

## Banking by John Hoefle

### Crisis at Olympia & York

*One of the Anglo-Americans' largest real estate developers is sending out "pretty scary messages" to the markets.*

**R**umors of the imminent bankruptcy of Olympia & York Development Ltd., one of the crown jewels of the Anglo-American financial empire, sent shocks through the world's financial markets the first week of March, causing selloffs of U.S. and Canadian bank stocks.

Olympia & York, owned by the billionaire Reichmann brothers of Toronto, is one of the world's largest private real estate firms. It is the largest private real estate developer and owner in the eastern United States, and the largest private landlord in New York City. O&Y is also the developer of London's Canary Wharf, the largest real estate project in Europe. At the peak of the real estate bubble, the firm was worth a reported \$25 billion.

The bankruptcy of such a large operation is a major event by itself, but Olympia & York is much more than a real estate company. It is also a key component of an Anglo-American intelligence apparatus in Canada.

The Reichmann brothers were born in Hungary and moved to Tangiers, Morocco, prior to World War II. The family was part of the Jewish underground, smuggling Jews out of Hungary. The Reichmanns later made a fortune laundering money for the Israeli Mossad, before they moved to Canada in 1956.

In Canada, the Reichmanns joined the British intelligence-controlled Jewish organized crime network of the Bronfman family, which made its fortune running liquor to the United States during Prohibition. During the 1970s and 1980s, this Toronto-based network, operating through Olympia

& York, Trizec, and Cadillac-Fairview, bought up large chunks of U.S. real estate. The magazine *War on Drugs* in January 1981 published a persuasive account of how this buy-up operation was linked to the drug trade. The same network, through Robert Campeau, also bought up large sections of the U.S. retail department store market.

In addition to its property acquisitions, this network moved into the propaganda business, buying British, Israeli, and U.S. newspapers through the Toronto-based Hollinger Corp. The board of Hollinger includes Peter Lord Carrington, Henry Kissinger, Peter Bronfman, Albert Reichmann, and Robert Campeau. By late 1990, Hollinger owned over 230 newspapers worldwide, including the *London Daily Telegraph* and the *Jerusalem Post*. The acquisition of the *Post* was financed, in part, by Li Ka-Shing, vice-chairman of the drug-running Hongkong and Shanghai Bank. Li is widely known as the "Red Baron," because of his ties to Communist China.

The Toronto network is also involved in looting operations in eastern Europe, through the Central European Development Corp. (see *EIR*, Sept. 20, 1991, "The Kissinger-Sachs 'Shock Therapy' Mob Kills Nations.")

In 1987, Olympia & York took over building the Canary Wharf project in London's rundown Docklands area, from a troubled consortium. In doing so, O&Y was performing a major service to the Margaret Thatcher government, which needed the development to maintain London's role as

the financial capital of Europe.

The Canary Wharf project was doomed from the start. It was too far from the City of London financial district, with inadequate transportation and few tenants. To raise the \$7 billion needed to finish construction on the project, O&Y has been forced to go deeply into debt and sell many of its assets. Over the past two years, the firm has sold an estimated Can. \$2 billion in mostly non-real-estate assets. Meanwhile, the value of its North American real estate has dropped sharply due to the depression. The firm and its controlled affiliates have borrowed an estimated \$20 billion from Canadian, U.S., and Hong Kong banks. Citicorp, Chemical Bank, and J.P. Morgan are the most exposed of the U.S. banks.

The latest spate of bankruptcy rumors began March 3, when O&Y's agent, the Canadian Imperial Bank of Commerce, waited until late in the day to redeem Can. \$40 million of Olympia & York's commercial paper. "When a company waits until the last minute to redeem its paper, that sends out a pretty scary message," one money market trader told the *Toronto Globe and Mail*. Further fueling the doubts was the March 5 announcement by GW Utilities Ltd., a firm 89% owned by O&Y, that it was selling its 63% stake in Interprovincial Pipe Line, Inc., the world's longest pipeline system, for Can. \$655 million (about U.S. \$554 million). The money from the IPL sale will reportedly be used to retire some of O&Y's slow-moving commercial paper.

In the London market, O&Y loans which were selling for between 80¢ and 85¢ on the dollar at the end of February, dropped to 78¢ on March 5, despite being backed by collateral in Gulf Canada Resources Ltd. and Abitibi-Price Inc., two firms controlled by Olympia & York.