

Gold by Montresor

Into the deep for Nicholas Deak

The failure of the third major gold trading house in recent weeks raises some intriguing questions.

The world of dirty-money laundering is a dangerous one. Montresor could have told this to Nicholas Deak, the gold and foreign exchange dealer. But he had to find out the hard way.

The come-uppance came for Deak on Nov 6. As word circulated through the financial community that two of Deak's companies had been cited numerous times in an official government report for laundering hundreds of millions of dollars of drug money, Deak was forced to shut two units of his Deak-Perera, Inc: Deak-Perera Wall Street and Deak-Perera International Banking Corp. Clients who had money tied up in Deak's two units, mostly based in Latin America and the Far East, had pulled out several tens of millions over the previous weeks when word of the report spread. Some people maliciously said the clients were afraid that Deak would lose all their money. Others less kind said that these clients feared the government would investigate *their* accounts and put them in jail.

The failure of Deak, which was accorded regular, but "proper" coverage in the standard financial press, raises some intriguing questions. This is the third major gold trading house within two months to go under, the other two being Johnson, Matthey, one of the five prestigious British gold houses that sets the daily gold fixing, and the Soviet Wozchod Handlesbank of Zurich, the center for Soviet gold sales to the West, as well as political intelligence and spying.

Why did all these houses go under

in the same time span? Why, concomitantly, should the price of gold have fallen so sharply over this same period, touching \$322 an ounce Nov. 14, when major gold advisers such as Charles Stahl, the publisher of the bi-weekly *Green's Commodity Market Comments*, has been saying, as he did on Oct. 15, "Now I believe that gold and silver are at the end of a bear market."

The charges against Deak, a Hungarian who was educated in Switzerland and who practices religiously a kooky vegetarian diet, are pretty damning. The report of the President's Commission on Organized Crime issued this past October shows Deak taking in narcotics and other dirty money by the bushel-load.

The report states that one of the key members of the "Colombian Cocaine Connection," Eduardo Orozco, "over a four-year period ending in November 1982 . . . deposited \$151 million in cash in 18 bank and currency exchange accounts. . . ." The report asserts: ". . . Much of the money came from Colombian cocaine dealers." Of this amount, two-thirds—\$97 million—Orozco moved through accounts at Deak-Perera.

Orozco opened up a Deak account in the name of Dual International. The report states, "In fewer than sixteen months, this account received 232 cash deposits totaling almost \$97 million. These deposits were often carried in cardboard boxes to the Deak-Perera New York City branch . . . all in cash." Somehow, Deak's officers for-

got to file Currency Transaction Reports (CTR) required under law any time \$10,000 or more is deposited with it.

Deak is also charged with having laundered \$11 million for two Filipinos who ran a black market currency exchange, and many millions of dollars for Isaac Kataan, "Chancellor of the Exchequer" for at least one major drug-trafficking organization.

But the intriguing question is why did the President's Crime Commission, headed by Vice-President Bush, decide to go after Perera.

Why did this happen at the same time that Wozchod Bank, the Zurich center for Soviet gold-trading operations, dismissed its top management and declared heavy losses after Swiss authorities cited the bank for "most outrageous violations" of foreign exchange trading? Such practices are common for the Soviets. Why now?

And why should Johnson, Matthey, which helped found the London gold "fix" in 1919, run a \$202 million half year loss. Who is the mysterious Mahmoud Sipra, whose bad loans to Johnson, Matthey reportedly totaled \$30 million. Why does a Pakistani national, who operates out of Europe, have his holding company, El Saeed Group, registered in Qaddafi's Libya?

Is there any connection between this and the release out of the blue on Nov. 12 by Swiss sources, that one-sixth of the Free World's gold was imported into Hong Kong and thence smuggled into other countries in Asia? If this is so, why admit this in public?

Someone is trying to artificially depress the gold price—and is doing so successfully—as part of larger plans to gain control of the world gold market. This is part of the grander political fight between the free West and its enemies. Nicholas Deak seems to be a victim—though undoubtedly a deserving one—in this larger warfare.