

## Moscow moves in on the dope trade

On Tuesday, Nov. 23, 1982, an international law-enforcement team under the direction of Italian magistrate Carlo Palermo arrested eight members of a gang of criminals running the Milan center of "the biggest arms dealing network in the world." The arrests marked the dramatic climax of a three-year investigation, during which it was discovered that the Milan-based firm of Stipam International Transports was the channel through which huge quantities of arms were shipped to the Middle East to every extremist fraction of terrorist and integrist groups. The standard form of "barter" payment for the weapons? Hashish, heroin, and other drugs principally produced in the "Golden Crescent" region of Iran, Pakistan, and Soviet-occupied Afghanistan.

By the time the dust had settled on the Stipam bust, more had been unearthed than even a multi-billion dollar arms-for-dope ring. At the very heart of the Stipam operation was the arrangement between top government and private channels in the East and West to share the revenues and political power of Dope, Inc. As a direct result of the Stipam bust, the "Bulgarian Connection" to the assassination plot against Pope John Paul II was established beyond a shadow of a doubt.

Coinciding with the mid-1970s takeover of Wall Street's banking houses by the European oligarchical family funds, the *fondi* (see page 27), the Soviet Union began to muscle its way into a critical partnership position in world finance. Through the expansion of its own imperial banking apparatus, through the emplacement of organized-crime elements under Soviet influence, and, most of all, through deals with such Western interests as the Oppenheimer mining group, the Soviet Union took over its share of the world's dirty-money networks.

The Soviet Union conducts its trade abroad through 175 corporations; it controls a multinational banking empire, including fully owned banking houses in London, Frankfurt, Paris, Zurich, Luxembourg, Vienna, Singapore, Beirut, and Isfahan. It has established thousands of joint ventures with Western firms, including East-West Import-Export Ltd., a 50-50 partnership between Britain's elite Morgan Grenfell Bank (one of the shareholders of Dope, Inc.'s Hongkong and Shanghai Bank) and the Moscow Narodny Bank. The combined assets of these Soviet banks are in the tens of billions of dollars.

*Dope, Inc.*'s dossier on the Soviet dope-and-dirty-money operation details the following principal developments:

- **The move of Soviet-backed figures into leading positions in organized crime.** During the mid-1970s, a reorganization took place in the financial underworld. Mobster Bernie Cornfeld, for example, was unceremoniously expelled from the money-laundering organization par excellence of the 1960s, Investors Overseas Services (IOS), with the connivance of Baron Edmond de Rothschild and the Swiss authorities. He was replaced by Rothschild "discovery" Robert Vesco—a frequent visitor (some say resident) of Fidel Castro's Cuba and an instrument of Cuban efforts to milk the narcotics traffic as a slush-fund for dirty political operations in the Caribbean.

- **The creation of the Bulgarian Connection to organized crime, especially through Kintex, the Bulgarian government's official export-import agency.** According to a report issued in 1984 by the U.S. Drug Enforcement Administration, "Kintex is structured as an umbrella organization which orchestrates the trafficking of contraband through Bulgaria. Kintex has been identified as the principal narcotics-and-weapons shipping agency."

- **The establishment of ties between the U.S.S.R.'s Moscow Narodny Bank and the Mideastern dope mafia.** Moscow Narodny and the Soviet KGB maintain multiple ties to Lebanese warlord Camille Chamoun, who controls one of the largest private paramilitary organizations in the Mideast, and reportedly protects the transport routes for Golden Crescent opiates. Moscow Narodny had owned 5% of Intrabank, the old Lebanese dirty-money drug bank, and was involved in several bids to take over the financially ailing Intrabank.

- **The growing Soviet clout in the world financial and precious-metals markets.** During the dollar's big runup in winter 1983 and spring 1984, the Soviets demonstrated the financial resources to play \$1 billion per day in the foreign-exchange markets, for days at a time, during several consecutive weeks—even though official figures show only \$8 billion of Soviet funds on deposit in Western banks. U.S. intelligence analysts estimate that between 1972 and 1983 at least \$35 billion of Soviet funds was unaccounted for, being relegated to the "errors and omissions" column of statistical tables. The total Soviet assets deployed in dirty-money operations abroad can be estimated at \$50 billion.

- **The merging of the Soviet gold and diamond trade with Western dirty-money operations.** In July 1980, the Soviet government and Dope, Inc.'s Oppenheimer mining group (South Africa's dominant gold producer) struck a deal for exchange of intelligence on the world gold market. Wrote *Der Spiegel* magazine on Jan. 23, 1984: "The Soviets and South Africans meet regularly in the official Wozchod Handelsbank [Polish foreign trade bank] in Zurich, to consult over the erratic movements of the gold market; the two countries control more than 80 percent of world sales."