

# The Charter network: from BP to Schlesinger

by Scott Thompson

Over the past month a major scandal involving the Charter Co. and the Carter administration has emerged as foremost among the six areas of congressional investigation in "Billygate." Material already in the public record shows that the President's brother, Billy Carter, undertook to secure embargoed free oil from his Libyan friends for a Bahaman refinery that the Charter Co. purchased in the spring of 1979 on a "most-favored" basis from the Carey Energy Co. In exchange, Charter offered Billy a commission that would net him \$25-50 million a year.

In the middle of the Charter-Carey negotiations at least two special consultants of the Charter Co., both personal friends of the Carter family, are known to have met with the President. Further, information received by the Senate Judiciary subcommittee on Aug. 22, 1979 proves that two top executives of the Charter Co. enlisted help to takeover Carey Energy from fugitive financier Robert Vesco, who played a notorious role in the "Watergate" resignation of President Richard Nixon and who has since been embroiled in numerous influence-peddling schemes that implicate top members of the Carter White House.

Both the Charter Co. and Jimmy Carter, who promised never to lie to the American people as Nixon did in "Watergate," during his 1976 campaign, have denied any wrongdoing. Nonetheless, Senate investigators report that, like Richard Nixon, the President has "stonewalled," refusing to turn over records of phonecalls, meetings, and White House visitors or other documents needed to get to the bottom of the Charter story. And the United States is once again faced with the prospect of a President subject to blackmail on national policy unless this scandal is quickly aired.

The most likely hypothesis on the Charter oil scandal is that a political intelligence branch of British Petroleum intervened through Billy Carter's friends to hand the Carey Energy Corporation and its Bahaman refinery over to Charter.

Where the Anglo-American interests behind Charter stood to make billions in Libyan and Iranian oil off the Charter-Carey deal, the by-now hardened Carter family

sold the office of the Presidency to make millions while Jimmy Carter is still in office.

## The sequence of events

This deal was wrapped up in 1979, but available evidence shows it was struck much earlier:

- In September 1978, Billy Carter made his first visit to Libya, and Raymond Mason, the chairman of the Charter Co., held the first of six negotiations with fugitive financier Robert Vesco.

- In October 1978, Secretary of Energy James Schlesinger announced that a \$5 per barrel entitlement on No. 6 crude oil would be extended to Carey Energy's Bahaman refinery. Built in the early 1970s by Carey and Socal, who respectively owned 65 and 35 percent, the refinery operated at a profit until the 1973 OPEC price hikes (sparked by Qaddafi) made the Libyan and Iranian No. 6 crude that the Carey refinery processed for New England markets uncompetitive. With the stroke of a pen, Schlesinger turned the nearly bankrupt refinery into a highly desirable prospect, if crude oil supplies could be guaranteed.

- In November 1978, the National Oil Company of Libya filed suit for \$170 million Carey owed on back crude oil shipments forcing Carey Energy into liquidation.

- In early January 1979, Ahmed Shehata, the unofficial "foreign minister" of Qaddafi's Arab Socialist Union Party, Gibril Shallouf, the Libyan ambassador to Italy, and Abdul Latif Kikhia, the head of the Italian-Libyan Chamber of Commerce in Rome and brother of the Libyan ambassador to the United Nations, met with Raymond Mason of Charter. This meeting occurred in Jacksonville, Florida during a U.S. tour of Libyan government officials sponsored by Billy Carter and such notables as former U.S. Senator J. William Fulbright, a registered Lybian agent, among other things.

- A few days after the Jacksonville meeting, the chief executive of Charter Co. flew to the Bahamas to meet with Kikhia's friend, fugitive financier Robert Vesco, to discuss financing of the Carey Energy takeover.

The final contract for Charter's takeover of Carey Energy and 50 percent of its Bahamian refinery was not signed until May 1, but the real deal was concluded months earlier in this sequence of maneuvers. The bid that Charter offered Carey to control half its \$700 million refinery—the fifth largest in the world—was a mere \$20 million. A rival concern, Hideca Oil, offered a \$200 million cash down payment and arranged more stable sources of crude oil supply, primarily from Mexico and Venezuela.

Both the National Oil Company of Libya (NOC) and the National Iranian Oil Company (NIOC), the latter being owed \$15 million for crude oil shipments by Carey, signed affidavits that they would not consider any buyer besides Charter acceptable. They also renegotiated Carey's debt, which totaled nearly a half-billion dollars, so that Charter had only to pay a small one dollar premium on future NOC/NIOC crude oil shipments.

### Jimmy, Billy and the Charter Co.

With its May 1 acquisition of Carey Energy, Charter Co., which financial observers viewed as nearly bankrupt in 1977-78, became one of the larger oil producers, moving instantly into the "Fortune 100" category with earnings of over \$4 billion. Charter's net earnings of \$80 million for the second quarter of 1980 alone were greater than its total in earnings for the previous four years.

Subsequent to the Charter-Carey deal, evidence has

emerged which tends to confirm that the President was fully aware of his brother Billy's financial ties to the Charter Co.

Peter Jay, the British ambassador to the United States, acted as the British Petroleum controller and chief consultant to Charter on the Carey takeover. As soon as he left his post as ambassador in June 1979, Jay was formally hired by Raymond Mason, whom he had known for years.

Jay had been sent to the United States in 1977 by his father-in-law, then Prime Minister James Callaghan, to develop the same intimate relationship with the Carter White House that Lord Harlech (David Ormsby-Gore) had earlier established with the Kennedy administration. Jay succeeded in this mission, becoming close not only to the "Atlanta mafia" and to National Security Adviser Zbigniew Brzezinski, who has been implicated both in "Billygate" and its coverup, but also as a confidant of President Carter and his wife.

Jay was groomed for this role as a second generation member of the wartime British Special Operations Executive (SOE), the team of "bright, young men" who worked directly under Lord Beaverbrook and Prime Minister Winston Churchill. During the previous war Churchill had created British Petroleum (originally known as the Anglo-Persian Co. for its control of Iranian oil concessions) both to secure supplies for the British Navy and to provide an outpost for British intelligence operations in the Middle East-Persian Gulf region.

## Ownership of Charter stock

Name	Title of Class	Amount Owned	Percent/Class	Outstanding* Voting Shares
Raymond Mason, President, Charter Co.	common stock	3,027,882	15.0	14.0
St. Joe's Paper Co.	common stock	4,115,000	20.4	19.0
Edward Carey American Financial Corp.	preferred stock	126,000	8.9	0.6
	preferred stock	250,000	17.7	1.2
	warrants to purchase common stock	1,350,000	26.4	0.0
All officers and directors as a group	common stock	3,595,326	17.8	16.7

St. Joe's Paper Co., the largest Charter stockholder, is controlled by the Alfred I. DuPont Trust, whose chief executive is Ed Ball. It was Ball who groomed the current Charter Co. chairman Raymond Mason. Edward Carey is the brother of N.Y. Governor Hugh Carey; the capture of Carey Energy Corporation by Charter Co. is believed to have been important in curtailing a 1980 bid for the presidency by Hugh Carey, a product of the once powerful Brooklyn machine.

American Financial Corporation is a holding company which helped install Max Fisher, an alleged partner of fugitive financier Robert Vesco in the Caribbean cocaine and marijuana trade as temporary chairman of United Brands. AFC also holds major interests in the Reliance Group, whose container corporation subsidiary has been closely associated with Israeli mafia leader, Shaul Eisenberg.

Table includes beneficial ownership of Charter (i.e., more than 5 percent) as of the May 12, 1980 notice of annual meeting of stockholders.

\*percent of total

Under SOE, similarly, Churchill deployed men into staff positions that ranged from responsibility for securing war materiel from North American industry to more glamorous paramilitary and espionage tasks. As assistant secretary to the Ministry of Supply and, later, to the Board of Trade, Peter Jay's father was a member of this Churchill/Beaverbrook team.

After World War II, SOE undertook a reorganization of finance and industry throughout the British Commonwealth. Thus, Lord Robert Thomson, the appointed heir to Beaverbrook's publishing empire, built a media network which centers on *The Times* of London for which Peter Jay worked as economics editor from 1967 until his appointment as ambassador to the U.S. in 1977. Another major task undertaken by such SOE members as Sir William Stephenson and Canadian financier E.P. Taylor was to build up the Bahamas, establishing the infrastructure for Carey Energy's Freeport refinery, as well as the offshore dirty-money laundering facilities that made the Bahamas an attractive place for Robert Vesco to relocate with his over \$200 million in stolen assets.

In addition to Jay, word of the Charter transaction was also relayed to the President by Jack McGregor, a personal friend of Billy Carter who had been chief counsel for Carey Energy and who was retained as a consultant by Charter. On April 4, 1979, Jack McGregor met with Jimmy Carter to discuss his brother. "I alerted the President to Billy's general financial problems and the possible need for a legal defense fund and legal representation," McGregor said in testimony before the Senate Judiciary subcommittee.

In August 1979, McGregor also served as go-between for a meeting in Georgia of Billy Carter and his financial assistant, Randolph Coleman, with Lewis Nasife, president of the Charter Crude Oil Co., a wholly owned subsidiary of Charter. Arrangements were discussed for Billy to obtain guarantees of crude oil shipments to Charter that would not be subject to embargo in the event of a Libyan oil embargo against the United States. Billy was to work out the details with his Libyan friends in early September during his planned visit for the tenth anniversary celebration of the Qaddafi regime.

Sources formerly in the highest levels of Libyan intelligence have stated that in payment for his services, the Charter Co. placed \$25 million in offshore bank accounts for Billy Carter, where it is currently held for him. Senate investigators are also in possession of evidence which documents that Billy Carter received substantially more money from the Libyan government than the \$220,000 "loan" payments made shortly after his second trip to Libya as a Charter representative.

## Vesco's network: offshore and on

The first major public break in the Charter oil scandal occurred on Aug. 22 when the company revealed in a special report to Senate Judiciary subcommittee investigators that two top executives of the Charter Co. made over a half-dozen trips in 1978 and 1979 to the armed enclave of fugitive financier Robert Vesco, who built his lair in the Bahamas after looting over \$200 million from Investors Overseas Services (IOS).

At one late-January 1979 meeting between Vesco and Charter Co. chairman Raymond Mason, which followed a few days after Mason met with Billy Carter's friends in the Libyan government, the oil company chief executive sought financing from Vesco for a planned takeover of the Carey Energy Corporation and 50 percent of its Bahamian refinery, the fifth largest in the world. In late March 1979, according to the Charter report, Vesco phoned Mason claiming that he was instrumental in Charter's proposed acquisition and therefore entitled to a \$5 million finder's fee.

### Arms, bribery and White House intrigue

With this latest "Billygate" revelation, Robert Vesco, whose illegal contributions to President Richard Nixon's 1972 reelection campaign played a significant part in Nixon's resignation, was once again a prime suspect in a congressional probe into the corrupt practices of an incumbent President. Nor was this the only time that Vesco has been linked to substantial bribes of Carter White House officials in which Jimmy Carter has been directly implicated.

The networks associated with Vesco in these influence-peddling schemes include some of the world's dirtiest operations, involving drug running, arms smuggling, and hot money laundering throughout the offshore haven of the Bahamas and the politically tense Middle East. As we will show, these networks, handling a large chunk of the estimated \$200 billion annual earnings of the international narcotics cartel, are also heavily involved in certain aspects of the oil industry