

Swiss banking secrecy and the Tome inquiry

by Renée Sigerson

Over the last decades, United States authorities have found themselves on several occasions in the position where, by merely enforcing U.S. law against criminal perpetrators, they have had to challenge Switzerland's right to uphold banking secrecy.

An investigation presently underway by the U.S. Securities and Exchange Commission (SEC) is another such case, entailing SEC charges of stock price manipulation perpetrated by Genevan banker Guiseppe Tome, through the offices of a bank in the south Switzerland city of Lugano named Banca della Svizzera Italiana.

The SEC has moved to use its investigation of Tome to establish a new precedent for U.S. rights to demand lifting of Swiss banking secrecy. This is not the first time the United States has challenged Swiss banking secrecy, which is a system of numbered bank accounts which conceals the identity of depositors in Swiss banks. Other cases occurred:

- in 1945, in connection with Swiss protection of expropriated German family fortunes, which the United States claimed were under the jurisdiction of the Allied Occupation forces. The contested funds, which the Swiss eventually reimbursed their German depositors for, included a substantial share of fortunes of wealthy, South German families who had financed Adolf Hitler's career;
- in the 1950s, involving Swiss purchases of U.S. defense stocks in behalf of clients representing foreign intelligence agencies;
- in the 1960s, when Swiss banks were engaged in waves of targeted speculation on the New York Stock Exchange; as well as in handling bank accounts for known U.S. organized-crime operatives.

In 1973, the Swiss Bankers Association agreed to a Cooperation Treaty between the United States and Switzerland, which stated that in cases involving actions considered illegal under *Swiss* law, banking secrecy could be lifted. Because there are no Swiss laws against tax evasion, stock fraud or unreported large capital export—as there are in the United States—in the current case the Banca della Svizzera is refusing to release records the SEC has requested on BSI's dealings with Guiseppe

Tome, the individual being charged with stock fraud.

Tome's friends

Tome, an Italian national entrusted with administering funds in Geneva for Italy's Agnelli family, is being charged with using confidential information divulged to him by Edgar Bronfman, Chairman of the Canadian Seagram Company, to make a speculative killing on the New York Stock Exchange. In addition to acting as the Agnelli point man in business dealings in Geneva and Montreal, Tome has also acted in behalf of the Agnellis in Mexico.

In 1980, in the same period that Tome was dealing with Bronfman, he closed a deal in Mexico City which linked the city of Geneva with the Mexican section of Permindex, Inc., the front corporation which arranged the assassination of President John Kennedy.

The chronology of this far-flung corporation worked as follows:

In the winter of 1980, Bronfman had assembled an extraordinary pool of corporate cash of \$3 billion, by selling off Seagram's Texas oil holdings and then going onto the Euromarkets for a jumbo loan. The Agnellis, who have extensive joint financial operations with the Bronfmans, sent Tome to Montreal to serve Seagram as an adviser on foreign exchange and gold investments. During that time, Tome learned that Bronfman was preparing to use his cash to purchase a controlling interest in St. Joe's Minerals Corporation in Missouri.

Tome also went down to Mexico, where he attended a very private meeting between Edmund de Rothschild, one of Geneva's leading bankers, and representatives of Italy's Royal House of Savoy, who have resided in Mexico since they were expelled from Italy after 1945. During those meetings, Rothschild, Tome, and other representatives of the Genevan banking community put themselves at the disposal of the Savoyan exiles, with a proposition to found for them an international financial investments corporation which could be administered out of Geneva. The company was created under the name Finevest.

During their residence in Mexico, the House of Savoy has supported the front corporation Permindex.

Thus, surrounding Tome is a powerful financial nexus, extending from Geneva to Mexico City to Montreal, which among other things has striven to establish a strong footing in U.S. resource and industrial stocks. Tome got caught when he returned to Geneva in early 1981: knowing that Bronfman would soon make a bid for St. Joe's, he purchased a chunk of St. Joe's stock through BSI in Lugano for his friends. When Bronfman moved in to purchase, and St. Joe's shares skyrocketed in price—landing Tome several million dollars in immediate profit—U.S. authorities became suspicious and launched an investigation into the network involved.