EIR National

London fumes over latest Clinton anti-drug moves

by Jeffrey Steinberg

With little fanfare, the Clinton administration has escalated its attacks against several of the international drug cartels' most vulnerable flanks, including their drug-money-laundering infrastructure. And, not surprisingly, the loudest howls of protest are coming from London.

On April 27, the British weekly *Sunday Business* reported that British government officials are furious that U.S. Treasury agents have been visiting City of London banks, attempting to interrogate bank officials about suspected money laundering, without even checking in with their British Treasury counterparts. "The British banking industry is in an uproar as the U.S. steps up efforts to impose and enforce American financial regulations in London," Tony Hunt reported. According to Hunt, the United States is asserting the authority to probe money-laundering operations that pass from overseas banks into the United States, especially into the New York clearinghouse banks. "Almost all of the world's dollar transactions have to be settled in New York," *Sunday Business* noted.

The most hysterical protests have come from such City of London giants as Lloyds, Hongkong and Shanghai Banking Corp., and Midland Bank. According to Hunt, U.S. Treasury agents have been squeezing the Channel Island of Jersey to revamp their banking laws, to conform with U.S. bank transparency and stricter anti-money-laundering provisions. One Jersey bank regulator, interviewed by Hunt, lamented: "Half the Jersey banking system is now regulated by the U.S. But they have not eased off at all. The message for London is simple: You are next."

Sir Leon Brittan jumps into the act

On May 4, Hunt reported that "Sir Leon Brittan, the European Commission vice president for relations with the United States, is facing pressure to react as critical reports of U.S. efforts to impose U.S. laws on European and U.K. banking transactions pile up on his desk. . . . A Commission insider told *Sunday Business* that the main danger is that the U.S. will pick on a small, probably foreign bank in the U.K. and cut that bank off from dollar transactions. . . . The U.K. will be reluctant to mount a full-scale defense for such an institution and the U.S. position will be established by default."

Hunt reported that a number of British clearing banks, including Lloyds, Barclays, and NatWest, went to Bank of England director Eddie George, to protest the U.S. efforts to assert "extraterritorial" banking authority. George reportedly took their protests to the British Foreign Ministry, prior to the Labour takeover, and the protests were forwarded to Brittan, a Thatcherite free-market fanatic. Brittan attempted to disrupt a May 1996 Beijing conference on the Eurasian Land-Bridge, by threatening action against the Chinese, should they stray from the diktats of the "global financial market."

The current U.S. crackdown on British drug-money laundering should not come as a surprise to Britain's Dope, Inc. financiers. On Oct. 22, 1995, President Clinton signed Executive Order 12978 and Presidential Decision Directive 42; the former declared that the "actions of significant foreign narcotics traffickers" constituted a "national emergency." EO 12978 singled out 100 Colombian companies and individuals, who were identified as fronts for the cocaine cartels, and banned any American companies from doing business with them. The still-classified PDD-42 reportedly went much further.

On Nov. 12, 1995, the Washington bureau chief of the London *Sunday Times,* James Adams, reported that the Clinton administration "has grown increasingly frustrated by the feeble international response to the huge growth in organized crime and money laundering. After months of secret talks with its allies, America decided to go it alone; among actions ordered by Clinton are negotiations to close about 50 money-laundering centers around the world. If these negotiations are unsuccessful, the centers will be denied access to American financial markets." Adams freely admitted that, with the Clinton crackdown on Colombian cartel money laundering, Britain was "about to become the money-laundering capital of the world, because huge amounts of cash from the drug trade are heading for London."

Operation Oro Verde

The crackdown on London and offshore Channel Islands banks is not an isolated development. On April 19, the *Dallas Morning News* revealed that the Clinton administration was "launching what could be the largest crackdown in history on Colombian money-laundering operations in the United States." Under the code-name "Operation Oro Verde" (Green Gold), federal agents, the *Morning News* reported, were about to seize $1.5 billion in illicit drug profits, parked in an estimated 100 south Florida banks. Sources told the paper that 300-400 suspected cartel money-managers are under federal investigation, and that the bank crackdown is expected to go on for two years. Operation Oro Verde has been reportedly going on for two years.

During President Clinton's recent state visit to Mexico, anti-drug cooperation was on the top of the agenda. A number of bilateral agreements were signed, including one that will greatly increase cooperation between the United States and Mexico, against money laundering. While the President was in Mexico City, White House anti-drug official Gen. Barry McCaffrey, Mexican Secretary of Foreign Relations Angel Gurria, and Mexican Attorney General Jorge Madrazo released a "U.S./Mexico Bi-National Drug Threat Assessment," a 97-page report prepared by the High Level Contact Group on Drug Control (HLCG), a bilateral task force created in March 1996 to devise a joint intelligence assessment and strategy for combatting the drug epidemic. The report placed a priority on shutting down the drug-money pipeline between the United States and Mexico, through cross-border cooperation. Already, teams of specialists from the U.S. Treasury Department's Financial Crimes Enforcement Network (FinCen) have been in Mexico, working closely with the Secretariat of Finance and Public Credit and the Mexican Attorney General.

Soros set back in Arizona

The Clinton administration, in league with some leading Republicans, has also set its sites on the Queen's personal banker, international speculator George Soros. In recent years, Soros has emerged as the new "daddy warbucks" of the drug-legalization movement, pouring an estimated $20 million into a slick propaganda and disinformation drive to legalize deadly drugs. Last November, a Soros-bankrolled ballot initiative, Proposition 200, passed in Arizona, allowing physicians to prescribe Schedule I dangerous drugs, including heroin, cocaine, LSD, marijuana, and PCP. The ballot initiative passed through a deceptive campaign of public advertisements that portrayed the measure as a "medical reform," couched in tough-on-drugs language. The Clinton administration, as well as state officials, were caught flat-footed.

But in April, a bipartisan group of Arizona state legislators, with the active support of the White House Office of National Drug Control Policy (ONDCP), and Republicans such as William Bennett, introduced a bill that would forbid Arizona doctors from prescribing the dangerous drugs, until the U.S. Food and Drug Administration (FDA) had completed its own studies of the medical uses of these drugs, and cleared them for use.

On April 10, the Arizona House of Representatives passed the measure by a 32-24 vote. Five days later, the state Senate passed it by a 17-13 majority. On April 9, the Arizona *Republic* interviewed Sen. John Kaites, a Republican co-sponsor of the bill, who confirmed the White House cooperation. Asked if President Clinton would be asked to phone Democratic senators if their votes were necessary, Kaites said, "It depends where the votes are. If the votes are with Democrats, clearly the administration cares about this issue, and clearly they have expressed a desire to help in any way that we think may be helpful."

On April 21, Arizona Gov. Fife Symington signed the bill into law. A Soros-funded front group, originally called Arizonans for Drug Policy Reform, now called The People Have Spoken, is trying to gather signatures on a new ballot initiative petition, that would postpone implementation of the law until a popular vote in November.

Despite these last-minute efforts to salvage the Arizona de facto drug legalization scam, the situation remains, that the Clinton administration, particularly the office of General McCaffrey, is on the alert for Soros drug legalization initiatives. After the Arizona vote last November, and a similar ballot initiative in California, the Soros forces vowed that they would pass similar ballot initiatives in 24 other states, plus the District of Columbia, during 1997. Their prospects of success now look slim. Recently, a Soros-linked effort to pass a law legalizing hemp production in the state of Michigan was defeated; and sources close to the administration report that several other victories are soon to be logged in the Clinton administration's escalating battle against Soros.

A recent query into Soros's New York City Lindesmith Center, a project of the Open Society Foundation which peddles drug legalization under the guise of "drug policy reform," revealed that the Soros crew is beginning to feel the heat of the public exposure of their pro-dope efforts. Asked to confirm that Soros is behind a planned autumn 1997 conference in Medellín, Colombia on the subject of "drug reform," Soros operator Dr. Ethan Nadelman denied any ties to the effort. He referred the caller to Dr. Arnold Trebach, head of the Drug Policy Foundation. DPF has been granted $20 million by Soros.