

Money-laundering scandal could rock Citibank, Fed

by Richard Freeman

U.S. authorities should now be asking the question: What role did the top echelons of Citicorp-Citibank, America's second largest bank, and of the Federal Reserve Board of Governors, including Federal Reserve Board Chairman Alan Greenspan, have in the unfolding tale of Raúl Salinas de Gortari's international money-laundering scheme, which involves initially at least \$100 million? Raúl Salinas de Gortari, the brother of former President of Mexico Carlos Salinas de Gortari, is currently under indictment in Mexico on theft and murder-conspiracy charges. Grand juries in the United States have reportedly also begun gathering evidence in the case, including records subpoenaed from Citibank.

An investigation by any one of a half-dozen U.S. agencies, rigorously conducted, would show just how deeply money laundering, including drug money, is woven into the functioning of the U.S. banking system. As much as \$300-350 billion of hot money, with half that amount being drug money, courses through the U.S. banking system every year. The banks' take on this is large.

The Salinas-Citibank-Fed case, as we shall call it, should dispel the average person's misconception of how money-laundering works, a misconception heavily reinforced by the British-run media. The misconception starts with the idea that the illegal money trade—money derived from drugs, flight capital, tax evasion, illegal arms shipments, the financing for terrorism—is run by mafias. The mafias somehow trick or corrupt one or two bankers, in an otherwise clean and upstanding bank, into laundering their ill-gotten gains. However, the Salinas-Citibank case demonstrates, as a case study, that a British financier cartel directs the trade from the top, with foreknowledge and precision on the part

of the banks. The very dangerous and wealthy mafias, such as the Colombian drug organizations, are appurtenances of the financier cartel.

Citibank's Amelia Grovas Elliot

A competent investigation into the Salinas case starts with Amelia Grovas Elliot, who, since 1981, has been the head of the Mexico team at Citibank's mammoth Private Bank. Private Bank, a bank within Citibank, has \$80 billion in assets, nearly one-third of Citicorp's total assets of \$260 billion. Elliot was Raúl Salinas de Gortari's personal banker, and during 1989-93, she moved tens of millions of dollars of Salinas's money around the world. As we will see, testimony that Elliot presented at a 1994 Texas drug-money trial, at which she was the star witness, defines how perfectly well the highest levels of Citibank track and approve what is going on with money laundering.

According to investigators for Mexico's comptroller's office, Raúl Salinas holds a vast fortune of real estate, bank accounts, and other assets valued at more than \$1 billion, much of which was obtained through "illicit enrichment." Salinas apparently received some of this money from Juan García Abrego, the kingpin of Mexico's Gulf Cartel. The Mexican daily *Reforma* revealed on May 22 that the Mexican Attorney General's office possesses a Nov. 23, 1995 report, charging that Raúl Salinas not only met with García Abrego, but provided him protection, including hiding him on his ranch and properties. García Abrego was captured last year and is now incarcerated in a high-security U.S. penitentiary, awaiting trial on charges of being one of the world's largest drug traffickers.

Further, other government documents show, Salinas was also linked to the head of the Sinaloa Cartel, Joaquín “El Chapo” Guzmán. But in addition to drugs, Raúl Salinas is being investigated by the Mexican Congress and others, for stealing tens of millions of dollars from a Mexican government agency, the National Commission for Public Subsidies (Conasupo), during the time that Salinas headed that agency in 1985-88. Conasupo’s mission is to buy food and sell it, at reduced prices, to the poor.

But Salinas’s troubles do not end there. He is detained in jail in Mexico, on charges that he participated in the September 1994 British Intelligence-orchestrated murder of PRI Secretary General José Francisco Ruiz Massieu.

Raúl Salinas’s money-laundering activities came to light when his wife, Paulina Castañón, was arrested by Swiss authorities on Nov. 15, 1994, as she attempted to withdraw \$84 million from an account that he maintained at the Pictet & Cie. Bank in Geneva. Citibank officer Amelia Grovas Elliot is the person who set up that account for Raúl Salinas, using a false name. She had set up other accounts for him using false names, at a Citibank affiliate in Geneva, called Confidas; at a Cayman Island corporation, etc.

Citibank officer Elliot is no novice: In addition to being the head of the Mexico team of the international private banking group at Citibank for 15 years, she is a 29-year veteran of Citicorp. At an earlier drug trial, Elliot disclosed that she does not act alone at Citibank, and defined a chain of command.

Elliot’s testimony

On May 12, 1994, she testified at the trial that the U.S. government prosecuted against American Express International Bank (AEIB), a division of American Express, in Brownsville, Texas, for laundering tens of millions of dollars for the head of Mexico’s Gulf Cartel, Juan García Abrego. American Express was convicted, and had to pay fines and forfeitures totaling \$35 million. Elliot was brought in by the prosecution as a star witness to testify how a supposedly “clean” bank, Citibank, then America’s largest bank, administers banking operations in Mexico. In her testimony, Elliot revealed enough for indictments against the entirety of Citicorp’s leadership in the Raúl Salinas case. She said that as part of bank policy, her department would “visit our clients in their country 10 to 12 times a year.” Her testimony provided a clue as to what the top echelons knew. Below are excerpts of her testimony:

Q: What is international private banking?

A: Private banking is the area of the bank that deals with clients with more money than the general public, that does it on a more white gloved kind of environment. . . . In the private bank of a bank, you are a name. The person [private banker] knows you, knows who you are, knows your family, they recognize your voice. . . . [Elliot testified that private banking customers usually have a net worth starting at \$5 million. That

starting net worth is now \$10 million.]

Q: Does your team manage funds in some assets . . . for former Mexican political leaders or their family members?

A: No. [Elliot discussed the long vetting process, including approval from higher-ups, that Citibank engages in before it accepts a large deposit from a customer, which is called in the banking world, the “due diligence procedure,” and which Citibank calls “know your client.”]

Q: [About the Citibank “know your client” policy.]

A: . . . The “know your client,” at least in our bank, is part of the culture. It’s part of the way you do things. It’s part of the way you conduct yourself. If you come in with a prospect and/or name of a prospect, you will be sure to be asked, “Who is this person, what do they do, who introduced them to you?” *by at least three or four people higher than you are.* It’s just the way it is” (emphasis added).

Elliot later praised Switzerland as a place to deposit money, “because Switzerland is known for having numbered accounts. . . . A Swiss banker can, in fact, be put in jail if they divulge the confidentiality of the name of an account.”

A Citibank spokesman told *EIR* on May 10 who the “three or four higher people” in Citibank’s chain of command would be, who would approve Elliot’s decision to move Raúl Salinas’s tens of millions of dollars around the world. Elliot reports directly to the Citibank executive vice president in charge of the international private banking group, who is currently Alvaro DeSousa. (DeSousa is new to the job. He replaced Hubertas Rukavina, who was transferred in January out of that post, perhaps as a result of the Raúl Salinas caper.) DeSousa reports to the Europe and North America Division chief, who in turn reports directly to Citicorp Chairman John Reed, according to the Citibank spokesman. The April issue of *Money Laundering Alert* reported that “senior international bankers, who asked not to be quoted, say it is ‘virtually impossible’ that the chairman of a bank, even one of Citibank’s size, not know about a new customer who met the Salinas pattern.” (Reed treated Ibero-America as a looting ground. In July 1990, he said that countries like “Bolivia and Peru will disappear” from the map.)

Citibank in Federal Reserve receivership

But there is more to Elliot’s story. During the period that she managed Raúl Salinas’s accounts, in 1989-93, moving reputedly stolen and/or drug money to Swiss, Cayman, and other accounts, Citibank was under the effective receivership of the Federal Reserve Board of Governors, headed by Alan Greenspan. The Fed approved every major financial move that Citibank made for a two-year period.

In late 1991, Citicorp/Citibank went under, although no one except *EIR* called it that at the time, for fear of blowing out the world financial system. As *EIR* reported, Citicorp was compelled to sign a “Memorandum of Understanding” with the Fed, which gave the Fed broad powers, and put Citicorp on a Federal Reserve life support system. The Fed flooded

Citibank with hundreds of examiners and personnel to supervise every loan and significant money transfer of roughly \$1 million or above, that Citibank made. It is virtually guaranteed that the Fed did see the paperwork trail of the Raúl Salinas money, under whatever name he was operating.

Further, some of the day-to-day responsibilities for administering Citibank were reportedly coordinated with the Federal Reserve Bank of New York. At this point, the vice chairman of the New York Fed was Maurice "Hank" Greenberg, of American International Group insurance company. Greenberg is reputedly one of the top leaders of Meyer Lansky's old organized crime syndicate, including money laundering.

Lyndon LaRouche has pointed out repeatedly that the New York commercial banks and the Federal Reserve System are utterly bankrupt. They also figure as central players in one of the biggest money-laundering, murder, and political intrigue scandals in the last decade of the 20th century.

What will be done?

But the question remains, will U.S. authorities seriously prosecute Citicorp and the Federal Reserve? *EIR* has not been able to learn yet what the charges are that the grand juries in Washington, D.C. and New York, which reportedly began gathering evidence in the case, including subpoenaing records from Citibank, are being asked to consider. Or, whether they will focus on only a few individuals, such as Amelia Grovas Elliot, or whether they will move right up the chain of command.

The U.S. money-laundering law that could be applied, has "extraterritorial" reach if the transactions are by a U.S. citizen, or, if by a non-U.S. citizen, they occurred in part in the United States. The known facts of the Salinas-Citibank-Fed caper fit that standard (Title 18, USC Sec. 1956 [f]).

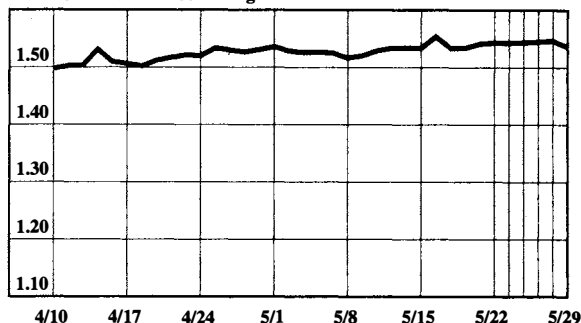
The Citibank-Fed-Salinas case shows how easily money-laundering can occur, and laws be circumvented. As a result of the Bank Secrecy Act of 1986, the U.S. government requires that all U.S. banks file cash transaction reports (CTRs) on all cash deposits \$10,000 or larger, and on all suspicious activities, whether the money is deposited in cash or other form. But simply by qualifying to be a preferred client of Citibank's Private Bank, with a net worth of \$5 million or more, a bank customer can escape such scrutiny if his banker applies for an exemption because the customer in question is so "valued."

Citibank has operated in Mexico for most of this century, and it helped draft the secret banking accords in Chapter XIII of the North American Free Trade Agreement which further deregulated the Mexican banking system, intensifying its destruction. In coordination with the International Monetary Fund, Citibank applies conditionalities policies which are looting the Mexican economy. A serious investigation and/or criminal case on the Salinas matter might unravel this larger relationship.

Currency Rates

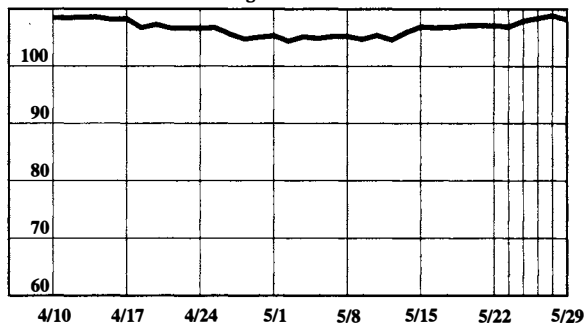
The dollar in deutschemarks

New York late afternoon fixing



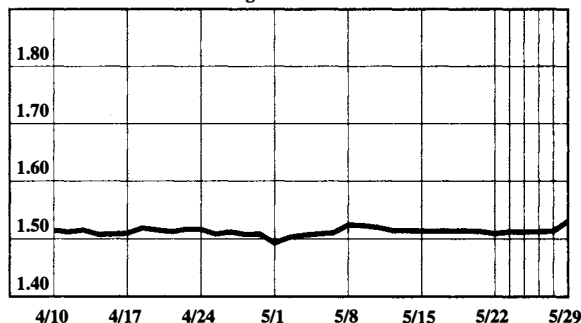
The dollar in yen

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing

