

that are listed as terrorists, are terrorists—and that includes the Colombian groups—and shall be treated as such.

There are also signs, however, that the Bush Administration may be setting itself up to make blunders similar to those that got the United States into the Afghanistan quagmire. The principle of sovereignty is the issue which underlies the two policy errors which must be corrected to actually win the battle with the terrorists.

First is the discussion mooted of a direct U.S. military deployment into South America, starting with Colombia. Whether any such action were taken alone, or under the cover of establishing some regional “coalition” military force, the result would be the same: to throw mass forces in Ibero-America *behind* the FARC, Chávez, et al. They would wave the banners of “narco-nationalism,” and get a significant following. This would not only include peasants and unemployed, but also significant chunks of national military forces, fed up with the hypocrisy of Washington and London’s two-decades-long assault on their national militaries.

Taylor opened the door to discussion of this possibility in his Oct. 15 appearance at the Organization of American States, when he said that all elements at the United States’ disposal shall be used in the anti-terror campaign in the Western Hemisphere, including, “where appropriate, as we are doing in Afghanistan, the use of military force.” Colombian Army Commanders Gen. Fernando Tapias and Gen. Jorge Mora were quick to reject any foreign military deployment. Colombians can do the job, provided Colombia’s military receives the intelligence, training, and equipment aid it requires, they emphasized.

Similarly, if the Bush Administration continues to dictate that a coordinated anti-terrorist offensive requires that the nations of the hemisphere bow to Wall Street’s free-trade agenda, and accelerate dollarization and the establishment of the Free Trade Accord of the Americas, they will create a backlash that would destroy any possibility of collaboration.

U.S. patriots must face up to the fact that it was Wall Street forces which fostered and built up the terrorist capability in the first place. LaRouche and *EIR* have been right, when they admonish that terrorism will not be defeated, until the “Grasso factor” is removed, i.e., Wall Street’s support for terrorism so nakedly displayed by New York Stock Exchange President Richard Grasso’s 1999 public invitation for the FARC to sign up at the New York Stock Exchange.

Check Out This Website:

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French Attack London’s ‘City’ Money Laundry

by Christine Bierre

As Britain’s Tony Blair parades as the leader of the fight against “Islamic terror,” French authorities have launched a flanking operation against Britain in the form of a Parliamentary report denouncing the City of London—as well as other Crown dependencies—as a “fiscal, banking, and financial paradise for criminals.”

Attached to that report is a full study on the “economic environment of bin Laden.” The French are still waiting for the extradition of Rashid Ramda, the “Islamic” terrorist arrested in Britain in 1996 for having orchestrated the 1995 wave of terror in France.

Entitled “The City Of London, Gibraltar And The Crown Dependencies: Offshore Centers And Havens For Dirty Money,” the report denounces the City’s great vulnerability to money laundering, but also the British authorities’ total lack of political will to engage in the fight against financial crime. “The government of Her Gracious Majesty claims to be leading the fight against terrorism, but it should first clean its own house,” stated Arnaud Montebourg, special rapporteur of the Parliamentary commission which issued the report. To the question of why the British government is not willing to impose transparency in its financial transactions, Montebourg replied unambiguously that the City of London is the very heart of world finances and that Britain’s own power derives from that financial power. In the year 2000, the gross domestic product of the City was close to \$37.7 billion—13% of Greater London’s, and 3% of that of the United Kingdom.

The French report was issued by the Parliamentary commission against money laundering, created in 1999. The commission has already published three reports focussing on Liechtenstein, Monaco, and Switzerland.

City of London Attracts Money Launderers

The City of London study focusses first on the susceptibilities of the City due to its role as “premier financial market in the world.”

Beyond its long historical experience, what makes the City of London so attractive to money launderers is the process of financial deregulation which has occurred over the last 30 years. The City “recovered its financial importance after World War II, in particular in 1958, with the relaxing of exchange controls and the development of a Euro-bond market [dollar-denominated bonds issued in Europe] in the 1960s.



The abolition of exchange controls in 1979 further boosted the City, a process amplified in 1986 by a series of deregulation measures (the Big Bang). Deregulation and banking secrecy attract banking establishments from throughout the world. Its 481 foreign banks (twice the number of New York or Tokyo) manage nearly half of the banking assets deposited in Britain, for a total of \$2.4 trillion.

On the international level, with \$3.5 trillion in banking assets, the City is the strongest financial market, closely trailed by New York (\$3.4 trillion). The City is the world's leading center for currency trading, and with stock from some 500 companies representing 60 different countries traded at the London Stock Exchange, it is the most international of the stock exchanges. London is also number one in the specialized markets (oil, precious metals, etc.).

The City's Code Of Silence

To this difficulty the report adds another one: the fact that the City of London is a "state within a state. Sometimes called "the square mile," it has its own local authorities as well as justice and police representatives. The City is run by the "Corporation of London," whose powers are important. One of its main tasks is to promote the financial center. The head of the Corporation is also its ambassador to foreign countries and has a mandate to defend the interests of British finance internationally.

The City possesses its own police force under the authority of the Corporation of London, which collaborates in principle with the London police. In reality, says the Parliamentary report, "as certain French magistrates were able to confirm directly, the City police is the best guardian of banking secrecy." French Judge Van Ruymbeke reported to the Parliamentary commission that an Italian judge, who had re-

ceived no response to his investigative requests for six months, decided to go to Britain and question the head of the suspect bank directly. "He was taken into an office where there were seven or eight people and where the following sequence unfolded: He asked a question to the London policeman, who asked the same question to the City of London policeman, who then asked the same question to the bank's lawyer, who then turned to the bank official. The latter responded through the same circuit. . . ."

The report concludes, "The City thus clearly constitutes an impenetrable fortress with its particular statutes, its rituals, and its habits. A closed universe in which each financier, banker, or businessman has first of all chosen to remain silent."

Following a certain amount of scandal—the Lloyds Names, the bankruptcy of Barings, the Bank of Commerce and Credit International (BCCI), the Robert Maxwell affair, and others—Blair was forced in 1997 to create more instruments of regulation. The Financial Services Authority (FSA) was created to be the sole organism of control and regulation of financial services, specifically named to lead the fight against money laundering and endowed with reinforced disciplinary powers. One should note that prior to the creation of this agency, the City of London relied practically entirely on self-regulation. A 1992 wire from Agence France Presse (AFP) reports on the Lloyds scandal. David Coleridge, the president of Lloyds, merely denied all the accusations, claiming "that an investigation was not necessary, and that the market . . . had always self-regulated among people of good company"!

Following the creation of the FSA and other measures taken in the 1990s, Great Britain adopted on paper, legislation quite similar to that of other G-8 countries. There is no political will, however, to enforce that legislation, something which is confirmed by the small number of people deployed to this effect. The National Criminal Intelligence Service (NCIS), which centralizes this, only deploys some 30 people to check over 15,000 cases yearly of suspected laundering by financial institutions. In ten years, between 1986 and 1996, only 100 cases for laundering were tried. During the same time frame, Italy prosecuted 538 cases and the United States, 2,034. In the year 2000 in France, 154 dossiers were transmitted to the judiciary, 80 leading to prosecutions that very same year.

The report concludes that the "modesty of the British results is all the more scandalous when compared to the power of London. The premier financial market in the world, which every day registers several tens of millions of financial and stock transactions, has not seen more than 10 convictions per year for money-laundering. The policy of liberating capital movements and of deregulating financial markets went along with a deliberate absence of all control and all sanctions."

Interior Ministry Blocks All Demands

The French Parliamentary commission met with nothing but complaints against Britain's complete lack of cooperation

with law enforcement officials worldwide. French Judge Van Ruymbeke is categorical: "Great Britain is a flagrant case of non-cooperation [in the fight against laundering] . . . and without a word of explanation! I don't mind somebody explaining to me that one cannot execute a request for information because it creates a major problem with national interests, or because it is badly formulated or because there is a juridical problem. But these things should be said! That total silence after one, two, even three years, in spite of reminders, that's unacceptable."

The Interior Ministry's central service in charge of judiciary aid is accused of blocking all requests. "This service is identified by many operationals, including the British, of being the essential element blocking the system. [The] Ministry is unavoidably more sensitive to issues of internal security of the United Kingdom than to the success of collaboration with foreign countries." This explains its "reticence to extradite certain Islamic activists" in order to "preserve the British territory from that type of terrorism."

French prosecutor Jean Pierre Dintilliac describes the "constant demands for precision and more information on dossiers, which end up by tying up the magistrates, through endless demands to present the requests in a different manner, to translate, to add texts of law." Jean Claude Marin, chief of the economic and financial division of the Paris prosecutor's office, states that the British procedure is "imperialist: everything must be done by details. Thus, one must justify that the signature in the requests is indeed that of the judge, and one practically needs an affidavit to certify that so-and-so, a first judge or an instructing magistrate, are indeed judges."

As a result, of the 392 international requests transmitted by France between January 1996 and June 1999, the British had not responded to 53% of the cases concerning financial delinquency, nor to 83% of the cases of money laundering!

The Queen's Crown Dependencies

The report includes a whole section on the offshore Crown dependencies, targeting the direct authority of the Queen over these territories which the United Kingdom uses as back-offices for money laundering.

The report first goes one by one through the juridical status of those dependencies: Gibraltar — since 1713 Gibraltar is "a dependency of the United Kingdom of which the Queen of England is the head of state"; The Isle of Man — "as for Gibraltar, the head of state is the Queen of England"; Jersey Island — "is also an autonomous territory whose head of state is the Queen of England but which is not part of the United Kingdom"; Guernsey has the same status. These territories have been engaged since the 1960s in a rapid strategy of "development," offering a complete array of banking and financial services to a clientele of multinationals or top fortunes.

The Parliamentarians target specifically the creation of offshore companies created and managed by lawyers, or by firms specialized in creating those types of companies in offshore havens, operating totally out of the boundary of law

both in Britain and in the offshore havens. They provide a screen between the real money-launderers, for which they create and manage the company, and law enforcement authorities. Total confidentiality is offered to the real owners of the companies.

The report quotes a former money launderer in Gibraltar: He had set up seven companies which had been all created and were managed by a very well-known law firm of Gibraltar. These companies allowed him to "open up accounts, make transfers, make payments. . . . There is a lot to pay with checks and wires; you cannot pay everything in cash. . . . Those companies were registered with my lawyer's firm with whom I entertained excellent relations. . . . In a sense, it was my office in Gibraltar!"

If the bureaucratic blocking in Britain against any investigation is outrageous, that in the Crown dependencies is even worse. The report stresses, however, that the fight against those offshore centers is the responsibility of Britain. "The multiplication and the dynamism of those offshore centers lead one to question the real political will of the United Kingdom to use all its weight vis-à-vis those territories."

The report concludes by noting that the progress made by Britain since 1997 is flimsy, and that "the British government manifests no real political will to regulate professions such as those of agents creating companies which today totally escape the authority of the FSA." It calls for a determination to close down the offshore territories altogether.

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