

Will Robert Vesco spill the beans on Dope, Inc.?

by Richard Freeman and Jeffrey Steinberg

On June 9, officials of the Cuban government informed the Clinton administration that they had arrested fugitive American financier and accused drug kingpin Robert Vesco, and asked whether the United States was interested in Vesco's extradition. Immediately, U.S. officials began dusting off extradition papers against Vesco that dated back to the mid-1970s, when he fled the country after looting the Investors Overseas Service (IOS) mutual fund of over \$270 million. In 1989, Vesco was indicted as a kingpin of the Medellín Cartel.

The extradition offer has spread panic among some of the leading financial circles in the City of London and the Swiss cantons, at the New York City headquarters of the Anti-Defamation League (ADL) of B'nai B'rith, and within the political inner circle of former President George Bush.

Remember Joe Valachi, the 1960s "Mafia-made man" who turned on the Crime Syndicate and delivered damning inside information before televised congressional hearings? Well, move over Joe! If Robert Vesco comes back to the United States and begins spilling the beans, he can bring down the Club of the Isles' entire offshore dirty-money operation, and thereby cripple the international dope cartel. Vesco is potentially the Club of the Isles' worst nightmare—their very own "Joe Valachi."

Long before he washed up on the shores of Cuba to teach Fidel Castro the fine art of money laundering and drug smuggling, Vesco was sponsored, bankrolled, and deployed by the very highest levels of the London-centered Club of the Isles, the \$10 trillion oligarchical cartel headed by Queen Elizabeth II and her royal consort, Philip Mountbatten.

Robert Vesco is living proof that the Club of the Isles and the House of Windsor run organized crime—including the nearly trillion-dollar-a-year illegal dope trade—on a world-wide scale.

Baron Edmond and the Detroit Kid

Robert Vesco was born in Detroit, Michigan in 1936, the son of an Italian immigrant auto worker. Although he dropped out of high school, he developed skills as a draftsman that complemented his talents as a super-salesman and hustler. Sources involved in the highest echelons of U.S. intelligence during the late 1950s place Vesco in the employ

of All-American Engineering, a Delaware company that was ostensibly a subsidiary of the DuPont Chemical conglomerate, but was actually a grooming ground for future covert intelligence operators.

In New York in the early 1960s, where he was working as a "financial consultant," Vesco was picked up by Dr. Benjamin Payne, a financial adviser to the Rothschild family, one of the most important financier houses of the Club of the Isles. Through Payne, Vesco was introduced to Georges Karlweis, the managing director of Baron Edmond de Rothschild's Geneva merchant bank Banque Privée. In 1965, Karlweis provided Vesco with a "loan" that enabled the Detroit Kid to buy a small New Jersey defense-aerospace firm, Captive Seal, merging it with a small, already debt-strapped company that he had set up called International Controls Corp. (ICC). (Two years later, Karlweis would provide a similar startup capital fund to speculator George Soros.)

Over the next three years, Vesco, with the financial backing of Baron de Rothschild, would buy up a string of defense industries, "asset-strip" them to pay off handsome profits to Banque Privée, build up an inflated portfolio of ICC stock, and end up with a capital pool of over \$40 million. Along the way, Vesco was introduced to the Baron, dining at his home in Switzerland on several occasions.

The Rothschild-Vesco alliance was fitting. In the first decades of the nineteenth century, the Rothschilds had won the favor of the British Crown by running gold- and contraband-smuggling operations that defeated Napoleon's blockade of England.

Via his Rothschild connection, Vesco was also introduced to Henry Buhl III, an heir to the General Motors fortune, and a board member of IOS. Soon IOS's subsidiary IIT was swimming in ICC stock, and Vesco was becoming even wealthier. The Rothschilds had planted the seeds for the takeover, looting, and reincarnation of IOS.

Enter the ADL and Meyer Lansky

From the very beginning, in 1958, IOS was a front-operation for the Meyer Lansky organized crime syndicate, sponsored ostensibly by the New York City Dreyfus Fund. Taking advantage of Swiss bank-secrecy laws, minimal disclosure

requirements for mutual funds in most countries, and the porous Canadian oversight of non-resident corporations, IOS founder Bernie Cornfeld, who had worked for B'nai B'rith in the 1950s, gradually built up a global army of "salesmen" who traversed international borders carrying satchels of cash to Geneva's Banque du Crédit International. BCI was headed by Tibor Rosenbaum, an intimate of British intelligence's Maj. Louis Mortimer Bloomfield, the head of the Montreal-based Permindex front-company implicated in the assassination of President John Kennedy and the failed efforts to kill President Charles de Gaulle. Rosenbaum's Swiss bank was staffed by top officials of the Lansky crime syndicate, such as Sylvain Ferdman and John Pullman.

By 1970, the burgeoning international drug trade, the offshore gambling business, and other Lansky "growth industries" had outstripped the labor-intensive money-laundering methods pioneered by Cornfeld and crew. At its peak, IOS had laundered many millions of dollars a week in flight capital and crime revenue. But everything was about to change.

Despite its sleazy clientele, IOS was a class outfit, counting among its directors GM's Buhl; Sir Eric Wyndham White, KCMG, a former director general of the General Agreement on Tariffs and Trade (GATT); Count Carl Johan Bernadotte, youngest son of the late king of Sweden; Martin Montague Brooke, senior partner in the London investment bank Guinness Mahon & Co.; and James Roosevelt. The French branch of the Rothschild banking empire headed its stock-underwriting syndicate.

So, when it came time to break up and redeploy the IOS cash pool, it was the Rothschild-Club of the Isles apparatus that handled the transition.

In early 1970, the IOS crisis was triggered by Buhl and Sir Eric White, when they leaked out apparently false information that IOS's cash position was vastly inflated in the latest corporate report. This caused a run on IOS stock, which in turn triggered orders to many IOS regional managers to begin dumping their stock portfolios to generate quick cash. At a May 3, 1970 meeting at Cornfeld's Geneva mansion, the IOS board was pressured by the Rothschild team to sell the company to an outside "rescue committee" that would come up with badly needed cash. Already, Cornfeld had sold off a large bloc of preferred stock to Meshulim Riklis, a Turkish-born, but now Minneapolis-based frontman for the local grain cartels and for ADL official Burton Joseph.

A month after the Geneva meeting, Banque Rothschild, the Paris branch headed by Baron Guy de Rothschild, convened an emergency meeting attended by officials from Barclays Bank, Hill Samuels, Chemical Bank, Bank of America, and other leading financial houses. The meeting had been requested by top officials of the U.S. Treasury Department, who were alarmed that the IOS crisis had caused a run on the New York stock market and threatened to bankrupt several

large U.S. corporations, including Chrysler and Penn Central.

Out of the Paris meeting came the Vesco takeover of IOS. It began with Vesco's purchase of the entire bloc of IOS stock that had been just grabbed by Riklis. Riklis had been a surrogate for the Rothschild-Vesco shakeup of IOS from the outset.

The takeover cost Vesco absolutely nothing. He agreed

How Vesco set up the Medellín cartel

In 1971, Robert Vesco fled the United States to set up shop in the Bahamas and Costa Rica. He had a new assignment: to direct the founding of a cocaine "cartel," organizing the disparate operations of traffickers into an integrated, Americas-wide "industry," operating under centralized production, transport, distribution, financing, and protection. The results transformed the Western Hemisphere into the greatest drug production region in the world, a region bled by marauding narco-terrorist armies.

Media stories that Vesco joined Colombia's Carlos Lehder and Cuba's Fidel Castro in the dope trade somewhere along the way, invert reality. In three central areas, Vesco played a critical role in *creating* the Medellín and associated Cali cartels, as institutions:

- He picked up small-time Colombian thug and ex-convict, Lehder, providing him with the political protection and financial backing he required to set up the cocaine transport pipeline between Colombia and the United States;
- He set up the cartel's first sophisticated money-laundering schemes; and
- He brokered the provision of political and military protection for spreading drug plantations across the region, by Cuba-aligned terrorist forces—protection continued today by the members of the São Paulo Forum.

'New instruments of finance'

When he first fled the United States, Vesco found assured protection in two Caribbean countries which had long served as operations bases for the Meyer Lansky mob and the "men above suspicion" which deployed it: the British Crown Colony and offshore banking center of the Bahamas (whose prime minister, Lynden Pindling, was in Lansky's hip pocket), and Costa Rica.

Vesco went first to the Bahamas, and then in 1972,

to put in an initial cash infusion of \$5 million, which he obtained on loan from Butler Bank, a shady bank in the Bahamas with which he had had prior dealings. The Butler loan was collateralized by a \$5 million deposit from IOS.

How did the supposedly cash-strapped IOS come up with the money to place on deposit with Butler? In reality, the IOS funds were never drained. They were siphoned into a string of secret accounts, which were known to Sir Kenneth Keith

of Hill Samuels & Co.—who in turn alerted the Rothschilds and Vesco.

Poor Richard's folly

The blowout of IOS, orchestrated by the Rothschilds and Hill Samuels to facilitate the takeover/restructuring of the money siphon, also served another far more strategic end from the standpoint of the Club of the Isles: the breakup of

moved to Costa Rica, where he lived until 1978, under the personal protection of President José "Pepe" Figueres. From the time he first seized power in 1948 in a farcical five-week "guerrilla war," Figueres had run Costa Rica as a regional deployment center for the Caribbean Legion, a Social Democratic political machine linked to the Lansky mob and backed by the Rockefeller and J. Peter Grace interests. The Legion, using exiled communist fighters from the Spanish Civil War, trained various guerrilla operations over the decades; its most famous operation was its sponsorship of Castro's 1957 expedition back to Cuba on the *Granma*.

Figueres sent a letter in 1972 to President Richard Nixon, reporting that Vesco "has been visiting Costa Rica with a view to helping us establish some new instruments of finance and economic development." Figueres promoted Vesco's financial schemes—which included plans to turn the Caribbean and Central America into a "Hong-kong West"—arguing that this was vital for regional "development." He wrote, "I am impressed by his ideas, his group of business leaders, and the magnitude of the anticipated investments. He may provide the ingredient that has been lacking in our plans to create, in the middle of the Western Hemisphere, a showpiece of democratic development."

Cuban bases

When a new Costa Rican President took office in 1978, he expelled Vesco, who returned to the Bahamas, where he had already established operations. In 1977, Lehder had begun setting up drug transshipment headquarters on a small Bahamian island, Norman Cays, later owned in its entirety by Vesco and Lehder together. Lehder associates, turned government informants, later reported that Lehder considered Vesco a "financial genius," and told them that Vesco was "schooling him in the use of offshore banks to launder money," according to the book *Kings of Cocaine*, by Guy Gugliotta and Jeff Leon (1989). Lehder also bragged that it was Vesco who had introduced him to both Bahamian Prime Minister Pindling and Castro.

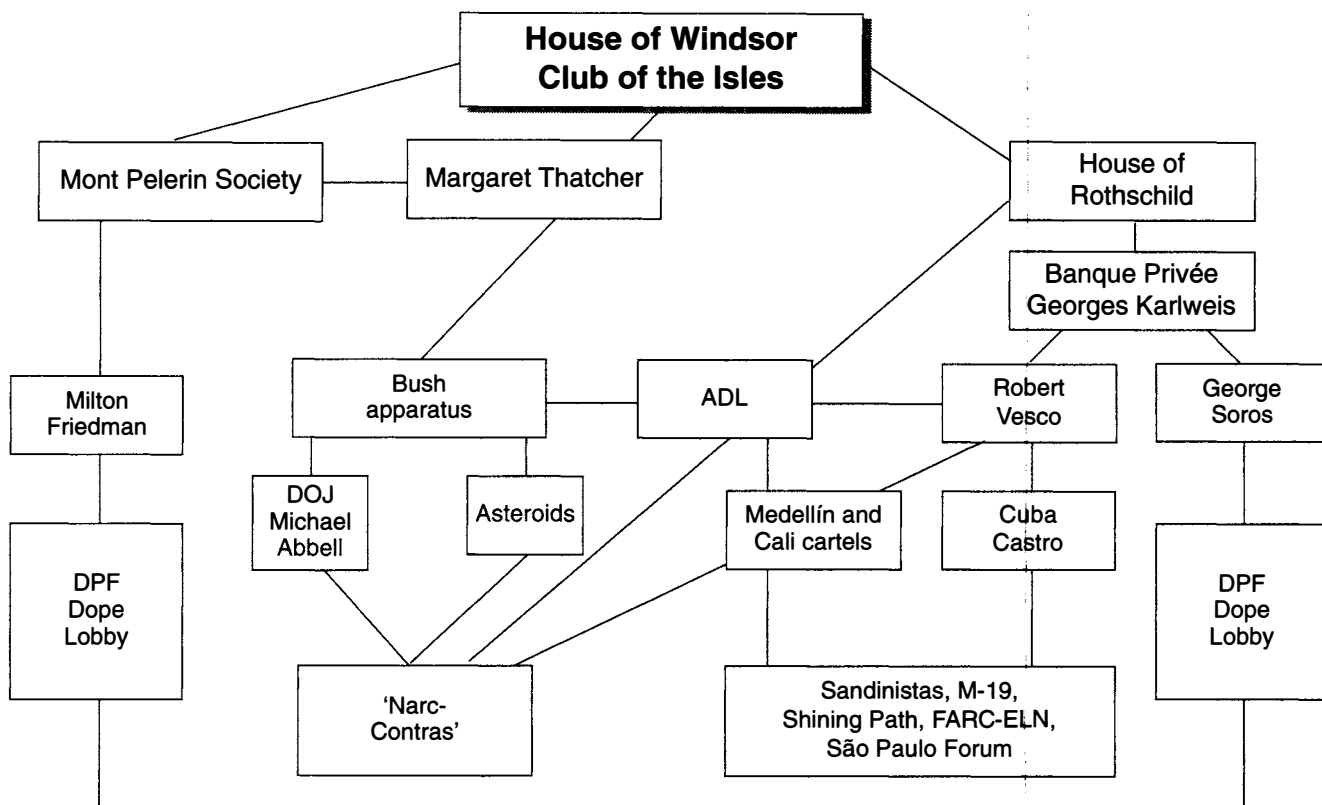
When heat from the United States ran him out of the Bahamas in 1981, Vesco began moving between the British colony of Antigua and Sandinista Nicaragua. By 1983, however, he settled in Havana, Cuba. As an adjunct of the dope trade, Vesco provided the Castro regime aid in smuggling into Cuba high-technology goods banned by the U.S. embargo.

On Aug. 4, 1985, Castro made Cuba's protection of the cartel architect official. He told foreign reporters: "Is it just, that the country where people speak so much of human rights [the United States] . . . goes after someone said to have evaded paying taxes?" He announced that he had told Vesco, "If you want to live here, live here."

From the outset of the Medellín cartel, Castro's most critical role in the transformation of the Americas into a drug empire has not been through the extensive logistical support the cartel has provided on the island of Cuba nor the shipments allowed through Cuban territory. Rather it has been Cuban deployment of *narco-terrorism*, directing allied terrorist forces in other Ibero-American countries, both to defend the drug trade and to assault government and political forces seeking to suppress it. Today, despite their protestations to the contrary, Cuba and its allies in the São Paulo Forum remain intensely involved in the drug trade.

The best known exemplars of Cuban-allied narco-terrorism from the 1980s are Colombia's M-19 and Nicaragua's Sandinistas. Lehder's alliance with the M-19 was publicly hailed by Lehder and M-19 leaders alike. The M-19's most devastating blow for the drug trade was the 1985 seizure and destruction of Colombia's Justice Palace and the resulting murder of 12 members of the Supreme Court. Likewise, the Nicaraguan Sandinistas, whose 1978-79 "revolution" was financed in part by Vesco partner Pepe Figueres, were in on the drug trade from the beginning. Vesco was a frequent visitor in Nicaragua throughout the 1980s; U.S. government sources identified Vesco as the boss of Federico Vaughn, the ex-vice minister of the interior filmed by DEA undercover agents in 1984 loading cocaine on a plane waiting at a Nicaraguan military air base.—*Gretchen Small*.

Britain's Dope, Inc. is under attack



the postwar Bretton Woods monetary system, the destruction of the Nixon Presidency (part of the Club's longstanding commitment to destroy the United States as a sovereign nation-state), and the creation of the biggest speculative financial bubble in history.

The IOS stock collapse caused tremors on all the world's major stock markets. IOS had become a major player on Wall Street, at one point carrying out upwards of 25% of all the daily trading on the New York Stock Exchange. When IOS began dumping its portfolio to generate cash, the markets trembled, President Richard Nixon intervened by pressing the Federal Reserve to hike interest rates, and the U.S. Treasury went, hat in hand, begging the Rothschilds to intervene to prevent a market crash.

When the smoke cleared on the IOS-triggered market panic, President Nixon was broken. He approved the Aug. 15, 1971 decoupling of the dollar from the gold-backed, fixed exchange rate system.

Now in the driver's seat at IOS, Vesco began spreading around his new-found wealth. Through a New Jersey Republican Party crony, Vesco got an introduction to several of President Nixon's top aides, including Attorney General John Mitchell and Commerce Secretary Maurice Stans. When Stans left the Commerce post in early 1972 to become

the chairman of the Committee to Reelect the President (CREEP), Vesco immediately contacted him and proposed to sock \$250,000 into the campaign. Stans told him that such a large contribution could only be legally made between March 6 and April 6, 1972, due to pending changes in the campaign finance laws. Vesco agreed, but stalled on delivering the cash until April 10—four days after the new laws had gone into effect.

Vesco then went around Washington indiscreetly demanding that the Nixon team, in return for the cash, intercede to block a pending Securities and Exchange Commission (SEC) case against IOS from being referred to the Justice Department. The upshot: Vesco's antics all came out during the congressional Watergate probe, and Mitchell, Stans, and Vesco were indicted for attempted obstruction of the SEC investigation (Vesco had by this time fled the United States for good).

Looting IOS

In April 1972, Vesco began the systematic looting of IOS of all of its cash. This was by no means a one-man operation. Vesco was acting on behalf of his Rothschild sponsors, and their subsidiary Lansky crime syndicate.

The dismantling of IOS was handled by lawyers from

the Wall Street firm of Willkie, Farr, and Gallagher, whose managing partner, Kenneth Bialkin, was a top official of the ADL, soon to become the League's national chairman. A former Willkie, Farr lawyer and longtime Bialkin intimate, Willard Zucker, was installed as IOS's in-house counsel following the Vesco coup.

Details of the Willkie, Farr role in the theft of over \$270 million came out in the course of a federal civil suit, filed in 1980 in the Southern District of New York [74 Civ. 1980 (CES)], which named Vesco and Willkie, Farr as defendants. Eventually, a jury ordered Willkie, Farr to pay over \$30 million to investors who were robbed by the shutdown of IOS.

How did Bialkin, Zucker, and the other Willkie, Farr lawyers carry out the grand larceny? Between April and December 1972, under Vesco's instructions, IOS liquidated over \$220 million in blue chip stocks. The cash was funneled into a string of dummy companies that Vesco, via Willkie, Farr and others, had set up all over the Caribbean. The funds were washed back and forth within a hermetically sealed network of these Vesco offshore banks and dummy companies. Ultimately, the emptied shells would declare bankruptcy, thereby breaking the paper trail from IOS to the secreted Vesco cash. The sums removed may have exceeded \$1 billion. In 1969 alone, IOS had generated \$500 million in cash that had been funneled off into secret accounts.

In all these activities, Vesco was by no means the boss. He was a well-paid employee. And, while large numbers of honest investors lost their shirts in the looting of IOS and in the preceding stock market manipulations, the vast majority of the "disappeared" cash consisted of the cash proceeds of the Lansky syndicate's far-flung criminal enterprises. The money would move on to bigger and better forms of offshore "creative" financing schemes, including the launching of the Colombian cocaine and marijuana pipeline into America. Indicative of the Rothschild-Vesco-Lansky plans for the future were two failed takeover bids that Vesco maneuvered with the cash he siphoned from IOS. First, he came a hair's breadth away from successfully purchasing Resorts International, the Caribbean gambling enterprise that got started with construction loans from IOS. And a few months later, Vesco moved to take over the Beirut-based Intra Bank, owner of the world's largest gambling casino, Club Leban.

From IOS to Contragate

Vesco and IOS disappeared from the Swiss landscape before the end of 1973, but the network employed by Vesco's Rothschild and Club of the Isles' controllers remained in place, and went on to become involved in some fascinating and sleazy operations.

Willard Zucker, the ex-Willkie, Farr attorney who played "Mr. Inside" in the looting of IOS, obviously knew that he'd soon be out of a job, because in September 1971, he created

his own firm, Compagnie de Services Fiduciares SA (CSF), to "give advice on fiscal, financial, judicial, and economic matters and [to] handle all financial goods of the customer," according to Swiss corporate filings. A decade later, CSF was swimming in business. Its prime client: the George Bush-run and Oliver North- and Richard Secord-managed Iran-Contra "Enterprise." Zucker's CSF managed all of the Cr dit Suisse

From Vesco-IOS to Milken-Drexel Burnham

IOS went out of existence in 1972-75, and during the same years, Drexel Burnham Lambert was transformed into the premier deal-making, money-laundering firm in the world, pioneering the junk bond mania of the 1980s, wreaking havoc on corporate America, and eventually sending its best-known trader, Michael Milken, off to federal prison.

The emergence of Drexel was part of the shakeout of IOS, orchestrated by the Rothschilds for the Club of the Isles. Drexel was IOS's lead investment bank and underwriter. IOS officials knew, from the inside, just how Cornfeld, and then Vesco, structured their global hot-money laundry.

Drexel enjoyed the personal backing of Baron Edmond de Rothschild, who helped orchestrate protég  Max Fisher's takeover of United Fruit Company in 1975. Fisher, a Prohibition Era member of the Purple Gang, in turn helped bankroll Cincinnati businessman Carl Lindner, who became one of Drexel's primary frontmen in a series of insider takeovers of a string of American companies. In this effort, Lindner was joined by other Drexel "blue chip" clients, including Meshulim Riklis, the Minneapolis Anti-Defamation League (ADL) operator who helped insert Robert Vesco into the driver's seat at IOS; New York City investor and Jacob Rothschild business partner Saul Steinberg; Miami gangster Victor Posner; and hotel and media takeover artist Laurence Tisch.

When, in the mid-1980s, the Drexel junk bond bubble blew sky high, the firm went under and Milken, the Beverly Hills, California high-flying trader who handled the accounts of all the above-cited clients, went off to jail.

Before his wings were clipped, Milken tossed \$1 million into the coffers of his favorite "charity," the ADL, Robert Vesco's chief allies in the original IOS scam.

Soros provides funds for drug legalization

The Drug Policy Foundation (DPF), America's leading lobby for drug decriminalization, announced on July 8, 1994 that it would be receiving \$10.5 million over the next three years from derivatives "king" George Soros. Soros was set up in business by the identical Rothschild-Club of the Isles apparatus as was Robert Vesco. Georges Karlweis, the right-hand man of Baron Edmund de Rothschild, bankrolled Soros just a few years after he put up the cash for Vesco's looting binge. The similarities between Vesco and Soros are striking. Both are high-paid hookers for Dope, Inc.

The Hungarian-born speculator was already notorious for his generosity to the dope lobby, even prior to his announced \$10 million "gift." But he is now surpassing all other benefactors from the financial world who find it profitable to legalize mind-deadening drugs.

According to *Rolling Stone* magazine, "In 1992, the same year Soros earned over \$650 million betting on foreign currency, he began funding DPF through his Open Society Fund. Soros has contributed over \$500,000 so far [thru May 1994], and . . . is ready to give much more."

That "much more" has now been actualized as a \$6 million pledge, \$3 million for operational support and \$3 million for a grant program. Soros's grant through the Open Society Fund, established in 1969 by Soros, must be matched by other donors.

The total of Soros largesse: \$10.5 million.

Kevin Zeese, formerly the national director of the National Organization for the Reform of Marijuana Laws (NORML), now the DPF's vice president and counsel, bragged that the money would allow for massive expansion on the part of DPF: "Programs may include supporting and evaluating new ways to care for drug users, researching medicinal uses of prohibited drugs, assessing foreign drug decriminalization efforts and, in countries that allow it, supporting drug maintenance for addicts." All these programs are simply a sideshow to help sell DPF's main agenda: global dope legalization by the year 2000.

Soros's feeble explanation for the funding is as outrageous as his actions: "I do not consider myself an expert on drug policy, but I do think we need a more open debate and more humane policies in this country."

Aryeh Neier, president of Soros's Open Society Fund, which is providing the money, has been even more blunt: "Soros doesn't think the drug war makes any sense from an economic standpoint. There's an enormous crime problem that is attributable to drugs, there are vast numbers of people in prison and people who are dependent on drugs."

Neier, whose two pet projects for Soros are the dope legalization push and the "right to die," elaborated: "Both the concern with dying and the drug issue have this basic philosophical commitment. . . . We want the dying to gain greater control over the way in which they die and we want persons involved in the drug culture, who are currently treated as objects of state action, to regain control over their own lives."—*Scott Thompson*

accounts of Lake Resources, the Swiss money conduit for all of the Reagan-Bush administration secret parallel intelligence operations. And, according to congressional investigators and former American drug enforcement officials, it was Zucker's Swiss accounts into which the Medellín and Cali cartels passed millions of dollars to assist their favorite "charity," the Contras.

BCCI and BNL

During this same period, the Rothschild's Swiss incarnations of Banque Privée, Banca Privata in Lugano SA, and Rothschild Bank AG of Zurich ran (from behind the scenes, of course) the Swiss branches of two of the most notorious financial institutions of the 1980s—the Bank of Credit and Commerce International (BCCI), and Banco Nazionale del Lavoro (BNL). BCCI and BNL, apart from their involvement in drug money-laundering and other black market antics, were pinned as two of the main sources of funding for massive arms sales to both Iran and Iraq during their nine-year

war (1980-88).

The head of the Swiss Rothschild bank nexus, Swiss banker Alfred Hartmann, headed the Swiss branches of both BCCI and BNL, and served as the chief financial officer of BCC Holding (Georges Karlweis remains on the board of both banks). An indication of the growth of the Club's offshore hot-money operations is that, when BCCI folded in the early 1990s after a series of drug money-laundering prosecutions in the United States, an estimated \$22 billion was missing, and to this day remains unaccounted for. Club banker Alfred Hartmann is probably the only man alive who knows the whereabouts of those funds.

One of the first questions that prosecutors should ask Robert Vesco—if the ADL doesn't kill him first—is what he knows about the BCCI-BNL-CSF booty. His knowledge of these more recent affairs may shock and scare some very well-placed people in London, New York, and Geneva. And a former President of the United States, now resident in the Houston area, may get the biggest shock of all.