

## Congress takes up LaRouche challenge vs. drug bankers

by Jeffrey Steinberg

In 1978, *EIR* founder Lyndon LaRouche commissioned the magazine's staff to conduct a thorough investigation into the worldwide illegal drug trade. LaRouche, who was preparing his 1980 campaign for the U.S. Presidency, was convinced that the burgeoning drug plague represented the greatest threat to U.S. national security—a threat greater than Soviet ICBMs. LaRouche's view of the issue was in stark contrast to the official policy of the Trilateral Commission-dominated Jimmy Carter administration, which openly advocated the legalization of marijuana, and even cocaine, as official White House policy, courtesy of the President's chief drug policy adviser, Dr. Peter Bourne.

After interviewing scores of anti-drug specialists from governments all over the world, after reviewing thousands of pages of historical archives and contemporary crime blotters, the *EIR* team reached a number of conclusions that were, by 1978 standards, startling. First, the *EIR* team found that the annual revenues of illegal drug sales worldwide had already passed the \$200 billion mark; and it further concluded that such vast sums of cash could not be managed without access to the international banking system, at the highest levels. In short, *EIR* was the first institution on record to show that major international banks were up to their eyeballs in drug money-laundering.

At the time, the role of the major U.S., Canadian, and British commercial banks in drug money-laundering was barely on the radar screen of the law enforcement community. This author, and scores of *EIR* colleagues who helped produce the first edition of the book-length exposé, *Dope, Inc.: Britain's Opium War Against the United States*, met with leading anti-drug officials from the United States, western Europe, and Ibero-America during 1978-80, presenting the evidence against the leading banks. Many senior officials expressed

disbelief that “our bankers” could be wittingly involved with drug mafias, thus failing to see that the worldwide drug cartel operated *from the top down, not from the gutter up*.

Even as the final editing was being completed on *Dope, Inc.* in the winter of 1978-79, the notorious Hongkong and Shanghai Banking Corp. (“HongShang,” now known as HSBC) was making a major attempt to establish an “onshore” presence in the United States, through the takeover of Marine Midland Bank, the eighth-largest bank in New York State. In large part, through the efforts of *EIR*, New York State Banking Commissioner Muriel Siebert made the courageous decision to block the HongShang takeover. Not to be deterred, the HongShang lawyers went to the U.S. Federal Reserve Board, and sought to have Marine Midland's charter transferred from New York State to the Federal government. The Fed quickly complied. Public hearings, however, occurred before the Federal Reserve Board in Washington, with *EIR* providing evidence of HongShang's 150-year tradition as the central bank of the British opium trade in the Far East, from the time of the two British Opium Wars of the 19th century.

The Fed ultimately approved the HongShang takeover, and Congress, too, contributed to the onrush of the “dope decade,” by deregulating the American banking system, and opening the country up to an invasion of offshore dirty money that began flooding into Wall Street and the big New York commercial banks from British offshore financial centers.

### George Bush's ‘dope decade’

The 1980s were, indeed, George Bush's “dope decade” (see *EIR*, Nov. 26). By 1981, cocaine had replaced marijuana as the “drug of choice” of the Colombian drug cartels. The Contra wars in Central America drew corrupt elements of the



Twenty-one years after the LaRouche movement began to expose the role of the big banks in laundering drug money, the U.S. Congress has decided to look into the matter. Shown here are a few of our many books and magazines exposing Dope, Inc.

intelligence community, deployed into the drug trade under the Bush-Oliver North White House “secret parallel government” as part of a criminal guns-for-drugs enterprise. The Afghanistan War, launched after the Soviets invaded in 1979, by Trilateral Commission geostrategist and Carter National Security Adviser Zbigniew Brzezinski, mushroomed into a massive operation, with much of the funding for the Afghansi mujahideen coming from the burgeoning opium and heroin trade in the Afghanistan-Pakistan “Golden Crescent.”

The “Bush team” at the White House played a direct role in assuring that the U.S. commercial banks were instruments at the disposal of the drug cartels. William Weld, a member of the extended Bush clan, and a political protégé of the Vice President, became head of the Criminal Division of the Department of Justice. His credentials for the job: As U.S. Attorney in Boston, he had covered up a \$1.2 billion money-laundering operation by the Bank of Boston, and had then turned around and launched a bogus criminal prosecution of Lyndon LaRouche, America’s leading anti-drug crusader.

The Bank of Boston case, which ended with a \$500,000 fine, and with no indictments of any bank officials, had also involved a string of Swiss banks, led by Crédit Suisse, a notorious money-laundering bank where Oliver North and Richard Secord maintained their Iran-Contra secret accounts. The Afghansi heroin bonanza had been a boon to another bank that now occupies a place of infamy: the Bank of Credit and Commercial International (BCCI), which became a clearing-house for the Afghansi dope funds.

Before the end of the 1980s, Merrill Lynch, an old-line

brokerage firm, had been linked to the “Pizza Connection” heroin smuggling ring. Senior bank officials had personally provided door-to-door service to drug-money couriers, who regularly flew in from Switzerland to the Waldorf Astoria Towers, where the Merrill Lynch executives would personally pick up cartons full of cash. The Philadelphia office of Shearson/American Express had also been caught laundering drug proceeds. E.F. Hutton, another white-shoe “venerable” financial house, headed by the brother of Barbara Bush, had been busted for similar activities.

Yet, even as *EIR*’s warnings about the role of the big financial houses in the dope business were being driven home time and again, the steamroller of deregulation made it more and more difficult to send any bankers to prison.

### LaRouche weighs in, again

In February 1985, U.S. Drug Enforcement Administration agent Enrique Camarena, and his Mexican pilot, were kidnapped and tortured to death by Mexican drug lords. Their bodies were found at a ranch near Guadalajara. It would later come out in public trials that one of the masterminds of Camarena’s death, Ramón Mata Ballesteros, a Honduran drug trafficker who had linked up the Colombian cartels with the Mexican mafia, was actually on the payroll of the U.S. State Department, and the Bush-North “Enterprise,” at the time of the Camarena killing. Mata Ballesteros’s private cargo airline, which smuggled tons of cocaine and marijuana into the United States during the Bush dope decade, had been contracted by State Department official and Bush-North intimate

Elliott Abrams to deliver “humanitarian aid” to the Contras.

On March 9, 1985, weeks after Camarena’s body was found and as *EIR* was preparing the release of the second, expanded Spanish edition of *Dope, Inc. (Narcotráfico, S.A.)*, Lyndon LaRouche convened an international anti-drug conference in Mexico City, where his proposal for a comprehensive hemispheric war on drugs was presented for the first time. The 15-point plan included this prescient warning: “The greatest political threat to democracy in Venezuela, Colombia, Peru, and other countries, is the use of the billions of revenues held by the drug traffickers to fund terrorist armies, and to bring corrupted military officers into right-wing coup plots. . . . It is impossible to break the ominously increasing political power of the drug traffickers in Mexico, Colombia, Venezuela, and other countries, without capturing the billions of dollars of drug-revenues run through corrupt banking institutions.”

Within the 15-point plan, LaRouche underscored the need for a “system of total regulation of financial institutions, to the effect of detecting deposits, outbound transfers, and inbound transfers of funds, which might be reasonably suspected of being funds secured from drug trafficking.”

### **Addiction is skyrocketing**

Today, the illegal drug trade has passed the \$600 billion a year mark, and may be already beyond \$1 trillion per annum. Figures on skyrocketing drug addiction in the former Soviet bloc are hard to come by, but in impoverished regions, such as Afghanistan, Pakistan, and South America, drug abuse is now epidemic.

It is no longer a secret that the major American, British, and continental European commercial banks are running the money laundering for Dope, Inc. Several years ago, when Raúl Salinas, the brother of former Mexican President Carlos Salinas de Gortari, was arrested on murder charges, evidence came to light that he had several Swiss bank accounts, where enormous amounts of ill-gotten cash landed, after passing through his private account at the New York City headquarters of Citibank.

The Salinas case became a paradigm for the problem as a whole. Motivated, in part, by the looming prospect of Ibero-American nations falling like dominos to the drug cartels and their narco-terrorist armies, a number of members of Congress, as well as President Clinton’s Director of the Office of National Drug Control Policy, Gen. Barry McCaffrey (ret.), at long last appear ready to tackle the financial side of the drug trade.

In November, the Senate Permanent Investigations Subcommittee (SPIS) held two days of hearings on the involvement of Citibank in several hot-money scandals, including the Raúl Salinas case. Bills are pending before both Houses of Congress, which begin to redress the decades of protection for America’s big narco-bankers. Perhaps, 21 years after the fact, LaRouche’s call to action is being heeded.

# Senate hearings on highlight criminality

by Suzanne Rose

On Nov. 9 and 10, the Senate Committee on Governmental Affairs, Permanent Investigations Subcommittee (SPIS), chaired by Sen. Susan Collins (R-Me.), held hearings on the vulnerability of the U.S. private banking system to criminal money laundering, an industry estimated by one witness at \$500 billion to \$1 trillion a year, half of which comes to the United States.

On the first day, Sen. Carl Levin (D-Mich.), the subcommittee ranking member, at whose request the hearings were convened, gave a powerful opening statement: “We can’t condemn corruption abroad—be it officials taking bribes or looting their treasuries—then tolerate American banks making fortunes off that corruption,” he said. Rather than just an exposé of “corruption,” what emerged in the two days of testimony, was a chilling picture of bankers acting with stone-cold disregard for the moral issues confronting the nation—especially as it relates to drug-money laundering. According to *EIR* experts who have exposed, since 1978, the methods of U.S. banks in aiding and abetting money laundering, those with the biggest need for money-laundering services are drug traffickers, who seek to hide more than \$1 trillion a year in proceeds.

### **A report on Citibank/Citicorp**

The SPIS hearing focussed on the findings of a year-long investigation conducted by subcommittee staff into the activities of Citibank, America’s largest bank. The SPIS report, which centered on four cases in which Citibank/Citicorp “services” were used to launder money for wealthy clients, was released to the press on Nov. 8.

The most egregious of the four cases was that of Raúl Salinas, brother of the former Mexican President Carlos Salinas de Gortari, who laundered \$80-100 million through Citibank. A Swiss court, which ordered the seizure of more than \$100 million from Raúl Salinas’s bank accounts in a civil proceeding, determined that the funds were tainted by drug trafficking. Yet, to date, no indictments have been brought against any banker implicated in this affair, a fact that has angered members of Congress such as Rep. Maxine Waters (D-Calif.) (see her letter elsewhere in this section).

The hearings also provided a rare glimpse into the workings of “private banking,” something which the American public knows little about. Through the mouths of the wit-