

addition to this debilitating action on the reproductive system, is their impact on the brain, where they act by interrupting the relations between the neocortex and the paleocortex, the evolutionarily primitive portion of the brain. Cannabinoids also act to stimulate the center of pleasure which incites man to seek immediate satisfaction and to have immediate pleasure—this at the expense of perspective, at the expense of the future.

The great danger of cannabinoids is that of this stimulation of the center of pleasure in the adolescent before he has been able to develop the internal resources that would permit him to judge that, while satisfaction might be useful to him, it is also useful to society. And these are not conjectures, they are well-established physiological facts, which were established at the Reims Congress. Not to mention lung damage: the smoke from cannabinoids is much more destructive to the lungs than tobacco smoke. This was also established in the work presented in Reims.

These substances destroy what really distinguishes man from the animal. This is dangerous not only for the developing adolescent, but also for his progeny. When we see responsible people calling for the free sale of drugs, the availability of these substance for everyone, it seems to me that we really find ourselves in a very paradoxical situation. We have to fight, despite the fact that those who oppose drugs are in a minority. We still have to fight against this tendency, because it is a tendency which destroys, which destroys man.

NSIPS: You commented earlier that rock music has the same destructive effect on the brain as drugs...

Nahas: It is well known that many young rock players suffer from early deafness because of the intensity of the noise and also because of the repetitive notes. Under the combined effect of these two factors, lesions of the internal ear have already been diagnosed. I am talking about musicians, well, I don't know if you would call them musicians, those who perform these absolutely abnormal noises. And I think that these noises also stimulate some of the zones of the primitive portion of the brain, the rhinencephalon, which corresponds to the instinctive impulses and certainly not to the integration necessary to result in good music. I think that it's a return to very primitive, very animal music. It is very interesting to note that smoking marijuana and listening to this music is a conjugated experience, and from the physiological standpoint, the same receivers are in play.

'High' finance finds

While NORML and the rest act as dope's advertising agents, the profits from the multi-billion-dollar illegal drug business are funneled through a network of organized crime fronts, to be snagged in British financial nets centered in Hong Kong and the Bahamas. Now, the drug financing networks are attempting to move openly into U.S. markets draped in the trappings of legitimate business. Two such ventures are Bahamas-based Resorts International, the transmogrification of the old Meyer Lansky-linked Mary Carter Paint co., which is the sole entry to date in the Atlantic City casino racket, and the Hongkong Shanghai Banking Corporation, the king of the British drug banks, which is bidding to acquire one of New York's major banking chains, Marine Midland.

The two operations had planned to set up shop with a minimum of controversy and public scrutiny. But "legalized drug banking" has run into problems. The "HongShang" is battling a demand from the U.S. Labor

HongShang Bank pleads

On Dec. 1, legal representatives of the Hongkong and Shanghai Banking Corporation finally responded to a U.S. Labor Party request for a hearing on HongShang's proposed takeover of the New York-based Marine Midland Bank and Trust Co. by flatly telling the Federal Reserve Board to keep its nose out of HongShang's business.

In a letter sent to the Fed by Steuart L. Pittman of the Washington law firm of Shaw, Pittman, Potts and Trowbridge, the HongShang representative makes no attempt whatsoever to refute Labor Party charges that the HongShang is one of the central controlling banks in the \$200 billion annual illegal drug traffic and that approving the Marine Midland takeover would leave the U.S. wide open to an influx of drugs and dirty drug money.

On the contrary, the letter, which is excerpted below, insinuates only that the Federal Reserve must stick to specific cases and does not have the authority to investigate the "global" implications of the proposed takeover in the "public interest." As to the Labor Party's documented charges of HongShang's role in the illegal drug traffic, the Pittman letter denies that HongShang "knowingly participated" in any such activities.

Among the charges entered by the U.S. Labor Party and repeated in the Pittman letter — but not denied — are that \$10 billion a year in illegal drug business passes through the British Crown colony of Hong Kong, the HongShang's home base, a colony with only a \$5 billion money supply; that the HongShang directly controls an

itself under heavy fire

Party and upstate New York antidrug activists — Marine Midland is headquartered in Buffalo — that the Federal Reserve Board disallow the acquisition. And Resorts International last week received a blow when New Jersey Attorney General John Degnan issued a report recommending that its Atlantic City casino be denied a permanent operating license on the grounds of its connection to organized crime. For details on the past history of Resorts' operations, see our last issue.

In the following report, we take a look at the HongShang's regulatory difficulties, and at excerpts from a letter from HongShang telling the Fed that the bank's links to the drug trade are none of U.S. bank regulators' business. And Executive Intelligence Review Economics Editor David Goldman presents a new angle on the issues and circumstances surrounding the Resorts International controversy.

its case

absolute majority of the colony's banking; and that a whopping \$1 billion is paid annually to buy the silence of Hong Kong police. Nor does the letter refute the Labor Party's information that the HongShang has used its influence to spring drug pushers from jails in Southeast Asia.

Whether or not the Federal Reserve will be bullied by the HongShang remains to be seen. The main restriction on the Fed's regulatory powers is that approval of foreign banking takeovers should only be allowed when the takeover is in the national interest. What could be more in the national interest than keeping the leading international drug bank out of the U.S.?

"We have received from the Federal Reserve Board staff a copy of a submission dated October 26, 1978 and a supplement dated November 8, 1978 from the U.S. Labor Party, which requests a hearing on the application filed by The Hongkong and Shanghai Banking Corporation ("HSBC"), Kellett N.V., and HSBC Holdings B.V. to acquire a controlling interest in Marine Midland Banks, Inc. On behalf of HSBC, Kellett N.V., and HSBC Holdings B.V., we respectfully request that the Board deny the request of the U.S. Labor Party for the following reasons.

"The U.S. Labor Party has not and cannot establish that it is a party which could be aggrieved by approval of the application. To accept the precedent that a political

organization purporting to represent the general public interest has standing to obtain a section 3 hearing would make it difficult to deny in subsequent section 3 proceedings any organization claiming to represent the public interest and having no direct or specific interest in the outcome. . . .

"... Furthermore, the U.S. Labor Party's letter states that the justification for a hearing is to resolve not issues relevant to the specific statutory criteria in sections 3(c) or 4(c)(8) of the Bank Holding Company Act, but rather the issue "of the appropriateness and effectiveness of the entire bank regulatory procedure. . . ." It would be unwarranted for the Board to hold a hearing on this global issue as part of its review of an application for approval of a pending transaction, which the Act requires be completed within 91 days. In this connection, it should be noted that U.S. Labor Party literature, distributed in the vicinity of the Marine Midland shareholder meeting overwhelmingly approving the proposed acquisition, discloses its objective: legislation amending the Bank Holding Company Act to give exclusive jurisdiction over foreign bank acquisitions to the President and the Senate as though such transactions were treaties. . . .

[The letter then enters into a lengthy review of some of the Labor Party's charges, including a "network" of involvement in the drug trade by British and international banks; British-based Far Eastern companies and the families that founded them; certain banks and government officials in Thailand, Hong Kong, and Macao, including the HongShang; and expatriate Chinese banking families and other overseas Chinese. It concludes "According to the U.S. Labor Party, a major objective of this 'network' is to use the illegal international drug traffic to adversely affect the United States."]

"... The U.S. Labor Party's 'packet of evidentiary materials' contained in its October 26 submission is essentially a discussion of the worldwide illegal traffic in drugs. It is contended that 'the drug "industry" is run as a single integrated world operation' with \$200 billion per year of 'net, not gross annual sales, plus related payments.' U.S. Labor Party alleges that the worldwide illegal drug trade is controlled by the London foreign policy and banking establishments, primarily represented by the Royal Institute for International Affairs, which is said to be a secret society established under the 1887 will of Cecil Rhodes with the purpose of extending British rule throughout the world. . . .

"On behalf of HSBC, Kellett N.V., and HSBC Holdings B.V., we affirm that none of them are part of any alleged network conducting illegal drug trade and that none of

them have knowingly participated, are knowingly participating, or will knowingly participate in any transaction that finances or facilitates the illegal traffic in drugs or in any other illegal activity. In fact, the protest cites no specific facts or laws constituting the illegality which is implied.

"Finally, it should be noted that the representatives of the U.S. Labor Party stated frankly to the Board staff at the meeting on October 18 that a motive in seeking a hearing was to further a larger objective to educate the public, legislatures and public officials at all levels about the above-described world network. Taking into account the broad sweep of the U.S. Labor Party's charges against public and private organizations and individuals around the world and the absence of relevant specific charges against HSBC, Kellett N.V., HSBC Holdings B.V. or their officers and directors, it appears to us that granting the U.S. Labor Party's request for a public hearing by the Board would not contribute to the decision-making process on this application and would result in unwarranted delay of HSBC's application. Furthermore, both section 3 of the Act and the Board's policy of expeditiously acting on applications would be frustrated if the precedent is established that hearings should be held on the issue of whether applicant banks, foreign or domestic, have financed activities that are alleged to be illegal without any substantiated allegation of specific illegal conduct by the applicant.

"It is respectfully requested that the request of the U.S. Labor Party for a hearing be denied and that the continuing presentations anticipated in the October 26 letter not be permitted to delay the processing of the pending application. Successful consummation of the proposed acquisition depends on expeditious approval by the FRB in order that the publicly announced tender offer may proceed as nearly as possible on the anticipated schedule."

Respectfully submitted,

Shaw, Pittman, Potts & Trowbridge

By Stuart L. Pittman

Counsel to

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British Intelligence's

Even battle-scarred observers of the long and dirty history of Resorts International and its strongarm subsidiary International Intelligence (Intertel) expressed surprise when New Jersey's state attorney general, Brendan Byrne appointee John Degnan, released the Dec. 4 report tying Resorts to America's best known mobster, Meyer Lansky. New Jersey Governor Byrne, a one-time hired hand of New Jersey's casino gambling lobby, started his career as the executive secretary to Gov. Robert Meiner, who took the New Jersey Statehouse in 1952 with the help of Lansky's lieutenant Abner "Longie" Zwillman. In shorthand, Brendan Byrne is a Lansky punk. Why did his people hit Resorts?

A close look at the Degnan document shows that it does no more than rake over the public record of Meyer Lansky financing of Resorts and connections to the crooked firm's leadership — just as Resorts charged. Part of the answer is that the Byrne gang had to put out their own expose of Resorts because "half of the U.S. government, including a couple of Senate Committees, are going after Resorts and Intertel." A number of hot trails have converged on America's number one laundromat for drug-related and other illegal dirty money. These include a Drug Enforcement Administration task force in southern Florida, including more than a dozen accounting specialists, who have been tracking the proceeds of Florida's \$7 billion a year dope "industry" for months; comparable activity by several other federal agencies and the Florida state and Miami police; and a gung-ho team of investigators attached to the Senate's Permanent Subcommittee on Investigations, which held penetrating hearings into Lansky's Florida activities last summer. Byrne et al. are scurrying for cover, for the little good it will do them.

Around mid-January, this angle will hit the headlines, and the Jersey press will be making mincemeat of the John Degnan "disclosures," actually a form of cover-up. That news is already dated in the law enforcement community. But only a handful of insiders in the "old boys" network of the intelligence community have an inkling of what is really at stake in the burning of Resorts. Elated with the smell of a fresh kill, most investigators haven't stopped to ask themselves who opened the doors at the top-floor offices in Washington for the Resorts investigations from a half-dozen agencies to go through — investigations which have been kept in the icebox for over ten years.

Diversion, Inc.

A few thoughtful people are asking the right questions. "Watch for a diversionary situation," said a fine old gentleman who served New Jersey well in the House of Representatives until Resorts money bought his seat for the mob. "That's all you see in the headlines. It's starting