

'New Republic' covers for Soros's sleaze

by Scott Thompson

The Jan. 10-17, 1994 issue of the *New Republic* has a garish cover displaying George Soros, appearing as a Hindu deity, accompanied by an article titled "Mr. Soros's Planet: A Trip with the Billionaire Speculator . . . as He Tries To Save the Eastern Bloc." This article should have carried the stamp "unpaid advertisement." With no investigating, the article by the flagship weekly of America's left-liberal establishment dismisses myriad documentation, provided by congressional, Justice Department, regulatory agency, and former business associate sources, all of whom believe that Soros is a dangerous con man and thief.

New Republic associate editor Michael Lewis waves off the trove of damning evidence against Soros with the glib observation:

"In the past few years a glittering array of powerful people has suspected him of something. The president of the European Community and representatives of the French and Belgians have accused him of orchestrating an 'Anglo-Saxon' plot to undermine the French currency. The United States Securities and Exchange Commission [SEC] leaked allegations that Soros was near the center of Solomon Brothers' [sic] attempt to corner the U.S. government bond markets. On or about as much evidence, the followers of Lyndon LaRouche have put him at the center of an international drug conspiracy; most recently they were spotted picketing Soros outside an economic conference in Bogotá."

A fall guy for Salomon Brothers

Two Wall Street insiders have reported to *EIR* that Soros Fund Management (SFM), headed by George Soros, is a target of a grand jury probe into the 1990-91 effort by Salomon Brothers to corner the U.S. Treasury bond market. One former business associate of Soros claims that he is trying to make Stanley Druckenmiller, formerly with the Dreyfus Corp., and who became SFM's portfolio manager for hedging and speculation, the fall guy for Soros's central role in this alleged crime.

As House Banking Committee Chairman Henry Gonzalez (D-Tex.) said in October hearings, "Salomon Brothers gypped the Treasury out of \$2 billion." Representative Gon-

zalez has also called for the SEC, the Federal Reserve, and others to investigate Soros's shady dealings.

Financial writer Martin Mayer, who authored *Nightmare on Wall Street: Salomon Brothers and the Corruption of the Marketplace*, told *EIR* that he has one witness who places Soros, despite the speculator's denials, at the May 29, 1991 meeting of Salomon Brothers and associates, where the plans to corner U.S. Treasury bonds were made. Martin firmly believes SFM's Druckenmiller had been assigned as a "silent partner" in the deal. SFM received a \$4.3 billion line of credit for the purchase of Treasury bonds out of the \$15 billion Salomon had devoted for this auction, which covered 100% of the "capital" that Soros's Quantum Fund would expend on buying bonds. Mayer estimates that Quantum Fund made \$40-50 million, when those who had sold the bonds short before the auction had to purchase them at higher prices afterward from Quantum and the other participants in the alleged conspiracy.

A former top business associate of Soros told *EIR*: "I know how Soros operates. If he was not actually at that meeting, he was in a phone hookup with it. . . . Soros is the brains behind Soros Fund Management. Even a recent issue of *Business Week* reports that he is regularly on the phone with his top staff like Druckenmiller, no matter where Soros is in the world. There is no way Druckenmiller could have done that without Soros's approval. All a prosecutor would have to do is get the phone records."

'Ivan Boesky-type behavior'

The former business associate added: "Soros has gotten greedier, and he thinks he has become invulnerable, but in this case he just did what he did in the Computer Science case [see below]. There is a good chance someone will talk, although I do not know how much pressure they are applying on Druckenmiller to keep him quiet. Soros's strategy is to make Druckenmiller the fall guy for Soros's actions in the Salomon Brothers case."

According to this business associate, Soros began to display "Ivan Boesky-type behavior" in the late-1970s. Soros set up a network through his synagogue to buy insider-trading information. Soros told the former associate that money had become more important to him than his reputation. Already by 1979 Soros was the target of a criminal investigation. According to a Dunn and Bradstreet report:

"The Securities and Exchange Commission announced on Sept. 12, 1979, Judge Charles S. Haight, Jr. of the United States District Court for the Southern District of New York entered a Final Judgment of Permanent Injunction ('Final Judgment') against Soros Fund Management Inc. ('SFM') and George Soros enjoining them from further violations of the anti-fraud and anti-manipulative provisions of the Federal Securities Laws in connection with certain activities. SFM was reported as an investment advisor for various foreign investment companies, and George Soros reportedly served

as SFM's President. The two defendants consented to the entry of the Final Judgment without admitting or denying the allegations of the Commission's complaint which was filed on May 18, 1979.

"The Commission's Complaint alleged that George Soros and SFM manipulated the market price of Computer Sciences Corp. ('CSC') common stock by engaging in a scheme to sell CSC common stock shortly before a public offering of such stock which caused the offering price to decline, and during such offering, purchasing approximately 165,000 shares of CSC common stock at an artificially low price. The Commission charged that SFM and George Soros thereafter purchased additional shares of CSC common stock for the purpose of acquiring additional stock at artificially low prices and causing the market price of CSC common stock to increase."

According to the former business associate, Soros paid CSC tens of millions of dollars in an out-of-court settlement of a civil suit it had brought to recover damages.

Again in 1983, the former associate states, the same situation repeated itself with the Commodities Futures Trading Commission (CFTC). It enjoined Soros from practices that allegedly violated its rules on fraudulent behavior, and Soros again responded with a consent decree that neither admitted nor denied guilt.

As a result, should the SEC or the CFTC again find Soros guilty of fraud, he will likely face criminal prosecution.

In what may presage his manipulations with Salomon Brothers, Soros's former associate states that Soros told him he had opened hundreds of fraudulent accounts so he could exceed individual limits on the purchase of gilt-edged securities from the Bank of England.

Soros used Kit Kat and Aiken, which has since been sold, to set up the bogus accounts in the 1980s. "Soros said to me that he had them stay up all night at Kit Kat and Aiken to manufacture bogus accounts, so Soros could exceed the limits on gilts," the former associate said. Soros's partner at Kit Kat in this alleged swindle was Nils O. Taube, who is today a senior manager of Lord Jacob Rothschild's St. James Place, which holds a major position on Soros's flagship Quantum Fund NV. Lord Jacob Rothschild assigned the same Nils Taube to sit on the board of Quantum Fund NV to represent his interest.

"I do not know why British law enforcement agencies were not more of watchdogs on this," the former business associate said. But, a British intelligence financial investigator has told *EIR*: "There was a lot of that in those days. I will look into the charges."

EIR's record

This is certainly more than the *New Republic's* Michael Lewis has done, whose squishy soft treatment of Soros, after flying in the billionaire's private plane for weeks, would earn him a failing grade, even at the Columbia School of

Journalism. As for Lewis's sneer at charges from "the followers of Lyndon LaRouche," *EIR* will soon reveal Soros's organized crime ties. This exposé will not only show Soros's ties to lieutenants of National Crime Syndicate chief Meyer Lansky. It will also expose his business partnership in the Newmont gold mine with Li Kai Shing ("The Red Fat Cat"), who sits on the board of the Hongkong and Shanghai Banking Corp., which, as the *EIR* book *Dope, Inc.* demonstrated, controls production, distribution, and initial money-laundering of all opium/heroin production in the "Golden Triangle." Gold is often used as an intermediary for the purchase of heroin.

As Gretchen Small documented in the Oct. 15, 1993 issue of *EIR* ("Peru Still Blacklisted Despite New Anti-Terror Victories"), Peruvian President Alberto Fujimori was threatened by Soros's brother and business associate Paul Soros in a Sept. 28, 1993 full-page *New York Times* ad. The ad demanded that Fujimori dismantle his military, which is the only bastion against national chaos from the narco-terrorist Shining Path, which is part of the "Silver Crescent" cocaine-trafficking army. Paul Soros, who sold his international construction firm (Paul Soros Associates) to Italian investors, made it clear in the ad that there would be no investment in Peru, as long as Peru kept its national defense. The ad said:

"When you can be sure that military influence in the government is really firmly finished, the value of any investment goes up 30, 40, even 50%. In Latin America, whenever the army, as an institution, is part of the country's power structure, all investments are discounted because that introduces an element of instability. As an investor, one likes stability."

George Soros also sits on the board of Americas Watch, part of the "human rights" angle in the Anglo-American plot to annihilate Ibero-America's militaries.

As for *New Republic's* reference to the November intervention by "the followers of Lyndon LaRouche" against a speech by George Soros's employee and Harvard punk economist Jeffrey Sachs in Bogotá, Colombia, LaRouche co-thinkers raised questions about where Soros got his money. As Soros has written, he hired Sachs to impose "IMF shock therapy" in Poland, Russia, and other former East bloc countries, with disastrous results. Sachs came, recommended to Soros on the basis of his implementation of "IMF shock therapy" in the "Silver Crescent" nation of Bolivia, where he destroyed agro-industrial production while vastly increasing cocaine production. Asked if he and Soros supported legalization of drugs, Sachs waffled, offering instead that Soros is "a great friend of mine, a great philanthropist, a great economist. He runs over 20 philanthropic organizations."

The SEC, CFTC, British authorities, former close business associates, the chairman of the House Banking Committee, a federal grand jury, and "the followers of Lyndon LaRouche" do not agree with Sachs's flunky praise.