

# The Frankfurt mafia

*Part I of Volcker Hassmann's expose of the city's international dirty money-men and their assets in the three dominant West German parties.*

Nearly everyone who hears the name of the principality of Liechtenstein associates something with it, a tax paradise and lax banking regulations. Malicious wiseacres say that all one needs to set up a business in Liechtenstein is an empty spot next to the doorbell to screw in the company name-plate. And indeed in the Liechtenstein capital of Vaduz today there are virtually more "establishments" than residents.

So the founding of an establishment is nothing out of the ordinary in Vaduz. But an establishment of a very particular sort came into being after one quite unusual gathering. In 1969 Prince Emanuel von und zu Liechtenstein; the consular representative of the banana republic of El Salvador, Franz Gstöhl; and members of the German Christian Democratic Union party met in Liechtenstein to found the "European Business Consulting Institute" (EU). The EU was simply a letter-drop, a channel for covert contributions to parties in the Federal Republic of Germany. Businessmen in Germany concluded deals for non-existent expertise and reports with the EU and transferred payments of five- or six-digit sums to Vaduz. These were tax-free payments, which were then funneled back into the Federal Republic and lavished upon the party coffers.

Many readers will shrug their shoulders and think: "Another party financing scandal, so what?" But this one was different. Certainly the Vaduz arrangement had more style than Walter Leisler-Kiep's signature-machine. [Leisler-Kiep, the leader of the Christian Democratic Union in the city of Hamburg and an aspirant to the chancellorship, is known for his foppish good looks—ed.] But the decisive factor that makes this affair so interesting is the person who arranged the meeting in Liechtenstein: Dr. Tibor Rosenbaum.

Rosenbaum, the Geneva banker, was a free-spending man. In August and September 1972 he gave two contributions of 50,000 deutschmarks each to former Hesse Governor Albert Osswald, which were deposited as loans in the treasury of the Social Democratic Party (SPD). Naturally there was a motive for Rosenbaum's magnan-

imous gesture. Under Osswald the Hessische Landesbank (Helaba) had been deeply involved with Rosenbaum's Banque de Crédit Internationale (BCI) and had prevented it from collapsing, if only for two years. The Vaduz party financing mechanism functioned up until 1976, the period in which the fallout from the Helaba-BCI scandal of 1974 hit politicians and bankers in the Federal Republic.

The true background of the so-called Helaba affair, which really should be called the Rosenbaum affair, came to light neither in the press nor in the innocuous investigation committee set up by the Hesse state parliament. The fact is that Helaba had hooked itself up to BCI, a bank entangled with the worldwide network that finances the drug trade and organized crime. For two years a governor of Hesse sat on the board of an international drug bank—that is the real Helaba scandal.

## Who was Tibor Rosenbaum?

Geneva is the city of Calvin and Voltaire. Someone once described the façades of the patrician houses, which indicate wealth but lack any superfluous ornamentation, as "Calvinist Baroque." In this city resided Dr. Tibor Rosenbaum, a financier who shared with Calvin the creed that one is properly bound by one's own conscience alone.

A Hungarian Jew, Rosenbaum emigrated to Palestine for a time, with the help of Britain's Jewish Agency, and after the founding of the state of Israel was the first Department Chief for Logistics and Finance of its foreign secret intelligence agency, the Mossad. He came to Switzerland in 1951 with full diplomatic status as an agent for Israeli immigration. But as there was virtually no emigration from Switzerland to Israel during this period, his move must have had some other cause. More of that later.

During the mid-1950s, shortly before the 1959 founding of the Banque de Crédit Internationale in Geneva, Rosenbaum exchanged his Israeli diplomatic papers for Liberian documents. For this he was indebted

to his close personal and business relations with the then-president of this African tax paradise, William Tubman.

Rosenbaum's activity for the Israeli secret service is also documented from Israeli sources. After 1948 nearly 90 percent of Israeli weapons purchases went through the BCI. In their biography of Mafia boss Meyer Lansky, the Israeli journalistic team of Eisenberg, Dan, and Landau points out that "the financing of many of the most daring operations of Israel's secret service is made possible by credit from the BCI."

Rosenbaum's career was always accompanied by scandals, but remarkably enough nothing was ever pinned on him. During the 1950s, Israeli Health Minister Yehuda Spiegel had to resign and languished behind bars for accepting bribes to place orders with the Helvis Trust Society. This society "for the promotion of trade between Israel and Switzerland" had been founded in 1949 by Rosenbaum. Close friendship also bound Rosenbaum with members of the European oligarchy. Prince Bernhard of the Netherlands invited him frequently to The Hague to advise leading Dutch bankers on successful business practices.

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Dr. Rosenbaum was a many-sided man: doctor of philosophy, Chagall collector, and disciple of astrological cults. He was treasurer of the World Jewish Congress, the pre-eminent international Jewish organization, and held numerous posts in other leading Zionist organizations. The BCI was founded in 1959 and by 1963 was described by the *Neue Züricher Zeitung* as the largest of the newly founded Geneva banks. Its board of directors had an exotic political flavor, including the Liberian Foreign Trade Minister and various Geneva lawyers. Alongside them were Denis de Rougemont, a



*Walter Hesselbach*

member of Swiss military intelligence who plays an important role in the World Federalist organization, and Ronald Brown, the brother of Lord George-Brown, British Foreign Minister under Harold Wilson.

Rosenbaum maintained an insurance agency in London to make contributions to then-British Prime Minister Wilson. Pierre Dan should also be mentioned; he worked for Lehman Brothers Kuhn Loeb investment bank and is suspected of having been the string-puller behind several OAS assassination attempts against French President Charles de Gaulle. And in 1972 the list was extended: Albert Osswald and Helaba chief Wilhelm Hankel were added to the board.

### **The Swiss connection**

The Cointrin airport in Geneva does not differ greatly from other international airports. Here too are the tourists and businessmen with pinstripes and hand luggage, perhaps just a bit more highbrow. And yet it is very different indeed.

There are passengers here who could certainly not be described as tourists and who are only businessmen in a very special sense of the word. One finds them most frequently on the flights between Geneva and Rome, Miami, the Bahamas or Bermuda, and their business interests are limited exclusively to so-called suitcase deals. A not inconsiderable portion of these deals involves the transfer of dirty money from international organized crime.

How does this funneling of illegal money into the banking paradise of Switzerland occur? Italian courts have recently provided highly revealing glimpses into the mechanisms and export routes of this "money

laundering." Since the beginning of this year the Italian authorities have succeeded in exposing the connections among the Mafia, the drug trade, and terrorism, providing crucial new leads to uncover the financial institutions and organizations that illegally export to Switzerland their proceeds from the Sicilian heroin trade.

According to this information, the drugs would go in this case via Sicily to their final destination in the United States. A centralized courier service in Florida gathered together the proceeds of the sales and dispatched them as cash in a stream of tourists to Swiss and Italian banks in Bermuda, an hour's flight away. These banks credited the money upon receipt. Then it would be either transferred to the corresponding bank in Switzerland and officially forwarded back to Italy, or it would stay "parked" for an extended period in a bank account. In the latter case, the interest would be credited to the client, who could then claim "credit" from the same bank.

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This example of the Italy-United States-Bermuda-Switzerland-Italy route for drug money constitutes just one modus operandi which is classic for the "Swiss connection." It is difficult to imagine how many suitcases have been hoisted over the counters of the BCI over the years. What can be ascertained is the brisk "business relation" of the BCI in Geneva with the head of what is probably the most powerful crime syndicate of this century: Meyer Lansky. Rosenbaum's BCI was basically nothing but one of the most important transfer points for money from countless gambling, smuggling, extortion, and drug deals of this Mafia.

With its marble and gold portals, the BCI resembled the other venerable financial institutions in Geneva. But

just a few steps more and one would reach a side street and then find oneself suddenly at the back entrance to the bank on the Rue de l'Université. Through this door a quite remarkable sort of customer traffic took place. An astonishing stream of couriers would lift the latch and millions in cash would flow in in elegant leather suitcases, sent by the Lansky syndicate to Geneva.

### **The Lansky couriers**

These earnings came from the gigantic empire of the Lansky group, which got its start in gambling and whiskey-smuggling during Prohibition in North America, and soon grew to be an international multimillion-dollar operation. The ill-gotten gains were, so to speak, on the lookout for a tax-free homeland. Before the Second World War and then in the late 1940s and early 1950s, they were transferred to a number of other Swiss banks, but in the 1960s the lion's share was disbursed through the BCI. *Life* magazine in 1967 published a series on the BCI, evidently prompted by tips from the FBI, and an astonished American public could read that there were some well-known names among Lansky's couriers.

One among them was Sylvain Feldmann, a Swiss. He had had a career that every Swiss *paterfamilias* would have dreamed of for his offspring: from the study of economics with specialization in banking, right to the main floor of one of those venerable institutions on the Square. Feldman became manager of the BCI. Had Feldmann's father seen what took place on March 19, 1965 at the airport in Miami, Florida, he would have been amazed at just how far-reaching the responsibilities of a bank manager of the BCI could be. On that day Feldmann was busy loading suitcase after suitcase full of American dollars into his truck. He dropped a slip of paper which was later found and given to the authorities. It read: "This is to confirm the receipt today, Dec. 2, 1964, of \$350,000 in American banknotes for credit to the Maral account 2812 at the International Credit Bank in Geneva, delivered to me in the presence of the undersigned." One of the undersigned was John Pullman, a partner of Lansky.

Pullman had founded the World Commerce Bank of Nassau in the Bahamas, through which, according to *Life*, \$10 million in illegal monies had been "laundered." Later on he lived in Switzerland and was one of the most important couriers for Lansky, who in turn shared the Nassau enterprise. Lansky and Joe Stacher, his closest associate since their first days together in New York's Bronx, both had accounts at Rosenbaum's BCI; Lansky's account used the password "Bear."

The connection between Rosenbaum and Lansky had been set up by Feldmann when he heard that enormous sums of money from the American under-

world were being transported into Switzerland. In Geneva circles, the Rosenbaum-Lansky connection was known as "the Kosher Connection."

### Central bank of organized crime

Summer 1965. A hot Saturday afternoon on which a remarkable number of people are gathered on the Place de la Synagogue, not far from the Rhône river, in front of the hundred-year-old Geneva Synagogue. Dr. Rosenbaum shakes many hands on this day with friends, relatives, business partners. Looking more closely one would recognize various prominent Israeli politicians who had responded to Rosenbaum's invitation. They are celebrating the Bar Mitzvah ceremony for his son Charles.

The guests pass through the cast-iron gate and enter the house of prayer. In one corner one sees a small table with tokens lying on it, resembling casino chips. Not that roulette would be played here. Each person can take one of the colored chips and stick them in the slits on the table, thereby letting the rabbi know how much he wants to give to the synagogue.

On this day each of the 250 guests made use of this device, since for most of them money was no object. There were also some Americans there, for this was a rendezvous of the most powerful casino-sharks of the American West Coast, controlled by the Lansky empire from Las Vegas to the Caribbean. As the ceremony for the 13-year-old Charles Rosenbaum went on, some of them recalled their own youth in the Bronx or New York's Lower East Side, and their feuds with Italo-American or Irish youth gangs. Only the muffled sounds of traffic on Georges-Favon Boulevard disturbed these reveries.

Not all the guests had found seats inside and some waited, chatting, on the Place de la Synagogue until the end of the ceremony. Many passersby, strolling past the nearby antique stores, would have been quite surprised had they known that some of the men were not of Jewish but Italian extraction. These included some of the most powerful men of the American underworld. And in the evening too, at the reception at the Jewish Cultural Center at 10 Rue St. Léger, powerbrokers could often be heard speaking with a heavy American accent. Meyer Lansky himself was not there, but most of his friends paid homage to Rosenbaum.

For they each recognized that the BCI was something of a central bank for their gambling and drug deals. And the dependable service of Rosenbaum's couriers was the reason why they paid 1 or 2 percent higher interest rates than normal. The role of the BCI for these circles becomes clear when one probes into their other business connections.

*To be continued.*

## STOPPING THE DEPRESSION AND REBUILDING THE STEEL VALLEY

A Conference on Economic Development sponsored by  
The National Democratic Policy Committee

Wednesday, Aug. 25  
9:00 A.M. to 9:00 P.M.

Marriott Hotel  
Monroeville, Pa.

### CONFERENCE SCHEDULE

8:30 a.m. Registration

9:00 a.m. Welcoming Remarks

9:15-10:45 a.m. "High Interest Rates, Industrial Collapse and  
the Coming Monetary Blowout"

SPEAKER:

David Goldman, Economics Editor, *Executive Intelligence Review*

PANEL:

Gene Mahoney, President, Central Labor Council, Fayette County

Emil Dicembre, President, Cement Masons Local #56

10:45-11:00 a.m. Break

11:00 a.m.-12:30 p.m. "The 'Post-Industrial Society' Threat to  
the Steel Industry; the Causes of its Current Collapse"

SPEAKER:

Richard Freeman, Economics writer, *Executive Intelligence Review*

PANEL:

Jim Olson, Field Engineer, U.S. Tubing Specialties, Gary, Ind.

John Balian, USWA Local 1397

12:30-2:00 p.m. Lunch break

2:00-5:00 p.m. "Creating a U.S. Capital Goods Boom: Great Enterprises,  
City-Building and Trade Expansion in the Developing Sector,"

SPEAKER:

Uwe Parpart, Director of Research, Fusion Energy Foundation.

PANEL:

Representatives from India, Latin America, and Africa

5:00-7:00 p.m. Dinner break

7:00-9:30 p.m. "Creating a U.S. Capital Goods Boom: Great Enterprises  
and Infrastructural Improvement Projects in the U.S.A."

SPEAKER:

Paul Gallagher, Executive Director, Fusion Energy Foundation

PANEL:

Tom Shetterley, Vice President, Central Labor Council, Fayette County

John McIlvaine, Labor Arbitrator, Compensation Council, UMW District 4;

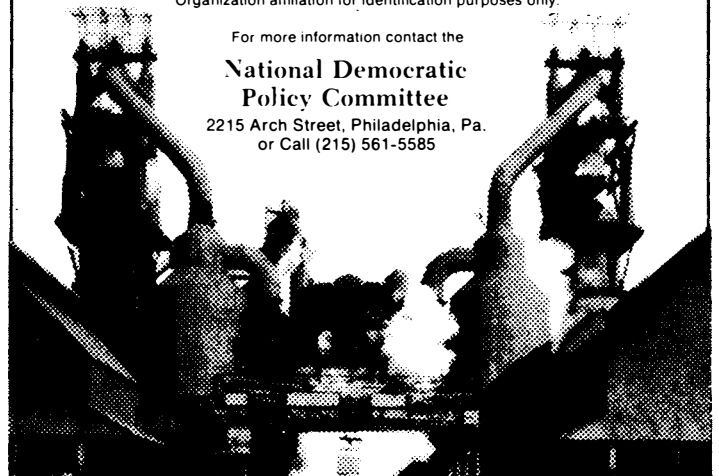
farmer; and a director of the American Beefalo Association

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