

# The Bermuda Triangle Banking Conspiracy

Part I.

NEW YORK, April 24 (IPS) — A hideous financial conspiracy, involving the manipulation of literally hundreds of billions of dollars including Mafia money by New York banks in the so-called Eurodollar market, is currently being brought to the attention of the United States Congress for action by the Labor Party.

Chairman of the Federal Reserve Arthur Burns—acting on behalf of the boards of directors of Chase Manhattan, Citibank, Morgan Guaranty, Chemical, among others—is in criminal violation of the Charter on which the Federal Reserve System is based in that he has knowingly and wholeheartedly encouraged and protected the so-called “offshore funds” conspiracy to completely take over all established governmental regulatory authority over money and credit. The exposure of this conspiracy in Congress and before the electorate will make the declaration of debt moratorium on New York and Euromarket debt a mandatory precondition for the reestablishment of law over this part of public life.

From what is already known of the “Bermuda Triangle Banking Conspiracy,” we can report on a picture which, though incomplete, leaves absolutely no doubt of the enormous destruction it has already wreaked on the US economy — and of the imperative need for immediate remedial action by Congress.

The conspiracy apparently was made operative in 1969 with the establishment of “offshore” banking operations in the Cayman Islands, in the Bahamas and Nassau in the Caribbean. All three locations enjoy the special status of lacking any banking regulatory legislation and of being outside the reach of United States law, or any other country’s law for that matter.

According to knowledgeable sources in the financial community, the New York banks and their Toronto and London collaborators have channeled funds to these islands to the tune of anywhere between \$48 billion to “several hundred” billion. The total secrecy of the operation makes any accuracy in this regard impossible. These funds, once placed in the Caribbean accounts, are channeled in the “inter-bank” loan market where they spend anywhere between 15 minutes to an hour being “assets” of any given Euromarket bank, before they are transferred to another bank. On most occasions, this fleeting money constitutes the basis on which the Euromarket banks issue medium and long-term loans to such suckers as hard-hit U.S. municipalities or Third World countries trying to catch up either with their oil payments or with existing obligations on already incurred such loans.

None of the reserve requirements that are in force in the United States have any validity for the operation of the Caribbean accounts. This allows the New York and Euromarket banks with Caribbean operations to create the purest kinds of fictitious debt and credit instruments. For example, under legal procedures prevailing in the U.S., any given amount of deposited cash in the banking system would

legally constitute the basis for generation of credits approximately five times its size. The same amount of cash deposited at, say, the Grand Cayman accounts would ordinarily generate credit 12 times its size and even “n-times” its size as certain financial experts have expressed it.

As a result of this completely uncontrolled practice (especially since late 1973-early 1974), an absolutely uncontrollable international financial monstrosity has been created whose size and resources dwarf those of any country’s internal financial markets, including the United States itself. The Central Banks of the industrialized Western nations have been reduced to mere errand boys of the Bermuda Triangle Banking Conspiracy, whose main responsibility is to print up the cash with which the fictitious Caribbean cheques are made good. In short, what happens to the U.S. dollar, as well as other national currencies, depends more on actions and decisions taken in Nassau, Grand Cayman or the Bahamas rather than on the U.S. Treasury, the Fed and the Controller of the Currency put together.

When Mr. Tom Ekin, deputy director for international affairs at the U.S. Office of the Comptroller of the Currency was reached for comment, he concurred that the \$48 billion reported size of the Cayman-Nassau-Bahamas shell operation is merely the legal tip of the iceberg. “Since we do not have any legal jurisdiction to do spot checks on misreporting like we can do in the U.S., we have no way of determining the size of the deposits,” Mr. Ekin said. As an old associate of the late Rep. Wright Patman at the House Banking and Currency Committee expressed it, “The crux of the problem is the Fed. The banks are not reporting and they (at the Fed) are protecting these illegal operations. The Comptroller of the Currency has no authority whatsoever. He is as much in the dark as you or I, and yet he gets blamed for all kinds of mismanagement.”

## The Mafia Connection

A large proportion of the unreported funds in the Caribbean accounts is straight Mafia money such as proceeds from heroin sales, protection rackets, numbers games and so forth which on a regular basis once a week are taken in suitcases to downtown offices of New York banks, handed over to a seasoned Vice President who then credits a given “family’s” numbered account in the Bahamas, etc. This way, Mafia money is completely beyond the reach of the law. According to reports, Meyer Lansky, one of the more celebrated Mafia “consiglioli” pioneered the idea in the West Indies in the 1960’s. The Mafia funds in the Caymans, Nassau and the Bahamas started growing even faster from 1961 onward after Fidel Castro closed down the gambling and prostitution rackets in Havana which used to be under the control of Mafia chieftain and Kennedy family associate Sam Giancana.

Also in the early 1960s, the Caribbean accounts were being beefed up by money from CIA, FBI and British Intelligence secret accounts because British Intelligence had undertaken an extensive series of training programs for agents of their

U.S. counterpart organizations. In addition, David Rockefeller's Chase Manhattan Bank - through its subsidiary, Resorts International, and in cooperation with the notorious swindler Bernie Cornfeld - started taking over a big chunk on the gambling and prostitution market throughout the Caribbean. The accumulated deposits from the illegal operations which the Mafia, CIA, FBI, and British Intelligence have been built up over the years constitute a serious part of the asset-base of the so-called Eurodollar market.

No law enforcement agency in the country can be taken seriously in its presumed efforts to crack "organized crime" so long as it overlooks this criminal collusion between the Mafia, the CIA, et al. under the supervision of Chase Manhattan.

#### The Role of Arthur Burns

Arthur Burns, the Chairman of the Federal Reserve is one of the most important sponsors and protectors of this filthy operation. In point of fact, his protection of this offshore fund conspiracy is in direct and clear conflict with the responsibilities and explicit tasks of the office with which he has been entrusted.

Dr. Burns' role has two parts. First, he has allowed and encouraged the formation of U.S. bank branch offices in the Caribbean—in direct conflict with the Federal Reserve Act. Secondly, Dr. Burns has since 1974 repeatedly assured New York bankers, on both private and public occasions, that he is fully committed to printing as much cash as needed to back up all the fictitious and illegal credit that is generated by their offshore Mafia and CIA-connected swindles.

The late Rep. Patman, discussing the matter before Congress back in April 1973, issued the following warnings: "I submit that such a policy (of Arthur Burns) on the part of the Board of Governors of the Federal Reserve System has made a mockery of the concept of regulatory authority. It has put bank profits before the public interest and seriously eroded the principles of commercial banking embodied in

American law. It has created a monster—the multinational financial institution — whose operations are beyond the control not only of the Board but of any Government agency, domestic or foreign. Nevertheless, these institutions command resources which, if not controlled, can undermine and negate the financial and economic policies of any government."

Patman's warnings of 1973 have been proven correct in the eyes of even the more narrow-minded Congressmen. The fact that there is nothing left of any pretended U.S. government financial and economic policy today, is because no such policy is at all possible while the Caribbean banking conspiracy remains unliquidated.

When in 1973, Wright Patman moved to investigate the conspiracy and bring it under control, Arthur Burns refused to supply any data, challenging Mr. Patman to procure a subpoena to suspend the Bank Secrecy Act. Burns then arranged with Rep. Henry Reuss (D-Wisc) in the Banking Committee to block Patman's motion to obtain the subpoena. A while after the event, Henry Reuss replaced Patman as Chairman of the Banking and Currency Committee.

Throughout that same period, a number of West European Central Bank authorities were making serious attempts to put the Caribbean operation under regulatory control, but those efforts failed at the time because of Arthur Burns' opposition. With Congressional opposition defeated at the time, it became evident to the West Europeans that so long as Arthur Burns and the Federal Reserve were protecting the racket, no meaningful regulatory controls could be imposed.

It is now evident that Congress has all the ammunition needed to remove Burns from office and bust up the banking conspiracy. Considering the vast illegality characterizing credit-issuing operations since 1969 plus the scandalous association of the New York banks with the Mafia and CIA dirty tricks operations, a debt moratorium on New York bank held and Eurodollar-generated debt will merely be an act necessary to restore the law.

to be continued

## 'The New York Banks Are More Bankrupt Than New York City'

NEW YORK April 23 (IPS) — The Wall Street banking community under the leadership of Chase Manhattan Bank's David Rockefeller, Citibank's Waltern Wriston, and Morgan Guaranty's Elmore Patterson have the nerve to charge that New York City is a near bankrupt entity. By all standard accounting criteria, the New York commercial banks and their offshore Eurodollar branches are bankrupt. Roughly 50 per cent of their paper assets are bad, an amount which far exceeds their own capital base. Under capitalist banking law, when a bank's loan losses exceed its capital, it is technically bankrupt.

But these same New York commercial banks, continue to attack New York City for so-called fraudulent accounting practices, and have alleged it to be nearly bankrupt. The list of charges include the following: that New York City has been overspending relative to its income; that it has done so through a series of financial gimmicks, the most notable being the transfer of funds from the capital budget account to the current operating account; and that this has been carried out to accommodate huge payrolls, pension benefits, welfare handouts, and various other income support programs.

These are lies, but as detailed below, lies with a motive.

First, to the extent that New York City can be regarded as financially bankrupt this is entirely related to the burdensome debt obligations heaped upon New York City by the New York banks in search of tax-exempt investments. The debt service obligations of New York City on \$13 billion in such debt represent 19 per cent of its entire 1976 budget. Wipe out this debt and New York City would have a current account surplus that would qualify it as the most financially sound public entity in the world!

Second, to the extent that New York City has suffered a loss of income this is related to bank-dictated budget cuts to service the above debt obligations. Such budget cuts this past year have collapsed income-earning power and ballooned welfare costs.

Third, by normal criteria New York City is in fact **not bankrupt** at all.

Its assets represent the most sound assets of any public or private sector entity in the world. Among these assets include the best port facilities in the world, the most skilled concentration of labor in the world, and the most advanced