

## Swiss targeted in war on drugs; will IMF be next?

by Mark Burdman

“Is there some big crap game going on over in Switzerland? I can’t wait to get to Boston!”

The speaker was Democratic Congressman Fernand St Germain of Rhode Island, head of the House Banking Committee, speaking in the House of Representatives on March 5. His Committee’s Subcommittee on Financial Institutions will be holding hearings on-site in Boston on March 20 to investigate the case of the First National Bank of Boston and its alleged laundering of \$1.2 billion in suspected narcotics-related revenues.

These hearings, and the Bank of Boston case more broadly, have taken on new historic dimensions in view of high-level Reagan administration officials’ targeting of Switzerland and Swiss banks’ secrecy laws, as the culprit behind international narcotics money-laundering.

The leading Swiss banks—Union Bank of Switzerland, Crédit Suisse, Swiss Bank Corporation, and others—over the years have expressed privately and publicly their extreme displeasure at this publication’s spotlighting of their ties to drug trafficking and to drug-trade-derivative “Nazi” and “Communist” forms of international terrorism. Now, the Reagan administration itself is casting Switzerland in the role of Public Enemy #1 in its war on drugs.

### ‘Consistent with money laundering’

Following his March 5 briefing before the Subcommittee on Financial Institutions, U.S. Assistant Treasury Secretary for Enforcement John M. Walker, Jr. told reporters, “There’s every indication of money laundering” in the Bank of Boston case, “specifically drugs. That’s what we have seen frequently elsewhere.”

Walker asserted that tracking down the drug money was unnecessarily complicated because of Swiss banking secrecy laws. But, he added, “Common sense tells you that huge amounts of small bills coming in from Switzerland like this

are consistent with money-laundering.”

In his actual testimony, Walker had indicated that the Bank of Boston case was much more comprehensive, in time and in space, than many had imagined. He revealed that the bank was only one of 41 now under investigation by U.S. federal authorities for suspicious money-laundering activities. He also stressed that the Bank of Boston had been informed *as early as 1982* that it had “problems” in its procedure for reporting money transactions, and was simply not telling the truth by asserting that such “problems” had only begun in 1984: “For the Bank to say the problems were only recently brought to its attention is burying its head in the sand. There were ample red flags and there should have been a full-scale investigation and compliance in 1982.”

Walker’s colleague, James D. Harmon, Jr., executive-director and chief counsel of the President’s Commission on Organized Crime, threw the focus of the subcommittee onto Switzerland. He revealed that his office was working on a case specifically involving heroin traffickers from Sicily using Switzerland to launder money. More broadly, he asserted that crime syndicates in Sicily, Hong Kong, and Tokyo were using the banking system to launder billions per year. He said his commission was dealing with a situation similar to that of the Bank of Boston, in which the Hong Kong branch of a large West Coast bank collected more than \$1 billion in cash and sent half of that to banks in Switzerland, which then transferred the money in small bills to the United States. Because this West Coast bank was cooperating with U.S. authorities, he said, he could not reveal its name.

The heat is on. The Bank of Boston, through its spokesman Barry Allen, asserted on March 5 that it was the Swiss banks that were at fault. Said Allen: “The international transactions between banks were always at the initiation of the foreign banks. We do not have any way of knowing the origin of the cash transactions, and there is no way for individuals

to have access to the cash transactions.”

In 1978, a team of investigators commissioned by Lyndon H. LaRouche, Jr. triggered a giant international controversy by publishing the book *Dope, Inc.*, depicting on its cover the British flag and British crown with a heroin addict's needle superimposed. Now, indeed, with leading administration officials in a combative mood, U.S. anti-drug officials have for the first time arrested a paid colonial servant of the British Monarchy in a drug sweep. Prime Minister Norman Saunders of the Turks and Caicos Islands, located just off of the Bahamas, was arrested on March 5 in Miami, along with two other Turks and Caicos government officials and a Canadian businessman, on charges of conspiracy to use the small island as a transshipment point for bringing narcotics from Colombia into the United States.

Said Peter F. Gruden, special-office agent for the Drug Enforcement Administration in the Miami area: “This is the first time we have filed complaints against what would be the chief officials of a foreign country, and certainly the first time there have been any arrests.”

### **The brawl in Washington**

St Germain's committee, Walker's Treasury group, and Harmon's Commission are only a few of the investigative bodies actively pursuing the Bank of Boston case. The Senate Permanent Investigations Subcommittee, headed by Senators Rudman (R-N.H.) and Roth (D-Del.), and joined by the Senate Banking Committee's Subcommittee on Security headed by Sen. Alphonse d'Amato (R-N.Y.), is opening up hearings on March 12, with Justice, Treasury, and other government officials called to testify.

Capitol Hill observers describe the mood in Washington over the Bank of Boston case as “a real brawl,” with the bank and its collaborators reportedly involved in intensive behind-the-scenes arm-twisting and intrigue. One noteworthy sign of this was the behavior of the U.S. Comptroller of the Currency's office, which early in the week of Feb. 25 had accused the Bank of Boston of having known its currency reporting procedures were illegal since 1982. Within 48 hours, the office recanted and claimed that its earlier statement had been “in error.”

Other intrigue and blackmail is reportedly emanating from the offices of the Anti-Defamation League, whose officers have launched a national campaign, through the media and other channels, to smear U.S. Attorney General Edwin Meese on “corruption” charges. Meese is known to want to clean the Department of Justice of pro-drug operatives in the department's second-level officialdom; since this would target some of the ADL's own precious assets, the ADL has gone on preemptive attack.

A New York investment bank official indicated another potential line of attack. He recalled that ex-New Jersey Sen. Harrison Williams, now in jail on an FBI “Abscam” sting, “committed his act of political stupidity by deciding to open up an investigation into the Swiss banking-secrecy laws.”

As the battle over the Bank of Boston and Switzerland intensifies, however, Switzerland's U.S. assets are going to come under hotter and hotter attack, in particular, U.S. Attorney for Massachusetts William Weld. From the inception of the Bank of Boston case, Weld has been trying to put a lid on it, including a \$500,000 “sweetheart deal” fine of the bank. Of course, any further tracking of the Bank of Boston's dealings with Crédit Suisse bank would open the files on his own family funds, accrued by the White Weld securities empire under the direction of Weld's father David Weld, in association with Crédit Suisse from the 1930s up through the early 1980s, when White Weld was dissolved into numerous pieces under the overall control of First Boston, Crédit Suisse, and New York's Merrill Lynch.

### **What of the IMF?**

The intensity of the fight against the drug traffickers corresponds to a realization of the enormity of the strategic and economic stakes involved in international narcotics trafficking. In a report issued early in March, the Congressional Select Committee on Narcotics and Drug Abuse, under the chairmanship of Charles Rangel (D-N.Y.) revealed that approximately 20 million Americans are now using cocaine regularly and 500,000 Americans are addicted to heroin. Rangel's Select Committee asserted that the drug trade has grown internationally at the rate of \$10 billion per year since 1978.

Drug traffickers “have declared war on the United States,” Rangel said in a statement issued upon release of the report. He urged measures to “repel the invader.”

While commending the military for having made inroads in fighting drug abuse within the armed forces itself, the Select Committee report criticized the Reagan administration for failing to provide enough funds for the Drug Enforcement Administration (DEA), the Coast Guard, and the U.S. Customs Service to “enable them to effectively control the massive smuggling and distribution of cocaine, heroin, and marijuana affecting the United States.”

A bipartisan group of U.S. senators introduced a bill on Feb. 27 entitled “The Readiness Enhancement of Air Force Reserve Special Operations Act of 1985.” According to chief sponsor Dennis DeConcini (D-Ariz.), the measure represents “a bold new step toward bringing the Department of Defense more deeply into our war against the narcotics traffickers.” (See *Congressional Closeup*.)

However, the administration's war on drugs cannot be pursued in a war-winning way as long as the administration continues to support the policies of the International Monetary Fund and the “free enterprise” advocates around the world. Until the equation IMF + “free enterprise” = narcotics-trafficking is understood by the President and leading members of his administration, the U.S. government will be combatting drug-trafficking with its left hand, while unwittingly encouraging the “citizens above suspicion” who control the drug trade with its right hand.