

terrorist gangs . . . [and] the level of financing both of the above. . . .

[A prime example of] the functioning of the second level . . . is the case of Daniel Cohn-Bendit. . . . Following 1968 . . . [he] was relocated to Israel. . . . [In September 1978 he met with] terrorist Rudi Dutschke and others from the SPD in West Germany . . . to 'refound the SPD' through the integration of the terrorist underground and the 'greenie' or environmentalist movement . . . with the SPD. . . .

July 10-July 16, 1979: *EIR* cover story, "Time's up for terrorists":

"The Italian Socialist Party . . . is now under police investigation for its ties to some of the most notorious international terrorists: the Red Brigades gang. . . .

". . . Bettino Craxi, a friend of Senator Edward Kennedy and recently endorsed by the *New York Times* to head Italy's new government, was questioned by the magistracy . . . June 27. . . . The entire Socialist Party leadership has come under suspicion of strong terrorist collaboration and collusion. . . . the uppermost levels of Italian terrorist controllers—long identified as such by the European Labor Party in two special dossiers [entitled *Who Killed Aldo Moro* and *Socialist Area: The Party of Terrorism*—have now come under judicial scrutiny. . . .

"Although there has been minimal press coverage throughout Europe and the United States concerning the dramatic developments in Italy, a major battle is taking shape over whether the results of the Italian crackdown will be applied to those countries where terrorism remains a scourge. . . . According to both French intelligence and former West German security officials, one of the continuing difficulties in clearing out the terrorist organization is the political protection that is afforded the terrorists by leading public officials. . . ."

"It is the method employed by Italian investigators that has been successful in unearthing terrorist controllers in the highest levels, including the calling in for questioning of prime minister hopeful Bettino Craxi . . . any proper approach to fighting terrorism, fighting environmentalism and fighting drugs is identical . . . approach[ing] and trac[ing] upwards the . . . networks to key institutions that control the media . . . [and] our leading institutions. . . ."

"The magistracy [could] not move against individuals like Negri [the professor at the University of Padua who recruited terrorists, was head of the Potere Operaio which incubated the Red Brigades, and who was finally arrested in April 1979] without irrefutable proof of his terrorist activities. . . .

"What changed was the methods by which Judges Alessandrini and Calogero defined that which constituted significant evidence. . . . Once they had defined what they were looking for in the coherent general political objectives of the terrorists and the organized networks which protected them—they finally began to get results."

Financial Channels

Arab financiers of terrorism and drugs

by Judith Wyer

At about the same time that the Propaganda-2 (P-2) Freemasonic Lodge scandal again became front-page news in Italy last December, the government of Giovanni Spadolini made Italy's first overtures to rebuild economic and political ties with Saudi Arabia that were established in 1978 by the Prime Minister at that time, Giulio Andreotti. Under the regime of Spadolini's predecessor, Arnaldo Forlani, who fell from power when the P-2 lodge was first exposed in May 1981, Italian-Saudi relations had soured due to charges of corruption in Saudi oil sales to Italy. The scandal, which originated with Italian Socialist Party boss, Bettino Craxi and his Propaganda-2 cronies, aimed to break Saudi-Italian ties in favor of closer Italian links with Libya. At the same time, Craxi and his friends calculated that the scandal would undercut Saudi Crown Prince Fahd and give leverage to his opponent, Saudi Third Crown Prince Abdullah, a leader of the fanatical Muslim Brotherhood, which controls Libyan dictator Muammar Qaddafi.

The current turn

During a visit to Saudi Arabia in the first week of January, Italian Foreign Minister Emilio Colombo reached an agreement for renewed state-to-state oil purchases and expanded Italian-Saudi economic cooperation, reversing Craxi's sabotage. Colombo agreed to a Saudi proposal that Italy act throughout Europe to promote the Mideast peace plan drafted by Prince Fahd in August 1981 as an alternative to the Camp David framework.

The turn in Saudi-Italian relations coincides with revelations in the Italian press and from the government commission investigating P-2, revelations establishing connections between the fascist lodge and certain prominent Arabs. The scandals have primarily centered upon the Quaddafi regime, but have also begun to touch networks in Lebanon and Egypt.

A well-informed Italian journalist has confirmed for *EIR* accusations appearing in the Italian press that Libyan banker Abdullah Saudi has acted as a crucial go-between in conducting funds from Libya to the Italian Red Brigades terrorists.

The Islambrokers

Since the initial revelations of the Propaganda-2 Lodge which erupted last year, *EIR* has investigated the Arab and Pakistani connections to the Italian Lodge in pursuit of those links between P-2 and the Carter administration revealed by the Billygate scandal of 1980.

We pursued two lines of investigation which have established direct connections between the Carter administration and P-2. The first is through Abdullah Saudi and Libya; the second is through Saudi financier and court adviser Gaith Pharaon. Pharaon, Saudi and the extensive Mideast financial network with which they are associated are among the backers of the terrorist Muslim Brotherhood, which installed Ayatollah Khomeini in Iran in pursuit of the "arc of crisis" scenario for the region sponsored by Zbigniew Brzezinski.

During the same time that the scandal became public involving Carter's brother Billy and his illegal dealings with the Libyans, Saudi and Pharaon were engaged in intensive business dealings with Craxi and other Propaganda-2 business circles to buy up the Italian state sector. So extensive were their operations that they became known throughout Italy as the "Islambrokers."

Among the many ventures of Pharaon was investment in the state-sector company Montedison; his business partners in this and other ventures included the Bonomi family. Carlo Bonomi was jailed last year during the first round of P-2 revelations which implicated him in illegal financial activities. Pharaon's reported entrée into Italy was through Gianni de Michelis, a Craxi ally, whose father-in-law, Lucien Secouri, a Lebanese by birth, was indicted as a member of P-2. Pharaon also works closely with the Italian Mediobanca, controlled by Enrico Cuccia, another confidant of P-2 circles.

Like Saudi, Pharaon also is associated with Fiat in his "buy-ups" in Italy. Though Fiat chief Gianni Agnelli has not been officially named as a P-2 member, over the years Agnelli has been a close business partner of various P-2 interests.

The entire policy of dismantling Italy's huge state-sector to create a freewheeling "free-enterprise" system is ironically the mastermind of Craxi and the Italian Socialists. American oil magnate and friend of Libya Armand Hammer has been a mover in the so-called "privatization" plan. Last year Hammer formed Enoxy, a private energy company based in Switzerland and

intended to facilitate Italy's conversion to a coal-based economy. Abdullah Saudi's newly formed Arab Banking Corporation has already provided substantial loans for Italian coal projects.

A member of the executive board of Fiat, Saudi maintains control of one of the largest banking empires in the Arab world, which interfaces with the operations of Pharaon and other prominent Gulf financiers.

Since 1972, Saudi has been the principal financial adviser to Qaddafi. He formed the Libyan Arab Foreign Bank (LAFB), Qaddafi's "foreign investment" instrument. Italian sources report that it is through the LAFB that Libya conduits illicit money to both Muslim Brotherhood terrorists and the Red Brigades, as well as conducting Libya's campaign of "buy-ups" in Italy and elsewhere.

During an investigation into terrorism in Italy in 1980, Enrico Paghera, charged with terrorist activities, told Italian judges that one Ronald Stark, a convicted drug merchant, was his liaison with Lebanese drug and terrorist networks. Paghera revealed that a Libyan banker with the Libyan central bank named M. Saudi was a bagman for Stark's operations in Lebanon. Whether this is indeed Abdullah Saudi is not determined, though it is known that Abdullah Saudi was with the Libyan Central Bank before becoming head of LAFB.

The Billygate angle

The earliest connections between the Carter administration and this Mideast banking group were established through Carter's Office of Management and Budget director Bert Lance, by way of the ever-active Armand Hammer. Through his position as board member of the Washington-based Financial Bankshares, Hammer brought Pharaon and a clique of Gulf and Pakistani bankers to Lance, leading to their purchase of the bank. It was also through the "Hammer connection" that Pharaon bought Lance's flagging enterprise, the Georgia National Bank. Lance visited the Persian Gulf and Pakistan to make this connection, as part of Georgia's People-to-People Friendship Force, an institution set up under Carter's governorship which later facilitated the link between Billy Carter and Qaddafi.

Among the other Middle East moneymen Hammer brought together with the Carter administration was then-head of Saudi intelligence, Kamal Adham. Adham has an association with drug-running and terrorism going back to his presence on the board of the infamous Lebanese Intrabank. That institution was disbanded in 1971 following a scandal involving illegal international smuggling. Adham was dismissed from his intelligence post by the Saudi government in 1979 for his role in setting up Camp David.

Another prominent Mideast moneyman is Pakistani

banker Agha Hasan Abedi, a close business partner of both Adham and Pharaon. Abedi, like Adham, uses his financial power to fund the Muslim Brotherhood, and has been linked by *EIR* to the generals in the massive drug trade headed by Pakistani dictator Ziaul Haq. Abedi maintains his own business tied to Propaganda-2 through his Bank for Credit and Commerce International, whose holding company in Luxembourg interlocks with the P-2 Inter-Alpha banking nexus.

The Mossad connection

Last month, the chief District Attorney of Rome in charge of investigating the Red Brigades, Fernandino Imposimato, charged the Israeli intelligence agency Mossad with aiding the terrorists. As noted above, Imposimato's charge confirms long-standing claims made by *EIR* that Israeli intelligence actively cooperates with the Muslim Brotherhood and its elite backers.

Pharaon himself has cultivated close business links with some of the leading Zionist banking families in the world. The Italian journalist Fulvio Grimaldi wrote in the London-based weekly *8 Days* that the South African raw-materials and banking magnate Harry Oppenheimer is a business partner of Pharaon in his various Italian ventures. Oppenheimer, one of Israel's top financial supporters, maintains close ties to the infamous Permindex organization, the assassination bureau that

interfaces Israeli intelligence, and was implicated in the killing of John Kennedy. Pharaon is also a business associate of French Baron Alain de Gunzburg, who in 1977 sold part of his shares in the drug-running resorts business, Club Mediterranée, to Pharaon. De Gunzburg is a brother-in-law of Edgar Bronfman, the current director of the World Jewish Congress.

It is through Club Mediterranée, among other such enterprises, that drug-running and corruption have become pronounced in Egypt. In fact, the Camp David accords between Egypt and Israel aided in opening up Egypt to such vice, under the "open door" policies launched by Anwar Sadat as part of the deal. In 1979, the Egyptian press caused an uproar when it claimed that Club Mediterranée was a front for the Mossad. Sadat then expelled the enterprise from Egypt.

The Spadolini government over the last month has quietly begun its own diplomatic initiative in the Mideast. Shortly before Colombo went to Saudi Arabia he conferred with Israeli Foreign Minister Shamir in Rome. During Shamir's stay in Rome, he also met with the Pope, who is also attempting to mediate the Mideast crisis and unblock the stalemate between Israel and the Palestinians which Camp David has reinforced. Insiders in Italy believe that the current war against P-2 is intimately linked to such critical strategic issues as the Mideast conflict.

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