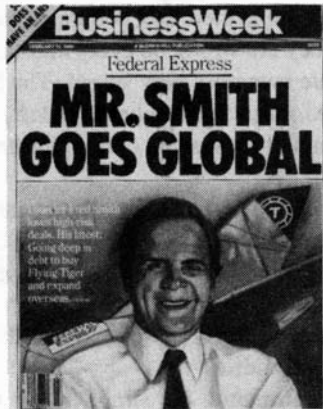


# Fedex: Mr. Smith goes Aquarian

by Steven Meyer

On the cover of the Feb. 13 issue of *Business Week* is a painting of a smiling Federal Express chairman Fred Smith. In the background is a profile of a cargo plane tagged with both Federal Express and Flying Tiger, signifying the long-awaited merger between the two corporations. On Jan. 31, the U.S. government officially approved Smith's acquisition, giving Federal Express routes and cargo planes to the Orient and Southeast Asia.

Entitled "Mr. Smith Goes Global," the article details the risks and difficulties involved as Smith attempts to put together, in his own words, "the largest and best transportation company in the world." According to the admiring authors, "of all the factors that helped make Federal Express a \$4.6 billion-a-



year juggernaut, including Smith's own prescience and plenty of good fortune, perhaps the most important is his overwhelming desire to be No. 1."

Contrary to that assertion, it was not Smith's desire that built Federal Express, but the omnipotent hand of "the goddess Fortuna" operating through Wall Street's powerful White, Weld and New Court Securities. Not only did they steal ownership from Smith outright and then reorganize the company, but they directed Federal Express in their fight for deregulation of the airline industry. According to one source, passage of deregulation saved a nearly bankrupt Federal Express and gave the moribund company a new lease on life by making available expanded routes and planes without which the company could not be profitable.

Probably for Smith, fortune's singular act was to save him from a hit-and run manslaughter rap on the evening of

Jan. 31, 1975. On that day, Smith was notified of a fraud indictment by the Little Rock, Arkansas district attorney and while driving home, he hit and killed 54-year-old George C. Srughill, who is reported to have been crossing Airways Boulevard in Memphis, Tennessee against a red light. Smith left the scene of the accident and later told police that he was not aware of what he had done! He was charged with leaving the scene of an accident and driving with an expired license. But once again, fortune intervened and the charges were dropped.

After this narrow escape, Smith went on to turn Federal Express into the flagship New Age corporation that it is today.

## Making Fred Smith

In 1972, when he founded Federal Express, Fred Smith was 28 years old and a graduate of Yale University, where he was inducted into the super secret Eastern Establishment cult, the Skull and Bones Society. Smith was a highly decorated Vietnam War veteran. He began Federal Express using his family trust fund as backing, with the idea that a fast and efficient freight company could soon turn a profit. But in its very first months, the company hovered near bankruptcy, and Smith needed a huge infusion of credit to expand company operations.

Through friends, he sought the help of White, Weld which were interested in finding investors for Federal Express. Readers of this publication will recognize White, Weld. William Floyd Weld, the son of David Weld, now deceased partner of White, Weld, was the U.S. attorney who covered up the Bank of Boston's massive drug money laundering and who initiated the nationwide prosecutorial witchhunt against Lyndon H. LaRouche.

According to writer Robert A. Sigafos, when White, Weld agreed to help Smith, Federal Express was "absolutely broke," so they informed him that they would provide backing if Smith could provide \$1.5 million of equity for the company.

On Feb. 5, 1973, to meet their request, Smith frantically secured a \$2 million loan from the Union Bank in Little Rock, Arkansas by forging the signature of the lawyer for his family trust, which was the securer of the loan. It was this action which was the subject of the aforementioned indictment.

During Smith's trial he was asked by the prosecutor; "Were you pressured enough that you would do anything to get some money?" Smith answered, "I wouldn't kill someone, no sir." Prosecutor: ". . . but you would submit a false and fictitious statement on a document to a bank to get it, wouldn't you?" Smith: "I have never denied that . . . and that is correct, sir." Although he admitted forging the document, Smith was acquitted by a home-town jury.

Despite acquiring the loan, Federal Express racked up a deficit of over \$4.4 million by April 1973. Total stockhold-

ers' equity was only \$289,000. White, Weld still had not delivered on its promise to find investors when Henry W. "Brick" Meers, White, Weld's man on the scene, set up a meeting for Smith with Chicago's powerful Col. Henry Crown. According to Sigafos, "Smith realized this might be the last hope to keep Federal Express alive."

Publicly, Crown was a beneficent industrialist and real estate magnate. But according to criminal court documents, Crown was a man who had been convicted of swindling the U.S. Army Corps of Engineers out of millions of dollars in 1945 and had been indicted for stock fraud in 1963. Midwesterners also knew him for his decades-old ties to the mob syndicate of Meyer Lansky.

On May 12, 1973, through the help of Crown, Smith secured a four-month loan of \$23.7 million from Chase Manhattan bank. Smith was now hooked into the whirlwind game of high finance. Since the loan was due in a short period of time, Meers came to Smith's aid once again and contacted New Court Securities Corporation, the Wall Street investment house of the European Rothschilds. Charles Lea, New Court's executive vice president, agreed to co-manage a search for investment capital with White, Weld.

### Wall Street takes over

Things got worse. By its due date, the Chase loan was in default. Federal Express could not meet its payroll. Smith and his family Trust were on the verge of losing \$7.9 million. After being kept dangling for months, on Nov. 13, 1973, White, Weld and New Court provided a \$52 million loan to Federal Express. A board meeting was set for March 19, 1974 to meet the next round of refinancing.

But on March 6, the Smith family trust, the Enterprise Company, was informed that the \$2 million loan that Fred Smith had fraudulently secured, was now overdue! Fred Smith's sisters, Fredette and Laura Ann, both board members of the trust, who knew nothing of the loan, also learned of their brother's fraudulent signature which secured it! The cat was out of the bag. Smith was a liability. Investors met with Meers and Lea and decided to remove Smith as Federal Express's chief operating officer.

After the smoke had cleared over the financial intrigue of the previous months and Fred Smith's fraud scandal, the Wall Streeters had taken away Federal Express from Fred Smith. At Federal Express's March 19, 1974 executive board meeting, Rothschild's New Court emerged holding the greatest number of voting shares of Federal Express, almost 21%, while Fred Smith held only 9.8%, and his family trust 9.25%. Smith and his trust had lost outright control of the company and financial analysts suspect he has never come close to owning it again.

### Fred Smith: New Ager

In the ensuing years, Fred Smith has become a leading New Ager. He is a financial backer and member of the board

of directors of the Washington, D. C. based CATO Institute, the high powered libertarian think-tank which advocates the legalization of recreational drugs! He also sits on the Reebok (footwear) Foundation Human Rights Award Board, along with Rock Stars Sting and Peter Gabriel. The board recently issued an international award to Winona LaDuke, who is associated with the International Indian Treaty Council. The latter is officially administered by the terrorist American Indian Movement. Sources also report that Smith is a new factor in Democratic Party fundraising.

Smith admits that his New Age management policy is partially influenced by "Futurists" Alvin Toffler and John Naisbitt. Federal Express fosters the concept that all employees are part of an extended family and to his employees, Fred Smith's reign is that of guru and paterfamilias. He often appears on the company's internal television network, quietly motivating the need for speed-up and productivity increases. Big Brother?

According to Blaine Harden of the *Washington Post*, these in-house television addresses have made Smith a hero to his employees. Harden described the October 1980 "Employee Family Briefing" which was televised to employees and their families nationwide as a combination of "a Johnny Carson show with the atmosphere of a faith healer's festival."

An aide to Smith once joked, "He's the Massah of the great Federal Express plantation." According to *Business Week*, Smith gave an "eyebrow-raising speech last year, [where he] urged managers to follow the lead of three armies: the Israelis, the Nazis, and the Confederates."

If smashing the personal identities and independence of his employees through New Age gimmickry were not enough, Smith has personally installed the Consensor computer system to brainwash his management. Through computer polling which registers a manager's perceived expertise on a matter at hand as well registering his or her depth of "feelings," the computer generates a "consensus" and policy is made. According to Chief Operating Officer James L. Barksdale, this "muffles dominant personalities who can overrun any meeting." So much for individual creative assessment and intelligent debate on proposals.

Smith's boast that he intends to make Federal Express the largest and best transportation company in the world is not an idle threat. According to historians and financial specialists consulted by this reporter, it would appear that the powers behind Fred Smith and Federal Express are attempting to become the private mail carriers for the new trade agreements between East and West which are part of the U.S.-Soviet global condominium. They suggest that the powerful financier controllers of Federal Express are trying to reestablish control of the international mail for their own political and financial gain as the the Thurn and Taxis family of Germany did by running the mail or "taxi" service in 16th-century Europe.