

## EIR Investigation

# East German dirty-arms trail leads to Iran-Contra

by William Engdahl

One consequence of the collapse of the East German Honecker regime last October, was the capture of documents in the port city of Rostock which holds a potential to open devastating new material relevant to the upcoming trial of former U.S. National Security Adviser Adm. John Poindexter, as well as others in the Reagan-Bush Iran-Contra illegal arms affair including, possibly, the President himself, according to some knowledgeable European assessments.

One fascinating trail leading from the East German Baltic port of Rostock goes directly into Panama and, if fully pursued, could shed light on the obsessive pursuit by the Bush administration of Gen. Manuel Noriega since the latter seized a Danish arms ship in June 1986, some five months before the Iran-Contra scandal forced the resignation of Lt. Col. Oliver North and Admiral Poindexter.

In early December 1989, angry East German citizens including members of the opposition New Forum together with television cameras went to a suspected, highly guarded site and uncovered a huge secret arms and ammunition depot in Kavelstorf outside the port of Rostock under the control of IMES GmbH.

Hours later, the man alleged to have been the mastermind of a multibillion-dollar illegal arms and probable narcotics smuggling operation went underground. Alexander Schalck-Golodkowski, a 220-pound, 57-year-old man nicknamed "Big Alex," had controlled East German foreign trade as Honecker's deputy foreign trade minister. On Dec. 6, West German authorities revealed that a panicked Schalck had turned himself over to West Berlin police requesting to be placed in protective custody. A warrant for his arrest on charges of embezzlement and illegal arms smuggling had been issued the previous day in East Germany after senior

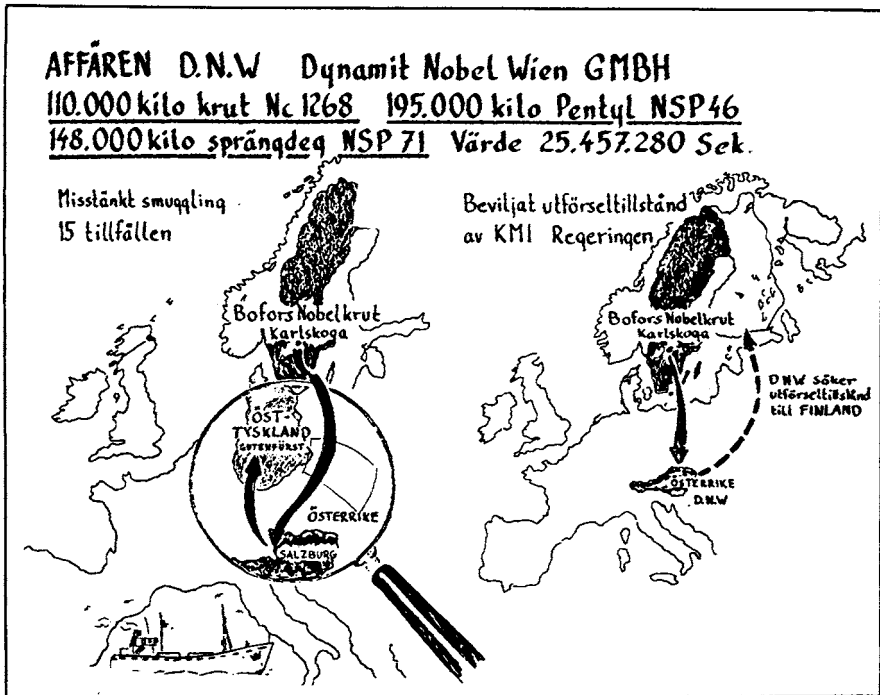
members of the hated East German secret police—Stasi or Ministerium für Staatssicherheit as it was officially known until December, were caught in Rostock attempting to smuggle sensitive shipping files of the East Berlin and Rostock-based IMES state "export-import" firm to Cuba. The day earlier they had succeeded in getting one shipment off to "safe" hands in Ceausescu's Romania.

IMES GmbH was a key part of an international network over which Schalck had presided since 1967. A vast web of secret Swiss, West German, Liechtenstein and other "letter-box" firms were used by the East German Communist regime and the Stasi, overseen by Schalck under the Department of Commercial Coordination of the Ministry of Foreign Trade, or CoCo for short. According to informed West German reports, Schalck and his CoCo reported directly to Honecker and the Central Committee of the East German Communist party (SED). As indication of approval for Big Alex's services, Honecker gave Schalck the 1982 Order of Karl Marx, followed in 1984 by the Great Star of Peoples' Friendship.

How does the Schalck affair throw light on Irangate? What were the ties in the bizarre and lucrative communist arms traffic with the friends of Oliver North and other Westerners in the notorious Iran arms traffic to Khomeini's regime during the 1980s? The following is a partial report on an international investigation which *EIR* has conducted for more than four years. Some of the conclusions are presented here.

### IMES and the 'northern route'

IMES Import-Export GmbH, housed in the International Trade Center on Friedrichstrasse in East Berlin, was the import-export firm which ran a lion's share of East German trade with Western firms. As such, it handled an estimated



*A Swedish Customs depiction of one of the complex arms-smuggling routes using IMES of East Germany (labeled "Ost Tyskland" on the map).*

50% of all hard currency earnings of the state. With such a critical function in the Honecker dictatorship, it was at the same time an integral part of East German intelligence and foreign operations.

IMES GmbH first came to light when documents were seized by Swedish Customs officials at the Malmö offices of Swedish businessman Karl-Erik Schmitz on Sept. 29, 1985, a year before the world began to learn of Col. Oliver North's illegal Iran-Contra dealings. This raid followed an April 17, 1985 Swedish police raid on the Karlskrona, Sweden arms and explosives maker, Bofors-Nobel Industries. From those raids, authorities seized thousands of pages of vital documents on vast, coordinated international smuggling routes employed by what was known in the trade as the "explosives cartel," an elite group of Western companies including Bofors-Nobel, and related firms in West Germany, the United States, Belgium, Italy, France, the Netherlands, and Great Britain.

As a result of the toppling of the Honecker regime in East Germany and the flight of Schalck to West Berlin, Swedish Prosecutor Stig Age asked the Swedish Foreign Ministry to aid in bringing Schalck to testify this spring in the Bofors appeal trial. While the outcome at this point is not at all clear, including possible extradition of Schalck to East Germany to face trial, the potential of public disclosure by Schalck could embarrass more people than deposed East German officials. More than one Western government is believed to be alarmed at the prospect of his telling all he knows about illegal arms and drugs dealings in recent years involving his IMES GmbH.

Among the thousands of pages of documents seized from Schmitz's Scandinavian Commodities AB, authorities found ample documentation linking Schalck's mysterious IMES GmbH to this illegal Western NATO-based arms and explosives cartel.

The creation of IMES GmbH itself is shrouded in mystery. According to a confidential report from the Swedish Embassy in Berlin dated February 1986, IMES GmbH was in existence since before the imposition of the communist dictatorship at the end of the war—a reason why the East German firm says it uses a West German corporation designation, "GmbH" rather than the normal East German "AHB" (Aussenhandelsbetrieb). This would indicate that IMES had been involved with certain "Western" trading networks for some time. In fact, the existence of a secret international weapons cartel incorporating entities in communist countries as well as NATO lands has been in place for at least decades, according to statements by Schmitz prior to his recent Swedish trial for illegal weapons and war matériel shipping to Iran.

"Everyone has kept this secret until the Swedish Customs went like an elephant in a porcelain shop and destroyed it," Schmitz stated to the press in November 1987, the same time the explosive Iran-Contra revelations hit the White House.

Swedish official court documents confirm use of IMES GmbH by such Swedish arms firms as Bofors-Nobel since at least 1981. At that time, in spring 1981, AB Bofors established business contact with a Finnish firm, Sevico Oy in Aabo, to handle transactions in a complex triangular arrangement including IMES GmbH of East Germany. A Swedish Bofors-Nobel man, Thorbjorn Evarsdson, was installed in

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VED Internationale Spedition  
 Deutsche  
 Güterfracht DDR

IMES Import-Export GmbH  
 1066 Berlin  
 Fiedrichstraße, 107

alsob Blatt 2 Punkt 2  
 alsob Blatt 2 Punkt 1

alsob Blatt 2 Punkt 4  
 In 50 kg Fiberflaschen auf Paletten in Folie eingewickelt wird bis 31. 12. 1984 durch Verkäufer per Telex bekanntgegeben

155 Tonnen Industriehemicals in Qualität MC 1268 wie bereits gemäß Vertrag Nr. 08750/39004/03 geliefert und in den technischen Lieferbedingungen zu o.g. Vertrag vereinbart.

29,15 4.518.250,-

Union Bank of Finland, Turku, Aurskatu 6

3. 12. 1986

**IMES**  
 Import-Export GmbH  
 1066 Berlin  
 Fiedrichstraße, 107  
 Telefon: 311333 ext. 40

**Rechnung**

Firma: Service Oy  
 Teollisuuskatu 32  
 SF - 20520 Turku 52

Sehr geehrte Frau Edvardson!

Wir gestatten und Ihnen für den zwischen Ihrer werten Firma und uns abgeschlossenen Vertrag - gemäß unserer Vereinbarung - folgende Rechnung für den festgelegten Umsatzrabatt aufzuweisen:

Vertrags-Nr.: 87/330/5/603/03  
 Warenmenge: 7,8 t Industriehemicals MC 1268 AC 608  
 Vertragswert: DM 221.520,-  
 Gesamtbetrag des Rabatts: DM 15.600,-  
 Erfüllung des Rabatts: Banküberweisung bis 30. 6. 1985

Wir bitten Sie, die Überweisung auf unser Konto Nr. 773 bei der Deutschen Handelsbank AG, 108 Berlin, DDR zu veranlassen. Nach erfolgter Überweisung bitten wir um Zahlungswis per Telex.

Mit freundlichen Grüßen  
 IMES Import-Export GmbH

Left to right: A Danish commercial directory listing of Tom Parlow and Svenda Andersen, S.A. Shipping; an export document from Bofors for a 1984 explosives shipment to IMES GmbH; and a bill from IMES GmbH to the Bofors company in Finland, Sevice Oy.

Sevico in Aabo to bring the arrangement, according to seized Finnish and Swedish documents.

A further strand in the deliberately byzantine web involving an Austrian firm, Dynamit Nobel Wien GmbH in Vienna. A typical Bofors illegal explosives deal would re-label military gunpowder destined for Iran, forbidden under a Swedish law which bans export to countries at war, as "civilian" explosives or "industrial chemicals." It would be exported to Austria, for instance, where it would be directly re-exported to Fürstenberg on the East German border. There it would be shipped to the IMES depot by East German special shipping networks. From that point, for a healthy commission, the East Germans would re-label and send the Swedish goods on to Iran.

What clearly emerges from study of the seized Swedish documents is that business between Western explosives suppliers such as Bofors and East Germany's IMES GmbH were a common affair for some time. As Schmitz told this writer in an interview in April 1989 from his office in Fribourg, Switzerland, "This is a network. You have what are called 'red' countries and what are called 'green' countries. If you are forbidden by law to export to a 'red' country, it is well-established that you simply go to a 'green' or legal country to export. They then re-ship the material to the 'red' country."

### The strange affair of the 'Pia Vesta'

IMES GmbH again turns up in a mysterious case involving a Danish-built "coaster" ship named the *Pia Vesta*. On April 28, 1986, according to declassified U.S. National Security

Council documents, the covert group run out of the White House by Colonel North, Poindexter, and others sent their representatives, Albert "Abe" Hakim and former CIA official Tom Clines, to Copenhagen where after three days of negotiations, they set up another complicated web of dummy companies and acquired a ship, the *Erria*, which was to make numerous deliveries of arms to Iran and Central America until the Iran-Contra scandal abruptly brought it to a halt that November. On April 28 the Danish *Erria* was sold to the dummy corporation, Dolmy Business Inc. of Panama, which was identified by the Tower Commission as owned by the Compagnie de Services Fiduciaires (CSF) of old Robert Vesco business associate Willard Zucker.

Dolmy immediately subleased the *Erria* to Udall Research Corp., a U.S. National Security Council-linked cover firm which also rebuilt an airstrip in Costa Rica for the Nicaraguan Contras. It was part of what North, Gen. Richard Secord, and the CIA's Ted Shackley jokingly called "Project Democracy." The world media later dubbed it the "Iran-Contra" affair.

The *Erria* was under the charter of another "letterbox" company, S.A. Chartering of Copenhagen, whose principal person was an equally mysterious Norwegian shipper and longtime friend of former CIA covert operations man Clines, named Tom Parlow. Parlow had moved from Norway to Copenhagen earlier that year to help his friend Clines in the secret shipping of weapons to Iran. Another briefcase firm of Parlow's was also in full service at the same time, S.A. Shipping Company SpA of Copenhagen, together with a

Danish shipper Svend Andersen. Some arms shipments were sent via Parlow's S.A. Shipping for Clines, Secord, and friends. Others went via Parlow's S.A. Chartering.

On May 6, a week after Clines and Hakim were in Copenhagen, another ship, the *Pia Vesta*, like the *Erria* a "coaster" vessel ideal for dangerous weapons cargoes, left the East German port of Rostock where it had been filled with a shipment including 32 military trucks, 1,500 Soviet AK-47 assault rifles, and 1,440 RPG rockets. A spokesman for the Danish Seamen's Union told press in December after the first IMES revelations around Schalck-Golodkowski, that his group would press for a full worldwide investigation into the *Pia Vesta* affair. "This will lead directly to the door of George Bush," insisted the spokesman. "Both the *Pia Vesta* and the *Erria* were run at that time by the same people working for Oliver North and company, namely Tom Parlow."

In the *Pia Vesta* case, the ship left Rostock with "end user certificates" for its cargo which falsely labeled it "specialized trucks and spare parts." IMES wrote that the cargo was headed for Peru. The ship's cargo was ordered by a Uruguayan "letterbox" company, Marnix, on behalf of a Geneva arms trade dummy company, Star Production, whose principal "boss" has been identified as George Starkmann. In a March 17, 1986 memo from Tom Clines to Ollie North, Clines identifies Starkmann (a.k.a. Stockman) and his Star Production, as having been among those used in General Secord's "operation," and "involved in the procurement and transportation of arms and aircraft for the FDN," the U.S.-backed group of Contra insurgents.

It was Starkmann's Star Production, which fronts as a maker of cassettes and children's movies, which actually paid IMES GmbH for the weapons loaded onto Parlow's *Pia Vesta* that May 6. More curious still is the fact that the money Star Production used to pay IMES originated from the Banco Arabe Español of Madrid, whose head is the former head of Qaddafi's Libyan National Bank, Abdulla A. Saudi. Still unanswered today is why a Libyan-controlled bank would be used to finance a shipment of East bloc arms destined for the Contras, in a deal organized by the U.S. National Security Council to overthrow the Nicaraguan government.

But equally unexplained are the circumstances which caused the return of the *Pia Vesta* from its sail toward Peru back to Balboa in Panama. On June 14, 1986 officials of the Panamanian government, acting reportedly on orders of General Noriega who himself had been alerted by Peru's President Alan García, the Panamanian government boarded the *Pia Vesta*, discovered the arms and the false end-user documents, and impounded the vessel and its contents. A subsequent investigation by the Peruvian Senate concluded that the *Pia Vesta* was actually carrying arms destined for the Oliver North-backed Contras in Central America. Other indications emerged that the deal had all been arranged by a Miami-based arms dealer named Duncan. The previously cited March 1986 memo from Clines to North also names a



Erria sejlede med vaben for CIA. — Foto: Lars Pihlsen

## Våbencoaster solgt for 1,45 mill.

Queen Shipping købte skibet på tvangsauktion

Af Marchen Jersild

Coasteren Erria, der var involveret i den amerikanske våbenskandale, blev i går i Korsør solgt for 1,45 mill. kroner på tvangsauktion. Auktionen blev holdt på begæring af shippingfirmaet Queen Shipping Aps fra København, der også købte coasteren. Erria har siden januar sidste år ligget i arrest i Korsør havn, fordi Queen Shipping havde penge til gode hos coasterens daværende ejer, Panama-selskabet Dolmy Business Inc., der har adresse i Schweiz og er blevet sat i

forbindelse med den amerikanske efterretningstjeneste CIA. Erria var kraftigt involveret i den amerikanske Iran-våbenskandale. I følge Tower-kommissionens rapport om den amerikanske våbenhandel med Iran, købte Oliver North gennem stråmænd skibet af den danske ejer Arne Herup. Skibet blev indregistreret i Panama-selskabet og sælde derefter flere gange våben for amerikanerne til Iran og til contra-styrkerne i Nicaragua.

Firmet Queen Shipping har ikke truffet beslutning om, hvad der skal ske coasteren.



This photo of the Tom Clines-Ollie North ship "Erria" appeared in the Danish press.

"Peter a.k.a. Pablo Duncan" among those cited for supplying the Contras under the Secord umbrella.

The open case of the *Pia Vesta* affair clearly hints at one possible reason for President Bush's obsessive efforts to get rid of Gen. Manuel Noriega, who had cooperated with Bush as far back as 1976 when both men were heads of their respective national intelligence agencies. In a Feb. 4, 1988 interview with General Noriega on CBS, Noriega made public that he had held a meeting Dec. 17, 1985 in Panama with the NSC's Admiral Poindexter. According to Noriega, Poindexter warned Noriega that unless he allowed the use of Panama as a staging ground to launch an invasion of Nicaragua, there would be "retaliation." Noriega refused. Six months later he uncovered the *Pia Vesta* arms cache from IMES GmbH in Rostock. Is there more to the Bush obsession with Noriega than is yet public? Perhaps Schalck-Golodkowski will fill out some important details.