

Banking by Kathy Wolfe

Weld and First Boston's money laundry

The U.S. Attorney's Swiss connections are part of the scandal now threatening Boston's finest citizens.

The Boston Brahmins at the First National Bank of Boston and Boston U.S. Attorney William Weld have been caught covering up two separate illicit cash transactions. The largest was \$1.22 billion in transactions to and from Switzerland which Assistant Treasury Secretary John M. Walker, Jr., said on Feb. 11 is "consistent with money laundering."

On Feb. 7, First Boston's holding company, Bank of Boston, pleaded guilty to a felony charge of "knowingly and willfully" failing to report \$1.22 billion in cash transactions with nine Swiss banks.

The Swiss connection apparently came to light in the course of a separate federal investigation into questionable domestic cash transactions which First Boston made with Boston's Angiulo mafia family. The *Boston Globe* reported on Feb. 11 that First Boston granted "exemptions" from the Treasury law to companies controlled by the Angiulo brothers.

Worse, First Boston managed to cover up both scandals for a full week, until Feb. 12, by "copping a plea" on the Swiss case with the cooperation of U.S. Attorney William Weld, who is in charge of both investigations. First Boston got off with a \$500,000 fine.

Weld's giving First Boston the easy way out is suspicious in light of his own Swiss connections. Weld's family is part owner of the White Weld investment bank, which merged in the 1970s with Switzerland's megabank, *Crédit Suisse*, one of the nine Swiss banks involved!

On Feb. 11, Bank of Boston chair-

man William L. Brown denied that the mafia's Angiulos were customers of the bank. "To the best of our knowledge, this is absolutely untrue," he said.

But Howard K. Matheson, recently retired chief teller at First Boston's North End branch, confirmed Feb. 13 that First Boston granted "exemptions" from cash reporting laws to the five Angiulo brothers. Legitimate high-cash businesses such as grocers may be exempted from the reporting requirements. The Bank's North End branch apparently wrongfully put the Angiulo businesses, including Huntington Realty Co. and Federal Investment, Inc., in the category.

Matheson and another employee disclosed that Gennaro J. Angiulo and his brothers had been bringing paper bags filled with large amounts of cash to the bank "for years" to deposit and buy cashier's checks.

A September 1983 racketeering, loan sharking, and murder indictment against the Angiulos states that Huntington is their front company.

James D. Harmon, chief counsel of President Reagan's Commission on Organized Crime, traveled to Boston Feb. 13 to chastise banks who work with the mafia before the New England Organized Crime Drug Enforcement Task Force. Harmon replaced a lesser official at the last moment. President Reagan appears to be sending a message to the Brahmins.

"The surest way to get at the mob is to get at the mob's money," he told the 250 policemen. "Banks that accept funds from illegal business should

know that every dose of heroin, every dose of cocaine, every bribe, every airplane, every bullet which finds its way into the bodies of Drug Enforcement Agency agents, is paid for by the money they have chosen not to see."

William Weld told the *New York Times* on Feb. 14 that Harmon's remarks "sure did sound" as if they were aimed at Bank of Boston.

A 1974 law, which Treasury official Walker points out is the "center-piece" of the Reagan administration's war on drugs, requires banks' cash transactions of more than \$10,000, domestic or foreign, to be reported.

The Swiss transactions were particularly suspicious as drug-related, consisting of deposits made by the nine Swiss banks at First Boston in cash bills of \$50 or less, and of money withdrawn and transferred out to the Swiss in bills of \$100 or less. Normally bank-to-bank transactions occur by check or electronic funds transfer.

Worse, Bank of Boston chairman Brown tried to justify the \$1.22 billion by claiming that the bank had "failed to notice in the Federal Register" that the law had been changed to include foreign transactions—in 1980! "It isn't conceivable they weren't aware of the requirement," Treasury official Walker said in response.

Weld's coverup was important because it gave First Boston time to prepare for a run on the bank's deposits by outraged depositors. After the Angiulo connection was revealed on Feb. 13, the cities of Boston, Medford, Malden, and private citizens began pulling out deposits.

State Rep. Royal L. Bolling, Jr. on Feb. 14 called on all state, municipal, religious, and charitable institutions to pull out of First Boston, saying the bank's activities show "the degree of influence on monies from illicit drug sales."