

---

## Book Reviews

---

# The Other 'Moscow On the Hudson'

by Jeffrey Steinberg

---

### **Red Mafiya: How the Russian Mob Has Invaded America**

by Robert I. Friedman

Boston: Little Brown & Co., 2000

296 pages, hardbound, \$25.95

---

Robert Friedman is one of the best, and most daring, investigative reporters around today. He has done groundbreaking work, exposing the late Rabbi Meir Kahane, detailing how top officials of the Israeli Mossad, the Anti-Defamation League of B'nai B'rith and some senior U.S. intelligence officials, including Irving Brown and Jay Lovestone, nurtured the Jewish Defense League founder's rise as the most visible leader of an underground Jewish terror apparatus that stretches, to this day, from the United States to the Israeli Occupied Territories. He next delivered a similar exposé of the Jewish settlers movement on the West Bank, updating his earlier Kahane exposé. For his efforts, Friedman became a target of the wrath of the Kahane gang and others in the Israeli radical right.

Now, in his latest piece of investigative journalism, Friedman has once again placed himself in harm's way. At the very outset of *Red Mafiya: How the Russian Mob Has Invaded America*, we learn that Friedman was targeted for elimination "with extreme prejudice" by not one, but two top Russian Mafia dons, as the result of his efforts to place a very large, public spotlight on the major criminal enterprises that sprang up in the Brighton Beach section of Brooklyn over the past decades.

Aside from a number of dry Congressional committee, United Nations, think-tank, and FBI reports on the brutal exploits of the Red Mafia, very little has been put in print, in recent years, on an apparatus that is now at the very center of global organized crime—until the publication of *Red Mafiya*.

In fact, Friedman's book picks up on many intelligence leads first spelled out in a pair of mid-1980s *EIR* special reports, linking the Israeli Mafia and right-wing Zionists to Soviet bloc intelligence services, engaged in joint KGB-Mos-

sad dirty operations against American strategic interests (see "Moscow's Secret Weapon: Ariel Sharon and the Israeli Mafia," *EIR*, March 1, 1986, and "The Kalmanowitch Report: Moscow's Moles in the Reagan-Bush Administration," *EIR*, March 17, 1988).

Friedman's account is anything but dry reading. From page one, he provides an up-close and personal profile of some of the leading figures who have made their mark on American organized crime, since the first wave of Russian Jewish immigration to America in the 1970s, following the passage of the Jackson-Vanik amendment, which linked U.S. relations with the Soviet Union to the plight of Soviet Jews.

In fact, this reviewer's only complaint about *Red Mafiya*, is that it somewhat overly focussed on the flamboyant, albeit low-grade Brighton Beach Russian hoodlums, and downplayed some of the most startling documentation about the international scope and high-level banking and political ties of the "Red Mafia." As *EIR* has consistently documented since the publication of the first edition of the book *Dope, Inc.* in 1979, global organized crime is run, top-down, by leading elements within the financial oligarchy, who have transformed the global banking system into a laundromat for illicit drug- and weapons-running profits, flight capital, and other fast-moving speculative money flows. The links between the criminal "underworld," and the "overworld" of Wall Street, London, Geneva, Frankfurt, and Tel Aviv "bankers above suspicion" and their bought-and-paid-for political assets, run so deep, that the very idea of a self-standing "organized crime syndicate" is a Hollywood fiction of the first order.

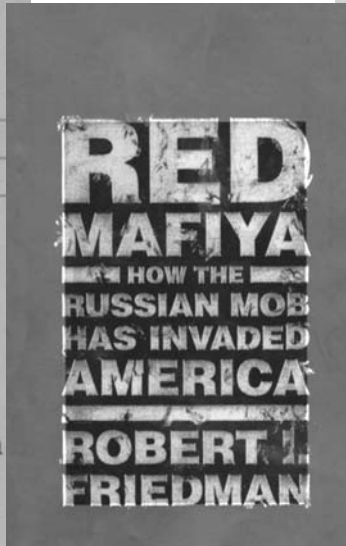
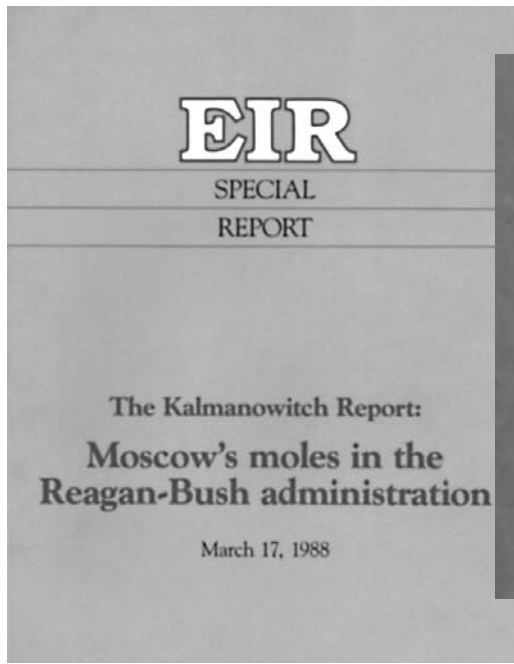
Friedman's book offers a case study proof of the depth of these links, even though he largely leaves it to the reader to draw those conclusions. Much of the review that follows will focus on the evidence of this profile that fills the pages of *Red Mafiya*.

### **The Red Mafia and the Jewish State**

A second point that was somewhat downplayed by Friedman, but warrants special attention at the outset, is the impact of the Russian Jewish organized-crime invasion of Israel. One recent, classified Israeli national police survey of the growth of the Russian Mafia's power inside the country, cited by Friedman, concluded that Israel has been turned into an organized crime "mini-state," and that the Russian Mafia poses a greater threat to the survival of Israel than do the Arabs.

Indeed, one of the throwbacks to the Cold War era is the foolish idea that Israel is a strong state, with a powerful, albeit covert nuclear weapons arsenal that assures its long-term survival. Nothing could be further from the truth. While popular journalists delight in declaring that Russia is finished as a nation, because of the power of organized crime over the country's banking system and what remains of its military-industrial complex, the fact is that Israel is far more dominated today by the "Russian Mafia" than is Russia itself.

According to Friedman's sources inside the Israeli intelli-



Friedman's book picks up on intelligence leads first spelled out in these EIR special reports from the 1980s.

gence and law-enforcement establishment, an estimated 10% of the 800,000 Russian Jews who now reside in Israel are "mobbed up." Furthermore, the Russian immigrant party, headed by Russian "refusnik" Natan Sharansky, is a virtual political front for the Red Mafia. One notorious Russian mafioso, Grigori Loutchansky, of the Latvia- and Austria-based Nordex firm, alone, put millions of dollars into Sharansky's political operations in Israel, and fed an estimated \$1.5 million to Benjamin Netanyahu, for his 1996 election campaign for prime minister. Not surprisingly, as soon as he came into power, Netanyahu shut down the only Israeli government interagency task force tracking the Russian Mafia's operations inside the country.

An estimated \$20 billion in Russian flight capital, much of it stolen in the dying days of the Soviet Union, found its way into Israel during the 1990s. Russian Mafia money was behind unsuccessful efforts to purchase two of Israel's most important Hebrew-language newspapers, *Davar* and *Ma'ariv*. Gregory Lerner, one of an estimated 75 top Russian mobsters who travel freely on Israeli passports, has purchased entire towns inside the Jewish state, creating Red Mafia oases. And at least two of Russia's "Gang of Seven" top "oligarchs," Vladimir Gusinsky (now under house arrest in Spain, pending extradition to Russia) and Boris Berezovsky, both hold Israeli dual citizenship, and have villas and major banking operations in the Jewish state.

Brig. Gen. Hezi Leder, the Israeli police attaché in Washington, summed up the situation for Friedman: "We know how to deal with terrorist organizations. We know how to deal with external threats. This is a social threat. We as a

society don't know how to handle it. It's an enemy within."

### The Invasion Begins

The Russian (née Jewish) Mafia invasion of the United States occurred, initially, in two waves—in the early 1970s and in the middle of the 1980s. During 1972-73, approximately 66,000 Russian Jews immigrated to the United States, often passing first through Israel, en route to the real promised land. Through well-meaning groups such as the Hebrew Immigration Aid Society, refugee camps were established, where Russian Jewish hoodlums, who were dumped out of the gulags into the West, made their connections, and first established international links. Soon, Russian Jewish communities dominated by these criminal elements, had been established in New York, London, Antwerp, and Brussels, as well as inside Israel. It was a ready-made global crime structure, what one New York-based Drug Enforcement Administration specialist called "the Red Octopus."

By the end of the 1970s, some 40,000 Russian "Jews" had settled in the Brighton Beach section of Brooklyn. For \$2,000, a knowledgeable member of the "community" could hire a professional assassin from the growing ranks of the *organizatsiya*.

But, more to the point, the meteoric growth of the Red Mafia on American soil was never a purely Russian matter. From the outset, the Jewish Soviet gangsters had their high-level connections into the U.S.'s own Zionist apparatus. One of the first American "cousins" to pave the way for the Red Mafia was Rabbi Ronald Greenwald, Richard Nixon's chief campaign operator in the New York Jewish community in

1972. Rabbi Greenwald was a wheeler-dealer who was CREEP's (Nixon's Committee to Re-Elect the President, the dirty tricks apparatus behind Watergate) man in Brooklyn. He was, ironically, investigated by a U.S. Attorney named Rudolph Giuliani, for swindling the U.S. Department of Health, Education and Welfare—part of his payback for services rendered to CREEP. In the early 1980s, Greenwald was the official U.S. representative of fugitive metal trader Marc Rich.

During the initial wave of Russian immigration to America in the 1970s, Greenwald arranged a U.S. visa for the first of the Russian Mafia "dons," Evsei Agron; made the connections between Agron and the Genovese New York crime family; and installed his own business associate, Murray Wilson, as Agron's chief money-launderer. Wilson was, according to Friedman, a "right-wing Jewish militant" and an intimate of National Crime Syndicate boss Meyer Lansky.

Agron, Greenwald, and Wilson teamed up with one of the top Midwest alleged crime figures, Morris Shenker, in skimming large amounts of cash from the Dunes Hotel in Las Vegas, a crime for which Wilson went to jail in the late 1980s. By this time, Agron had been assassinated, and replaced as top dog in the Red Mafia by Marat Balagula, who upgraded its links to the U.S. National Crime Syndicate.

With crucial input from Rabbi Greenwald, Marc Rich, and another Greenwald associate, Shabtai Kalmanowitch, Balagula established a tax-evasion scheme on retail gasoline, that ran from Florida to New England, and generated an estimated \$8 billion in illicit profits. By the mid-1980s, Balagula owned supertankers, seven gasoline storage terminals, a fleet of gasoline trucks, truck stops, and more than 100 filling stations.

By the mid-1980s, the Greenwald-Balagula-Rich gang had extended their gasoline swindle into Africa, shipping large volumes of gasoline to Sierra Leone through Rich's front companies in Spain. Their point-man in Sierra Leone for a string of large-scale looting operations was Kalmanowitch, who was, by this time, the "security chief" for the country's ruler, Joseph Momoh. Soon, Sierra Leone's diamonds were being smuggled to Thailand, in exchange for Golden Triangle heroin, which Balagula was marketing on the streets of America. Another Russian Mafia player in this global diamond-for-heroin apparatus was Efim Laskin, who was arrested in Europe soon afterwards—for selling arms to the Italian Red Brigades terrorists.

The Greenwald-Rich-Kalmanowitch operations in Africa also extended to the Kingdom of Bophuthatswana, landlocked inside the Republic of South Africa. Greenwald was the country's chief diplomatic representative to the United States. As in the case of Sierra Leone, the security apparatus of the country was dominated by Israeli Mossad operatives, who were hired on as "private" security consultants to the government, and to a lucrative casino operation, built up in the aptly named Sun City resort.

This Brighton Beach-Sierra Leone-Bophuthatswana-Is-

rael mafia and spook operation came to a crashing halt on May 33, 1987, when Kalmanowitch was arrested in London, ostensibly for a scheme involving the forging of commercial paper from Merrill Lynch, which was laundered through New York's Republic National Bank.

Kalmanowitch was extradited back to New York, but, when Greenwald orchestrated a flood of character references, he was released on bail. U.S. Rep. Benjamin Gilman (R-N.Y.) (until recently the chairman of the House International Relations Committee) wrote the court that "Mr. Kalmanowitch enjoys a wide reputation for his integrity and business acumen." Kalmanowitch's picture had appeared on the society page, arm-in-arm with former Secretary of State Alexander Haig, at black tie fundraisers.

Free on bail, Kalmanowitch fled to Israel—where he was promptly arrested as a KGB spy! Kalmanowitch's arrest as a Soviet spook came at a curious moment for Israel. U.S. Navy intelligence analyst Jonathan Jay Pollard had been arrested in November 1985, for stealing U.S. military secrets on behalf of Israel; and Secretary of Defense Caspar Weinberger, in a sealed affidavit to the court, had urged that Pollard be thrown in jail for life. Among the charges contained in the Weinberger affidavit, was that the booty of secret documents passed to Israel by Pollard had included material that Israel sold to the Soviet KGB. Putting Kalmanowitch in an Israeli jail averted a lot of very embarrassing questions from being asked; and, after a number of years of basking in the Negev Desert, where he deepened his ties to the Brighton Beach Red Mafia, Kalmanowitch was freed from prison. He then returned to Russia, and established himself as one of the pre-eminent ties between Russian-territory organized crime and Israel's burgeoning underworld.

Vyacheslav Ivankov, who for a period of time was the most violent and powerful Russian Mafia boss in America, had gotten his introductions into the Brighton Beach operations in an Israeli jail—where he was Kalmanowitch's bodyguard, before his 1990 release and immigration to America. By 1994, according to Israeli police, Ivankov was chairing a meeting of Russian Mafia bosses from all over the world—at the Dan Hotel in Tel Aviv.

## **The 'Prince of Thieves' and the 'Money Planes'**

According to Friedman, by the time the second large wave of Russian Jewish immigration to America was under way in the mid-1980s, sections of the Soviet *nomenklatura*, and particularly some top officials of the security services, had come to believe that the Soviet system was on its last legs. They began preparing for their own "post-communist" survival. Leading figures within a vast state-sponsored underground economy—who had been given lucrative contracts to keep the Soviet Communist Party awash in Western luxury items, Russian caviar, etc.—were shipped overseas as part of the wave of Soviet Jewish immigration. Many among this second generation of Red Mafia, sported master's degrees in

business administration, and other “credentials” not easily obtained in the gulags.

When the Soviet Union formally folded in 1992, this apparatus had already established a worldwide infrastructure for looting Russia and the former satellite states of much of its national patrimony.

A vast “kleptocracy”—an outgrowth of the worldwide Red Mafia, which had been growing for 20-odd years—was soon running Russia’s banking system, adding another dimension to one of the biggest robberies in history.

In Washington, the Bush Administration sent an unmistakable signal to the new bosses in Moscow, that the looting could proceed. It sent Robert Strauss, wheeler-dealer lobbyist and political fixer, to Moscow as the first U.S. Ambassador to post-Soviet Russia. Strauss had earned a reputation as the “Prince of Thieves,” over a long political and business career, and his deployment to Russia was aimed at signalling the new Russian “kleptocrats” that Washington would be more than happy to teach them “how to do business.”

Friedman picked up on another facet of this saga of top-down Western endorsement of the final “Mafiazation” of Russia: the so-called “money planes.”

Within months of Boris Yeltsin’s “velvet revolution” in 1992, the New York State Banking Department’s Criminal Investigations Bureau began receiving reports that billions of dollars in newly minted U.S. hundred-dollar bills were being flown from New York’s Kennedy Airport to Moscow, on every business day. The bills were being disbursed to approximately 50 new Russian banks, the overwhelming majority of which were fronts for the Red Mafia. In New York, the initial purchases of the crisp new hundreds were all being made through Republic National Bank, the personal fiefdom of Edmond Safra, an Aleppo, Syria-born Jew, who had established lucrative banking operations in South America, and later expanded his operations to the United States and Switzerland.

Friedman described the Safra-Moscow “money plane” scheme, as it was reported to him by U.S. government sources:

“State Department officials explain that money laundering works something like this: Russian assets, such as oil, are stolen by underworld figures or corrupt plant managers and sold on the spot market in Rotterdam. The proceeds are wired through front companies on the continent and deposited in London banks. Gangsters place an order for, say, \$40 million in U.S. currency through a bank in Moscow. The bank wires Republic, placing a purchase order for the cash. Republic buys the currency from the New York Federal Reserve. Simultaneously, Republic receives a wire transfer for the same amount from the London bank. Republic pockets a commission and flies the cash from New York to Moscow. It is then used by mobsters to buy narcotics or villas, or run political campaigns. As far as Republic is concerned, if there was a problem with a customer, it was up to the banks in London or Moscow to warn it.”

Friedman reported that the Federal Reserve had little or

no interest in probing too deeply into the credentials of the dollar purchasers in Moscow. After all, for every hundred-dollar bill printed by the Fed and shipped permanently abroad, Uncle Sam pocketed \$99.96. Underlying the whole scheme was something a lot nastier than penny-ante profiteering by the Fed. As the deployment of the “Prince of Thieves” to Moscow demonstrated, many top U.S. policymakers and bankers were perfectly comfortable with Russia being driven into the ground by a gang of comprador criminals.

Of course, it was hardly a coincidence that Republic National Bank and Safra showed up in the middle of the “money plane” scam in partnership with the Fed. Safra’s first venture into the world of New York banking had come in 1966, when Safra launched Republic National Bank as a virtual service bureau for organized crime. According to Friedman, Republic was known as the “no-questions-asked” bank, sending its armored cars anywhere, at any time, to pick up van-loads of cash.

By the mid-1980s, Safra’s Republic National Bank and his Swiss-based Trade Development Bank were handling large cash transactions for Marat Balagula, at the height of his gas tax-evasion scam. And in 1987, the Drug Enforcement Administration office in Berne, Switzerland was probing Safra’s Republic National Bank for laundering drug proceeds of both Turkish and Colombian cartels into the same numbered account in New York.

For previews and  
information on  
LaRouche publications:

## Visit EIR's Internet Website!

- Highlights of current issues of EIR
- Pieces by Lyndon LaRouche
- Every week: transcript and audio of the latest **EIR Talks** radio interview.

<http://www.larouchepub.com>

e-mail: [larouche@larouchepub.com](mailto:larouche@larouchepub.com)