
The C. V. Starr Foundation

Dope, Inc.'s bid to wreck the Philippines

by Al Douglas

The January-February 1986 issue of the newsletter of the Georgetown Center for Strategic and International Studies reported in detail on the CSIS's October 1985 two-day "simulation" of the overthrow of Ferdinand Marcos and takeover of the Philippines by the New People's Army (see *EIR*, Nov. 8, 1985). A box on the same page drew attention to the fact that much of CSIS's Asian work is made possible by million-dollar grants from the C. V. Starr Foundation of New York. Just what is this foundation, and why is it so interested in the Philippines?

CSIS further reported, regarding the chief executive of the \$13 billion C. V. Starr insurance empire, Maurice R. "Hank" Greenberg, that "his global political economic expertise, especially with regard to the East Asian region, has been an important intellectual asset to CSIS," and that Greenberg was a key figure on the CSIS Board of Councillors, which is chaired by Henry Kissinger. CSIS functions as a semi-official back channel to the Soviet Union for the U.S. State Department.

But the newsletter did not report the exact link between the CSIS simulation and C. V. Starr's grants: Through C. V. Starr's control over Philippine financial institutions and personnel, Greenberg played a crucial role in the actual overthrow of President Marcos.

Maurice Greenberg, as CSIS noted, is an influential man, through the weight of his Asian-centered multi-billion-dollar insurance empire, his own personal fortune estimated at \$250-500 million, as well as the company he keeps. He is an adviser to CIA chief William Casey, and was in an excellent position to help Casey, his reputed business partner, run the destabilization and final overthrow of Marcos.

Greenberg's C. V. Starr Co. owns the major insurance company in the Philippines, Philippine-American Life Insurance, which underwrites all the banks in the country. He and his associates directly control four of the leading financial figures in the country: Finance Minister Jaime Ongpin, Central Bank head José ("Jobo") Fernandez, Development Na-

tional Bank head Caesar Zalamea, and former prime minister and finance minister Caesar Virata, a proponent of the International Monetary Fund.

But the real basis for Greenberg's power is the "joint-stock company" of Russian and Western financial interests known in intelligence parlance as the "Trust," the grouping which ran the Bolshevik Revolution and continues today as the principal advocates of a "New Yalta" deal with the Soviet Empire. According to knowledgeable sources in the Philippines, the C. V. Starr Insurance Empire was established in Shanghai in 1919, when a young Californian named Cornelius Vander Starr made contact with a group of influential White Russian families who left Russia after the Bolshevik Revolution of 1917. These were some of the old noble, "boy-ar" families of Russia who, bitterly opposed to the modernizing and Westernizing of Russia at the end of the 19th century, had helped to sponsor the Bolsheviks as a battering ram against that Westernization, from their positions in the Czarist police, the Okhrana.

Largely happy with the "change in dynasty" they had helped to engineer, these White Russian families, a number of which had emigrated to Shanghai, continued to work with the "new dynasty," in particular through Cheka chief Felix Dzerzhinskii's "Trust" organization. Based upon an alleged anti-Bolshevik "resistance movement" inside Russia, and its liaison to "anti-Bolshevik" White Russian forces on the outside, in Shanghai, Harbin, Riga, Paris, Munich, and Berlin, Dzerzhinskii's Trust represented a major penetration of Western intelligence services.

The Shanghai families were some of those who, in the pre-Revolution period, had been deeply involved in the extensive Russian imperial apparatus in the Far East, headed by Okhrana official (and later adviser to Dzerzhinskii's Cheka), Peter Aleksandrovich Badmayev. Badmayev's friend and protégé, also active in the Far East, was Sidney Reilly, the British "ace of spies" and later the most celebrated figure of Dzerzhinskii's Trust. These were the networks which adopted the young C. V. Starr in 1919. With their sponsorship, and by arrangement with the British, he began selling insurance to the Chinese.

The "joint-stock partnership" of the Trust which spawned C. V. Starr is reflected most directly in Starr's current business arrangements under Greenberg. Since 1979, probably the fastest-growing element in Greenberg's empire has been in dealings with the East bloc and China. It includes the following activities by C. V. Starr's holding company, the AIG:

1979: Launched its first joint venture, the Romanian-American Insurance Co, with the Romanian state-owned company, and was received personally by Romanian President Nicolai Ceausescu.

1979: Established the Polish-American Insurance Co., on the Romanian model.

1979: Established the Hungarian-American Insurance Co.

1980: Set up an insurance plan with the Soviets around the Moscow Olympics (canceled due to the Soviet invasion of Afghanistan).

1980: Established a 50-50 deal with the state-run People's Insurance Co. of China, involving Greenberg in everything from building hotels to insuring the safe delivery of equipment to China from the West.

1981: Established a similar arrangement with Yugoslavia, subject to profits not leaving the country.

In addition, AIG has a virtual monopoly on reinsuring the East bloc countries' oil rigs in the Adriatic, Baltic, and Black Seas.

Dope, Inc.

In the decades of the 1920s and 1930s, C. V. Starr branched out from China, where the firm had the largest insurance company in the country, to open operations across the Far East, in Hong Kong, Saigon, Jakarta, and the Philippines. At the outbreak of World War II, Starr attached himself to the bankers' wing of the Office of Strategic Services (OSS), the predecessor to the CIA.

Soon after the war, C. V. Starr entered the leading ranks of the American branch of Dope, Inc. In the 1950s, C. V. Starr's president, William S. Youngman, was a partner in the private law firm of Thomas G. Corcoran, which organized the CIA's dope-smuggling private airline, Civil Air Transport (CAT), later notorious as Air America. Through Youngman, Starr's board overlapped the notorious United Fruit Co., the firm estimated by the U.S. Drug Enforcement Administration to be smuggling 20% of the drugs entering the United States from Ibero-America, and which played a coordinating role in the Bay of Pigs fiasco, as well as numerous coups in Guatemala, Honduras, and elsewhere.

In 1961, Hank Greenberg, with recommendations from his mentor, Eastern Establishment insurance executive Milburn Smith, joined C. V. Starr. By 1968, shortly after the death of its founder, Greenberg inherited not only the company, but Starr's ties both to the dirty side of U.S. intelligence and to the narcotics cartel.

For the U.S. policy toward the Far East, all these networks come together in the New York City-headquartered Asia Society, chaired for many years by Lehman Brothers executive George Ball. C. V. Starr prominently joins in the Asia Society the controlling money-laundering firms of Dope, Inc. in the United States, including American Express, Phibro-Salomon, Goldman Sachs, United Fruit, and United Fruit's law firm, Sullivan and Cromwell, the law firm of the Dulles family. The roots of this nexus go back to the Boston Brahmins, the American junior partners in Britain's 19th-century opium trade in the Far East.

Within the Philippines, sources report that Greenberg operates in tandem with another network, centered on the largely Syrian Jewish grouping around Jack Nasser, owner

of one of the largest textile firms in the country. Nasser's cousin Nessim Gaon is the business partner of Tel-Aviv-based arms smuggler Shaul Eisenberg, the "Armand Hammer of China," who spends seven months out of the year in Beijing. Eisenberg and Greenberg are reportedly good friends. The Syrian Jewish networks of Nasser and Gaon are descended from the opium- and precious-metals-smuggling networks run for centuries throughout the Levant, by the corrupt old families of Venice.

The tradition of dirty money and drugs in these Syrian Jewish families continues to this day. Take the case of Edmond Safra, a friend of Nasser who is a former board chairman of American Express, and himself reportedly active in the Philippines. He is also notorious in his home base of Switzerland as a gold smuggler. Another scion of these Syrian Jewish families, Isaac Kattan-Kassin, was caught laundering millions in drug money through U.S. banks, as part of the Colombian "cocaine connection."

It was Nasser who introduced his nephews, Joseph and Ralph Bernstein, to the Marcoses, embroiling the Marcoses in financial scandals which were used as a chief point of attack for another Nasser ally, Congressman Stephen Solarz (D-N.Y.). Solarz, who led the crusade against Marcos from his post as chairman of the House Foreign Relations Subcommittee on Asia and Pacific, was acting as the front man for the Syrian Jewish community of Brooklyn, New York, with which Nasser, the Bernstein brothers, and former Amex chairman Edmond Safra are all closely tied.

Point men for Dope, Inc.

Several days after the Feb. 25 coup, the *Washington Times* ran an article entitled, "Did the IMF Overthrow Marcos?" The article admitted what this journal had reported throughout the preceding two years: The International Monetary Fund's brutal austerity policy was the key factor in creating the conditions of discontent favorable to destabilization. The IMF, which has "unofficially" recommended to developing-sector countries that they grow drugs to pay their debts, relied and continues to rely upon certain individuals in the Philippines to push its policies through. They are:

● **Finance Minister Jaime Ongpin.** Appointed finance minister by President Corazon Aquino, Ongpin's first act was to travel with central bank head Jobo Fernandez to the United States, offering a shopping list of Filipino assets to U.S. banks and private investors. One participant in a meeting with them, Chase Manhattan's Philippine desk head, reported this fact, together with the observation, "Though they don't particularly want to be seen as opening the country up for massive purchases by foreign investors, because that would be taken wrong by a lot of elements in the country . . . everything we heard was as we wanted to hear, really."

Though regarded as a successful businessman, Ongpin is merely a straw man for the people at Charles Allen & Co.

who installed him as the head of Asia's largest gold producer, Benguet Mining, a long-time jewel of the Meyer Lansky empire. According to *Fortune* magazine of Aug. 8, 1983, Jaime graduated with an MBA from Harvard, and settled in at a career in the Scott Paper firm in Pennsylvania. "But the New York investment banking firm of Allen & Co., which controlled Benguet, had other plans for him. Eager to 'Filipinize' Benguet's management, Allen hired Jaime and sent him back to Manila. He spent seven years building Benguet's engineering subsidiary into a major profit maker. In 1974, Jaime became Benguet's first Filipino president. His entire career is due to Charles Allen & Co, *the private investment house of the late dope king Meyer Lansky.*

The Allen brothers, with a combined personal fortune of over \$550 million, had played a major role as laundry men for Lansky, and Lansky's business associate Lou Chesler, in setting up the casino complex in the Bahamas which produced the drug-money-laundering Resorts International casino firm. According to organized crime investigators, Benguet Mining was used as one of the corporate shells to launder money into the original establishment of Resorts International.

Joseph Binns, an executive of a C. V. Starr subsidiary, was a business partner of Chesler in the same operation. Among other unsavory connections, the Allens had also first introduced Armand Hammer to Muammar Qaddafi.

- **Caesar Zalamea.** The chairman of Benguet, and head of the state-owned Development Bank of the Philippines, Zalamea is reportedly the man Ongpin reports to locally. Zalamea's career was established through his position as head of investment for the C. V. Starr subsidiary, the Philippine-American Life Insurance Co., which company provided ample loans to Benguet Mining during Ongpin's tenure there. Now chairman of Phil-Am Life, Zalamea's position gives him enormous control over Philippine monetary matters.

- **Governor of the Central Bank Jobo Fernandez.** Fernandez was appointed Central Bank chief by Marcos, under pressure from the IMF. He was retained by Mrs. Aquino. Jobo founded Far East Bank and Trust, with which he is still associated. Far East was bought by Shaul Eisenberg, who maintains an office in Manila's Makati District. From Tel Aviv and Beijing, Eisenberg coordinates a \$2-3 billion a year trading corporation. He is notorious as an arms smuggler, and his corporation is well known as a logistical and financial front for the Soviet-tied wing of the Mossad around former Israeli defense minister Ariel Sharon. Eisenberg's Far East Trading Corp. manufactures light weapons in China, among other things, and according to American intelligence sources, some of these weapons are ending up in the hands of the NPA guerrillas.

- **Former finance minister and prime minister Caesar Virata.** Virata played the key inside role in the Marcos

cabinet in undermining the Philippine economy with austerity. He was the most valued asset in the Philippines of the IMF and World Bank, whose Development Committee he chaired for several years.

Virata's brother Leo is with Greenberg's Phil-Am Life. His uncle, formerly with American Express, is now with Lansky's investment bank, Charles Allen & Co. It was Virata who, at the demand of the IMF, brought in the CGV corporation of Greenberg-tied Washington Sycip, to be the accountants for all the banks of the Philippines—an extremely sensitive intelligence position.

The Swiss command center

As Greenberg pulls the strings on his Philippine puppets, his own activities, both financial and ideological, are directed from the Swiss headquarters of the world's largest reinsurance company, the Swiss Reinsurance Co. Established in 1863 by the elite of Switzerland's patrician families, Swiss Re has handled all the reinsurance for the C. V. Starr empire for the last half century. This connection to the top echelons of Swiss banking and insurance may explain why the board of directors of C. V. Starr remains a well-kept secret to this day. Under Swiss sponsorship, Greenberg was boosted several years ago with the establishment of the Transatlantic Reinsurance Co., a partner of AIG, Swiss Re, and a few others, an arrangement which allowed Greenberg to put up 21% of the capital, but to retain 47% of the ownership.

The directors of Swiss Re are to be found on the board of the Geneva Association, the think-tank for the insurance industry. The association is chaired by Orio Giarini, famous for his proclamation that the "last 10,000 years of the neolithic production economy are over" and that the future services-oriented world economy, will be run by "insurers and priests"—a combination not irrelevant to the creation of the "peoples' power" which overthrew Marcos. These are the cartels moving in to run the Philippine economy, under the guise of "getting rid of Marcos's crony capitalism."

Greenberg has taken up the Geneva Association/Club of Rome war cry of the "post-industrial society," along with his beneficiaries at Georgetown CSIS. A Greenberg-chaired CSIS blue-ribbon commission recently called for a major overhaul of U.S. trade legislation to foster services over manufacturing, together with similar changes in the GATT agreements and OECD functioning. Greenberg also founded and chairs the Washington, D.C.-based Coalition of Service Industries, Inc. (CISI) as a mass public-relations operation for the post-industrial society. A vice-president at Greenberg's AIG, Ronald Shelp, has chipped in with a book, *Beyond Industrialization: Ascendancy of the Global Service Economy*. In the brave new world of insurance, fast-food stands, drugs, and "people's power," Hank Greenberg is leading the way. And where Greenberg leads, Ongpin, Zalamea, Fernandez, and Virata, will be right behind.