

Skadden, Arps: ADL-linked law firm services Dope, Inc. clients

by Scott Thompson

In the 1970s, the \$500 billion per annum international drug money-laundering network of banks known as Dope, Inc. pushed through changes in banking laws in many countries that vastly expanded its offshore laundering capability. Kenneth J. Bialkin, who was then head of the New York-based law firm of Willkie, Farr and Gallagher, and who would become (1982-86) national director of the Anti-Defamation League of B'nai B'rith, was at the center of this operation, pioneering, through such clients as fugitive financier Robert Vesco, the multimillion dollar looting of Investors Overseas Services (IOS) that generated the seed money for Vesco's current drug trafficking from Castro's Cuba. Now, Dope, Inc.'s big project is the repatriation of that drug money for takeover of U.S. banks, corporations, and real estate. In line with this, in January 1988 Bialkin joined the firm of Skadden, Arps, which is the world's largest among merger and acquisition law firms that have brought corporate America to its knees.

A key example of this process was when Skadden, Arps represented the Buffalo, New York-based Marine Midland Bank in 1978-79 when it wanted to be taken over by the Hong Kong and Shanghai Bank, which *EIR* editors exposed in the book *Dope, Inc.* as being the historic and current banking axis for opium and heroin production in the Golden Triangle region of China and Southeast Asia. In fact, the first edition of *Dope, Inc.* arose out of *EIR*'s attempt to block HongShang's takeover of Marine Midland, which brought offshore drug money laundering to U.S. shores.

The HongShang takeover of Marine Midland was only the tip of the iceberg of an attempt by British Dope, Inc. banks to invade the U.S. banking system, using their drug money-laundering profits. Takeover attempts included Standard Chartered Bank's bid for Union Bank, National Westminster's bid for National Bank of North America, and Barclays Bank's bid for American Credit Corp.

The HongShang takeover of Marine Midland is not just ancient banking history. It was Trilateral Commission member Sol Linowitz, a board member of Marine Midland before President Jimmy Carter tapped him to negotiate the Panama Canal Treaty, who in the early-1970s pushed the transformation of Panama into an offshore banking center, with regulations similar to the notorious Cayman Islands, over the objections of Panama's Gen. Omar Torrijos. Once HongShang

consolidated its grasp on Marine Midland, which dominated the bankers' steering committee handling Panama's debt and other foreign transactions, it had a major role in that offshore banking facility.

Some attempted to resist

The effort by *EIR* to block this full-scale Dope, Inc. invasion of American finance gained the support of New York State Superintendent of Banks Muriel Siebert, who picked up on *EIR*'s Oct. 4, 1978, 48-page appeal to the Federal Reserve Board to deny HongShang's application on the grounds that the Crown Colony bank was a major factor in the international illicit narcotics trade, especially through its financing of expatriate Chinese families in the Golden Triangle region. Between October 1978 and May 1979, Siebert, with the support of *EIR* and the New York Bankers Association, challenged the powerful financial group represented by Marine Midland, Skadden, Arps, and HongShang, which was allied with supporters of Dope, Inc. within the City of London and the Federal Reserve Bank.

In February 1979, Siebert called for a "national policy review" of foreign takeovers of U.S. banks in a letter to Rep. Henry Reuss (D-Wisc.), then chairman of the House Banking Committee. Siebert questioned loopholes in the International Banking Act of 1978 that had made possible the acquisition of \$23 billion in U.S. banking assets since its passage, and decried the fact that there was no "reciprocity" since "no developed country other than the United States would permit any significant local bank to be acquired by a non-domestic bank."

In May 1979, Siebert further delayed the takeover when she asked whether HongShang had "the attributes needed for management" of Marine Midland—an apparent allusion to the HongShang's known drug money-laundering activity. But Federal Reserve Chairman G. William Miller, Comptroller of the Currency John Heinman, and New York Gov. Hugh Carey had taken steps to curtail Siebert's ability to stop the deal. Also, on May 15, 1979, Marine Midland chairman of the board Edward F. Duffy, who was being advised by Skadden, Arps to wholeheartedly accept the takeover, issued a press release that characterized Siebert's concerns as "xenophobic attacks . . . [that] are pure jingoism and contrary to U.S. policy and interests."

Skadden tied to Rothschilds, Dope, Inc.

As the 1985 second edition of *Dope, Inc.* documents (pp. 496-497), the HongShang takeover of Marine Midland was assisted by an agent of the Rothschild banking family, who also employed Skadden, Arps to manage legal affairs for their financial dealings in North America. According to *Dope, Inc.*, one of the key "inside agents" involved in the takeover was Leonard Rochwarger, who since 1973 had been "the closest business associate" of the Buffalo-based Jacobs family which made its fortune bootlegging with Samuel Bronfman during Prohibition. In 1971, Rochwarger's Firstmark Corporation, a heavy equipment leasing company, entered into a complex merger agreement after a Paris meeting with Edmond de Rothschild and Robin Sebag-Montefiore, which also made Rochwarger president of the Israel-American Leasing of Tel Aviv, now the largest firm of its type in Israel. Among his many prominent posts in the Buffalo Jewish community, Rochwarger is a regional board member of the ADL.

Skadden's ties with the British branch of the Rothschild family leads to other links to Dope, Inc., apart from the French branch of the family's links through Rochwarger to the HongShang takeover. In 1981, Skadden's senior partner, Robert Pirie, assisted the Rothschild interests in obtaining ownership of what is now Rothschild North America, Inc. Pirie, who represents the third generation of a Scottish family that ran the dry goods firm Carson, Pirie, Scott and Co. in the Midwest, and who is a cousin of the ADL-connected family of Adlai Stevenson, became president and chief executive officer of Rothschild North America, Inc. and chairman of several of its subsidiaries the following year.

The main Rothschild family Dope, Inc. ties to Skadden, however, come not through this firm, whose chairman, Evelyn de Rothschild, through his London *Economist* magazine, recently called for drug legalization; rather it is through Skadden's dealings with Jacob Rothschild, the son and heir to the recently deceased Lord Victor Rothschild, who was part of the Philby, Burgess, and Blunt Anglo-Soviet espionage network. Jacob Rothschild is first known to have begun work with Skadden when he was a party to Sir James Goldsmith's attempted \$20 billion-plus takeover of British American Tobacco (BAT) which employed Skadden as its merger and acquisition specialist. While Jacob Rothschild may have inherited notoriety from his father, his money comes from a series of mergers.

Starting in 1983, Jacob Rothschild consolidated the firm of Charterhouse Japhet Rothschild PLC, which resulted from a merger between Jacob Rothschild's investment group with Charterhouse Group PLC, the owner of the merchant bank Charterhouse Japhet, creating the largest British banking group in the City of London. This merger made Jacob Rothschild a partner of one of those clients at Willkie, Farr that the ADL's Kenneth Bialkin would rather forget—insider trader Ivan Boesky—which made Jacob Rothschild's new firm a partner with Boesky in attempts to take over Getty interests.

Dope, Inc. placed a spotlight on Charterhouse Japhet, which, like HongShang, has been active in the dope trade since the days of the Opium Wars in China. Also, Ernst Israel Japhet of the original trading family, is chairman of Bank Leumi, which is part of the Israeli diamond-for-drugs connection employed by HongShang and others to pay for drug production with gold ingots and diamonds. Ernst Japhet was also a board member of the now-defunct Banque du Crédit International (BCI) opposite Mossad logistics chief Tibor Rosenbaum, who worked hand-in-glove with gangster Meyer Lansky's money-laundering schemes. Japhet, meanwhile, sold Charterhouse Japhet to Barclays, which retained him on its board. Through his merger with Charterhouse Japhet, Skadden's client Jacob Rothschild was tied in to Dope, Inc. banks taking over U.S. business interests.

Skadden ushers Bronfmans into Du Pont

In 1981 when he left the post of chairman of E.I. Du Pont de Nemours and Co., Irving S. Shapiro became a partner in the Wilmington, Delaware office of Skadden, Arps and a member of the firm's administrative committee. Skadden had been instrumental in the takeover of Du Pont by Edgar Bronfman of Joseph E. Seagram & Sons, Inc. Bronfman is also an ADL honorary vice chairman. Ultimately, the money Edgar Bronfman used to buy out 20% control over Du Pont came from his father Samuel Bronfman, whose Prohibition-era "Bronfman Gang" used its bootlegging franchise from British distilleries to build the syndicate in the United States, as is documented in *The Bronfman Dynasty* by Peter C. Newman. By no later than 1920, Samuel Bronfman and "Murder, Inc.'s" Arnold Rothstein's agent Jacob Katzenberg had been dispatched to Hong Kong to arrange for opium to be delivered through the bootlegging routes, establishing distribution of illegal drugs in North America.

The Bronfman takeover of Du Pont arose out of Skadden senior officer Joseph Flom's handling of the Conoco, Inc. account in its defense against tender offers by Mobil and Seagram, and in its eventual acquisition by Du Pont for \$7.6 billion. However, when the dust settled after a 24-hour court showdown, Seagram had traded its Conoco stock for a large block of stock in Du Pont. Some members of the du Pont family allege that Skadden's Irving Shapiro was the ultimate "inside agent" in this deal. Edgar Bronfman was introduced to Shapiro through the ADL, a story outlined in the ADL's six-volume oral memoirs *Not the Work of One Day*, by past ADL national chairman Burton S. Joseph.

Through its clients like Marine Midland, Skadden, Arps has been an integral part of the \$500 billion a year Dope, Inc. slush fund from offshore banking, which, combined with changes in takeover and tax laws, has created a foreign buying spree which has helped bring U.S. corporations and the financial system to their knees. This is precisely what *EIR* warned would occur in its coverage of the 1978-1979 HongShang takeover of Marine Midland.