

EIR Feature

Will the war on drugs be subverted by William Weld?

by Criton Zoakos

The Senate Judiciary Committee will proceed, some time after the week of Aug. 13, with hearings to consider the nomination of William Weld for director of the Criminal Division of the Justice Department. If that nomination is, inadvertently, confirmed, President Reagan's war on drugs will suffer a major setback, and the Judiciary Committee's own past good work against drug-money laundering, will be undone.

According to Judiciary Committee sources, an eventual confirmation of the nomination of Mr. Weld, who is now serving as U.S. Attorney for the District of Massachusetts, is not yet guaranteed. In point of fact, the sources report that the Committee has received an unusual number of inquiries and expressions of concern over Weld, even before Committee staff members had begun their routine scrutiny of Weld's record. This is especially in light of the nation's growing commitment to an actual, shooting, war on drugs.

Our view is that Weld should not be allowed anywhere near the Department of Justice, and especially its Criminal Division. If he ever were to end up directing the Criminal Division at a time in which United States troops were deployed in actual combat, he would be in a position to cause incalculable damage and loss of life. In our view, the Senate, in deciding on this crucial nomination, should proceed from two sets of considerations: first, the extended implications of the war on drugs to which we are now committed, and second, the background and bona fides of William Weld on the subject of international drug-trafficking.

When the President, with his April 8, 1986 National Security Decision Memorandum, classified drug-trafficking a matter of national security for the United States, he identified by implication, but also, to an extent, explicitly, the banking interests behind drugs as enemies of the United States. The presidential decision has already sent American troops into the Bolivian jungles and assigned a more general responsibility to the United States military. Military cooperation agreements are presently being worked out between the United States and numerous allied nations, which will soon produce actual military operations far greater in scope than the one currently deployed in Bolivia.



Coast Guard officers inspect a seized drug shipment; such enforcement capabilities stand to be sabotaged by the Weld appointment.

The fact, however, is that the annual budget of the U.S. military is dwarfed by the wealth annually appropriated by the international drug cartel. The most authoritative estimation, provided by *EIR*'s groundbreaking book *Dope, Inc.*, is that the annual worldwide revenue of the drug cartel is \$400-500 billion. Estimates of the 1984 President's Commission on Organized Crime suggest a similar order of magnitude. The government has, so far, argued that it does not know where all this money goes each year, and, acknowledging that there is need to find out, it has been struggling to develop the legal instruments to find out. As a result, the House and Senate Judiciary Committees are now introducing for vote the "Money Laundering Act of 1986."

However, most professionals in the international capital-market community know exactly where the \$400-500 billion of drug money each year go: Almost all of it is leveraged four-to-five-fold and is invested into purchase of options in the Eurobond market. This is a world market 85% of whose activities is controlled by three financial institutions: 1) *Crédit Suisse White Weld* of London, 2) Bank of Boston Corporation of New York, and 3) Merrill Lynch of New York and London. *EIR* investigators both in Western Europe and in the United States have in their possession extensive descriptions, by traders currently employed in these institutions, of how

Colombian cocaine merchants arrive in the offices of brokerage firms with suitcases filled with cash, with which they purchase legitimate financial instruments. The annual placement of dope dollars in the international capital markets is about twice as great as OPEC's annual petrodollar investments, at the height of OPEC's power in the 1970s.

The one firm which pioneered the laundering of drug money into the international capital markets was *White Weld*, the private firm of U.S. Attorney William Weld's family. During 1983, the London branch of the firm, called *Crédit Suisse White Weld*, accounted for some 80% of all Eurobond placements. The Senate Judiciary Committee, which spent the better part of last and this year applying its energies to dealing with the "money-laundering problem," would serve the public and itself well, if it undertook to investigate in depth the investment practices of *Crédit Suisse White Weld*. To do so, there is no better opportunity than the pending confirmation hearings of William Weld.

Areas to be investigated

The shroud of secrecy protecting the banking system's sordid relationship with the international drug traffickers is incredibly thick. But neither cunning nor shrewdness can conceal the whereabouts of \$400-500 billion per year, unless

there are corrupt law-enforcement officials to do the concealing. The celebrated February 1985 case of money laundering by the Bank of Boston is, so far, the best case in point. The case erupted shortly after publication of the report of the President's Commission on Organized Crime, in which the magnitude of the drug-money-laundering problem was officially identified, and in which loud regrets were voiced respecting the difficulties law officers encounter in their efforts to penetrate the mysteries of these illegal financial transactions.

When the Bank of Boston scandal broke, within the jurisdiction of U.S. Attorney Weld, one might have thought that, as a good servant of the law, Weld would have grabbed the opportunity to investigate all the way both the origin and the final destination of the \$1.2 billion in small-denomination bills which the Bank of Boston was caught "laundering." As it turned out, the opportunity was lost. Even though then Undersecretary of the Treasury for Enforcement John Walker called the Bank of Boston case a "classic case of drug-money laundering," U.S. Attorney Weld made a deal with the bank whereby, in exchange for a nominal \$500,000 fine, the investigation was terminated, the U.S. government pledged not to reopen the case, and the bank pleaded guilty to the minor infraction of having failed to report deposits of over \$10,000, as required by law.

According to the then existing law, and without the benefit of the pending "Money Laundering Act of 1986," William Weld would have been within his rights if he had 1) levied \$10,000 fines for *each* of the 1,200 cases of violation of the law; 2) confiscated the \$1.2 billion of laundered drug money; and 3) proceeded to investigate the origin and final destination of the drug money in question. Instead, he took what amounts to a \$500,000 bribe, for having been a good boy and not investigated the matter.

So, Weld's conduct in the Bank of Boston affair should be put under the microscope by the Committee. Beyond this, the Committee should look into something far more important: William Weld's possible relationship to Crédit Suisse. For the following reasons: The \$1.2 billion of dirty money in question, which was laundered by the Bank of Boston, belonged, as the Committee will recall, to Crédit Suisse. Weld's failure to investigate and prosecute, essentially protected Crédit Suisse's own drug-trading activities. Did William Weld have a private interest in protecting Crédit Suisse? Should Weld have disqualified himself from the case on the basis of conflict of interest? *What is Weld's relationship with Crédit Suisse and with the Eurobond brokerage firm Crédit Suisse White Weld?*

The Senate Judiciary Committee must not confirm Weld's nomination unless this crucial question is answered satisfactorily.

What is known from the public record is that Crédit Suisse White Weld was a joint venture of Crédit Suisse, on the one hand, and the investment firm White Weld, which was put together by William Weld's father David, the owner and

chief executive officer of White Weld until his death.

What is also known, is that William Weld, after his father's death and one month before he entered his public political campaign in 1978, engaged in the most complicated transaction of the decade, which was described as "selling" the White Weld firm—half to Merrill Lynch and half to Crédit Suisse. Very little of this mysterious transaction is known to the public. Any private effort to find out about it is further complicated by the fact that White Weld, as a privately owned company, has not left a public record; it never once issued an annual report in all the 140-some years of its existence. So, the public does not know how extensive the financial assets of the Weld family are; nor does it know into what form these assets were converted at the time of the sale to Crédit Suisse and to Merrill Lynch; nor does it know whether and how much of these assets are now affiliated with the corporate fortunes of either Crédit Suisse or Merrill Lynch. Surviving friends and business associates of William Weld's father attest that the White Weld firm had an extensive and unique special relationship with the Swiss banking giant for many years.

The net effect of William Weld's handling of the Bank of Boston money-laundering case was that it left Crédit Suisse—rather than the Bank of Boston—off the hook. Since Weld, as U.S. Attorney for Massachusetts at the time, did possess the legal instruments to investigate and prosecute, conclude that his express intention was to get Crédit Suisse off the hook. And unless a future investigation into the mysterious "sale transaction" of White Weld to Crédit Suisse proves otherwise, it is reasonable to assume that William Weld had a personal interest in letting Crédit Suisse off the hook.

The obligation of the Senate Committee now is to plumb the depths of William Weld's and his family's financial relationship to both Crédit Suisse and to Crédit Suisse White Weld. If it does not, it is running the risk of appointing to head the Criminal Division of the Justice Department one of the leading organizers of that international financial community which has turned the Eurobond markets into the most extensive instrument of drug-money laundering.

In view of the Presidential Directive on the war on drugs, the Criminal Division's principal mandate should be to prosecute this war. The Senate has the obligation to ask Mr. Weld: 1) What his credentials are as an opponent of the drug lobby, i.e., when was the last time he took the war on drugs seriously; 2) Whether he agrees with the Senate Judiciary Committee that the "cozy relationship between drug traffickers and financial institutions" is one of the principal targets of the war on drugs; and 3) Whether personal or family interests led him to cover up for the world's most notorious drug-money-laundering bank, the kingpin of the "Pizza Connection," Crédit Suisse—as in Crédit Suisse White Weld.

We believe that instead of confirming him, a competent inquiry into his credentials would send Mr. Weld to jail for many years.