is marked by the expansion of the Empire throughout Africa and the Indian subcontinent. This is the empire of Cecil Rhodes, Lord Milner, et al.

freight operations, to procuring arms and other logistical supplies. Crown Agents, according to spokesmen, specializes in providing these functions in “difficult areas.”

And, indeed they do. Today, Crown Agents functions as “agents” for over 150 foreign governments and organizations, which they refer to as “principals.” In some instances, they manage vast real estate and financial portfolios, specializing in offshore banking “services.” According to its recent public statements, Crown Agents manages over \$3 billion worth of projects. Its asset management business alone, has a portfolio valued at over \$1 billion.

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Typical of Crown Agents’ current “discreet” operation are the following:

- It manages the entire customs service for the government of Mozambique;
- Through its chairmanship of a quasi-public entity called Europe SA, it is in charge of all economic reconstruction procurement for Bosnia;
- Through a joint venture with a Monaco-based company called ES-KO, Crown Agents provides all of the food for United Nations peacekeepers in Angola and Bosnia. ES-KO also provides logistical services to private petroleum and mining companies in such “difficult” areas as Algeria and Colombia, and manages the privatization of the state sector of Ghana.

### Her Majesty’s Murder, Inc.

By now, it may have dawned on some readers that Crown Agents’ range of “services”—arms procurement, border controls, offshore banking—also nicely fit the “administrative requirements” of the world’s organized crime cartels.

In fact, a careful review of some of the more sordid aspects of the recent history of Crown Agents, suggests that the firm has been at the center of the British Crown’s highly sensi-

tive patronage of global organized crime—what *EIR* long ago dubbed Dope, Inc.

Crown Agents' extensive links to international organized crime surfaced in the mid-1970s, when the firm's over-extended real estate portfolio, particularly its London real estate investments, blew sky high. At the time that the London commercial real estate market collapsed, Crown Agents was managing a portfolio of assets, loans, and other financial paper, totalling more than £4 billion. Despite the fact that Crown Agents held no banking charter, it owned a string of banks all over the world, including some unsavory outfits in some of the most notorious hot-money havens of the Commonwealth.

Much of the capital through which Crown Agents built up its real estate portfolio came from Third World governments, which made the unfortunate mistake of placing their trust in the Queen's favorite service agency. Crown Agents heavily leveraged its investment capital, building up debts far beyond its resources. When the 1973 oil shock hit, and the real estate market was one of the first of the bubbles to pierce, Crown Agents, along with many other institutions that were heavily leveraged in the secondary banking markets, went broke.

The Bank of England stepped in to bail out Crown Agents to the tune of several hundred million pounds—more than a decade before the U.S. government would carry out a similar bailout of the savings and loan institutions, ravaged by similar commercial real estate speculation. The collapse of Crown Agents' real estate portfolio led to three governmental and parliamentary investigations.

The surfacing of a wide criminal conspiracy was averted with the timely death of one of the key witnesses, the director of Crown Agents' money market operations, who purportedly blew his brains out shortly before he was to face trial on charges of corruption. According to news accounts at the time, this fellow, whose signature appeared on many of the most outrageous transactions, happened to be a heavy gambler. He had been a member of Crockfords, an elite gambling club, and two other casinos. He was a fixture at London casinos, often signing £1,000 checks. He had a home in Westminster, one of the most expensive sections of London, a country house, and three cars—all on a middle-level civil servant's salary of £5,000 a year.

### **Part of 'Organized Crime'**

A look at a sampling of Crown Agents' business partners at the time of the real estate blowout, is revealing.

Crown Agents, up until 1983, managed the personal fortune of the Sultan of Brunei. The latter has been a funder of all sorts of private projects of Prince Philip and Prince Charles, as well as funding British intelligence operations all over the world. The Sultan was one of the key financiers of George Bush's Iran-Contra operations. So large was the task of managing this fortune, that when the Sultan withdrew his £3.5 billion, Crown Agents laid off 400 employees.

Crown Agents provided the capital for a number of off-shore banks, especially during the 1960s and 1970s. One such bank that enjoyed the financial backing of Crown Agents was Trade Development Bank, then owned by Edmond Safra. A member of Prince Philip's 1001 Club, Safra was a prime target of investigation by U.S. drug enforcement agencies for many years. In 1990, his flagship New York City bank, Republic National, was identified as a favorite laundromat for both the Medellín Cartel and Lebanese-based heroin and hashish smugglers.

It not only lent to banks of dubious origins, but held controlling interests in them as well. In 1967, Crown Agents bought a 40% controlling interest in the Bahamas-based E.D. Sassoon Bank. This was the first of a network of banks it invested in, or created, throughout the Commonwealth. This bank was founded in the 19th Century by Sir David Sassoon, who founded banking houses in India and China, where they made their fortunes in the opium trade. The bank moved to the Bahamas in the 1940s, at precisely the point that the British Crown colonies there were being built up as hot-money centers. In 1967, it was controlled by Ralf Yablon, whose mother was a Sassoon. Yablon's wife was the daughter of Max Joseph, who at the time owned the famous Grand Met casinos. The other shareholders of the bank were Continental Illinois and Franklin National Bank. So dubious was the reputation of this bank that even the Bank of England initially refused to give its blessing to its purchase by Crown Agents. When the big bust occurred in the 1970s, E.D. Sassoon Bank was absorbed by the giant Standard and Chartered Bank, which now sits on the Crown Agents Board of Councillors.

The most notorious property investment was with the Stern Group of Companies, controlled by William Stern. It was his personal bankruptcy in the early in 1970s, at the time the largest in British history, that triggered the run on Crown Agents. Stern was an American businessmen, with tight business connections to Murder, Inc. boss Meyer Lansky. The Stern-Lansky ties ran through the National Crime Syndicate boss's most trusted bag man, Sylvain Ferdman. Ferdman was identified in a 1967 *Life* magazine exposé of organized crime as Lansky's liaison to a number of leading Swiss banks implicated in the crime boss's global money-laundering operations. Indeed, Stern fit right into this picture. His brother-in-law at the time was Tibor Rosenbaum, whose International Credit Bank (BCI) was exposed in the *Life* magazine story as a Lansky front, which also serviced the covert financial needs of the Israeli Mossad. BCI went bust at the same time that Stern's bank and Crown Agents fell. Stern's personal bankruptcy was intimately linked to the collapse of BCI, where he had invested over £1 million—which, in turn, he had gotten from Crown Agents. The bailout of Crown Agents, and the mysterious death of its chief lending officer shut down any further probe of the Crown's links to the Lansky syndicate.

By the end of 1974, the Crown Agents collapse was, nevertheless, Britain's most serious financial scandal.

To clean up the “loose ends,” and maintain Crown Agents’ services to the Crown, Sir John Cuckney, a former high-ranking official of MI-5, was brought in as Senior Crown Agent. Cuckney had already left Her Majesty’s Service to become the “City’s” leading private spook, in the employ of Lazard Brothers. As soon as he took up his post at Crown Agents, he carried out a “reorganization”—i.e., a cover-up of the scandal. He also set the stage for Crown Agents’ subsequent emergence as a leading arms trafficker.

In 1974, as one of his first acts as Senior Crown Agent, Cuckney transferred Millbank Technical Services, the Crown Agents’ weapons procurement subsidiary, to the Ministry of Defence. He then consolidated its international networks of legitimate and not-so-legitimate banks and financial institutions, into what later became the Bank of Credit and Commerce International. BCCI, which former CIA Director Robert Gates [now, Secretary of Defense—ed.], in Congressional testimony, dubbed “The Bank of Crooks and Criminals International,” was at the center of the Golden Crescent (Pakistan, Afghanistan, Iran) opium trade, which flourished during the 1979-89 Afghanistan War. BCCI’s collapse in 1991 was the biggest financial blowout in modern history, with over \$20 billion in bank assets disappearing into thin air.

In 1978, having completed the restructuring of Crown Agents, Cuckney left to become a director of Midland Bank,

where he soon established a new international division, which engaged primarily in financing international weapons deals. When Margaret Thatcher moved into 10 Downing Street, Cuckney became a leading advisor to the Prime Minister. He was rewarded for his services by being made Lord Cuckney of Millbank. The “Millbank” in his title referred to Millbank Technical Services, which he untangled from the Crown Agents scandal.

### Crown Agents Today

Crown Agents’ British media apologists claim that the firm has been “reformed,” and is now a shadow of its former self. There is no evidence to support this claim. Crown Agents was organizing covert weapons shipments into Africa well into the 1990s, helping to fuel the recent genocidal warfare in the Great Lakes region, and abetting the butcher Yoweri Museveni, in Uganda. The current chairman and Senior Crown Agent is David H. Probert. Probert has been with Crown Agents since 1981. During this period he sat on the board of directors of the Birmingham Small Arms Company, one of the most famous weapons manufacturers in Britain. Another one of his directorships was with a company which reportedly held a majority stake in Defence Systems Limited, one of the preeminent British “private” mercenary outfits, now running around Africa and Ibero-America.

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