

# Art-B scandal hits Poland; shows insanity of 'Sachs maniac' economics

by Konstantin George

On Aug. 7, Polish police raided the Warsaw offices of a huge Polish private holding company called Art-B, the offices of Poland's National Bank, and the country's largest state bank, the State Bank PKO. Seven leading bankers, including the vice presidents of both the National Bank and PKO, were arrested, and Grzegorz Wojtowski, the head of the National Bank, was suspended from office in disgrace. Art-B repeatedly manipulated the extreme tardiness of the Polish banking system in recording banking transfers, to create an operation where the same money was double-counted in two high-interest foreign exchange accounts at the same time, thus drawing two interest payments. In Poland, where foreign exchange accounts pay 60% interest, the ability to engage in such operations, accomplished by Art-B through generous bribes to state banking officials to look the other way, was extremely profitable.

The scandal, where the powerful Western and Israeli interests behind the far-flung Polish holding company Art-B cheated the Polish state out of up to hundreds of millions of dollars in precious foreign exchange, reveals in a stunning way the dirty underside of the radical "shock therapy" free market economy imposed by the International Monetary Fund (IMF) via Harvard economist Jeffrey Sachs. This "therapy" has brought unparalleled economic ruin to Poland, whose human cost is increasing at an accelerating tempo with each passing month, as the yardstick of unemployment shows. Between June 30 and Aug. 15, Polish unemployment went from 1.6 million to 1.9 million, and the peak of this devastation is nowhere in sight.

## 'Project Democracy' destabilizes Poland

According to Polish sources, any honest investigation would show that Art-B has been directly involved in Anglo-American operations to politically destabilize Poland. Last November and December, *EIR* had run exposés showing the Anglo-American hand behind a plot to destabilize Poland involving the presidential candidacy of the shady Polish exile, multimillionaire Stanislaw Tyminski. Tyminski, a radical free marketeer, had emerged from nowhere to challenge Lech Walesa for the presidency.

Tyminski had bragged on Polish television during the campaign that one of his closest friends is Zbigniew Brzezinski.

Brzezinski, national security adviser under President Carter, is one of the leaders of a U.S. intelligence operation called "Project Democracy." Under the guise of promoting democracy around the globe, this apparatus actually operates to install regimes and networks which allow or co-participate in radical free market looting of the country concerned.

Brzezinski's role in Project Democracy operations in Poland is a matter of public record. In Autumn 1989, the U.S. government provided some \$240 million through the Support Eastern European Development (SEED) Act to fund radical free market networks in eastern Europe. The operation was headed by Deputy Secretary of State Lawrence Eagleburger, a former U.S. ambassador to Yugoslavia and a close collaborator of Henry Kissinger. The SEED Act spawned the Central European Development Corp. and the Polish-American Enterprise Fund. The latter, as one of its operations, dispatched consultants to 65 Polish bank branches, a fact that may not be unrelated to the bank manipulation mechanics of the Art-B scandal.

What is confirmed, as reported in the Polish press, is that Tyminski and his campaign staff had used the offices of Art-B in Warsaw as his campaign headquarters.

Here we also have a potential link to the world of international drug-money laundering. As *EIR* documented last December, Tyminski's campaign staff included at least four members of communist Poland's secret police, two colonels and two captains. *EIR* had also documented how Tyminski, who held Canadian, Polish, and Peruvian passports, had made millions through business activities in the Iquitos region of Peru, a region notorious as a drug-production center, and that Tyminski's lawyer in Peru was Javier Valle Riestra, a spokesman for drug legalization.

## The London connection

The financial killings of Art-B achieved through the "double deposits," generated a cash flow that created the "miracle" where a small company in two years became a holding company conglomerate owning some 200 Polish firms and engaged in widespread international transactions. Operating from a small palace called Pecice outside Warsaw, Art-B owned export-import companies involved in the wholesale purchase and resale of every possible type of con-

sumer goods, food and entertainment products, a private airline, and a plant for the component assembly of South Korean television sets. It was also involved in the international arms trade, with at least one confirmed case where it purchased 200 surplus Polish Army tanks for export.

Art-B's firms within Poland, according to accounts in the Polish press, employed up to 15,000 people, and had—under different names—some 50 overseas holdings in the West, in Israel, and in South Korea. These included a key office in London, out of which financial transactions involving tens of millions of dollars were recorded, to purchase holdings in Israel and elsewhere.

At the center of the biggest banking scandal in Polish history is a dirty money triangle between London, Tel Aviv, and Warsaw, and powerful Anglo-Saxon and Israeli financial interests whose identities remain hidden, while the front-men, a colorful gang of brazen young Polish Jewish ex-jazz musicians who owned Art-B, have grabbed the headlines.

While many articles on the Art-B scandal have appeared in the continental European press, it has received almost no coverage in the press of Great Britain or the United States, even though, if accounts in the Polish press are correct, the London side of the Art-B complex was the linchpin of its international operations. The blackout on the London connection has been so tight that not even the name of the Art-B-linked firm in London has emerged in the public light.

The scandal first broke with the collapse of the Polish end of what's called the Art-B holding company, when the Polish state blocked access to further credit and began an investigation. While crucial details remain to be uncovered, the Art-B operation was punctured through a decision by Poland's Walesa regime. The move came at the end of July with the bankruptcy and closure of the giant Ursus tractor plant. The Art-B mafia had planned to make a financial killing, taking advantage of Ursus's desperate plight, to purchase for resale overseas 6,000 Ursus tractors at a large discount. This precipitated a state investigation into the finances and operations of Art-B, with the result that at least the details of Art-B's swindle of the Polish banking system would emerge.

Given the political repercussions should the identity of those behind Art-B become known, the investigation to date has revealed details centered mostly on the front-men, the nominal owners of Art-B. This trio of young former jazz musicians was undoubtedly picked up by powerful financial interests with intelligence service connections in at least Britain and Israel, interests and personalities who remain out of the public light. The two main owners are: 1) Boguslaw Bagsik, 28, a Jewish orphan, raised by foster parents belonging in part to the German minority in Polish Silesia, family circumstances which provided the legal basis for Bagsik's backers to have him acquire and travel on three different passports—Polish, German, and Israeli. 2) Andrzej Gasiorowski, 32, also a Polish Jew, with Polish and Israeli dual

citizenship, co-owner and vice president of Art-B. According to the *Jerusalem Post*, another co-owner of Art-B is Meir Bar, an Israeli businessman who was involved in Art-B attempts to acquire holdings in Israeli corporations such as the Paz Oil Co. Other articles in the Israeli press mention a wealthy Australian businessman, Jack Lieberman, as heavily involved in the Israeli end of Art-B's operations.

### **The Polish secret police connection**

The owners of Art-B however have emerged unscathed from the crackdown. Bagsik and Gasiorowski benefited from "invisible hands" backing their management of the Art-B operations that looted the Polish economy. One was their financial godfathers in Britain and Israel who pumped in the necessary liquidity to allow Art-B to emerge from its humble beginnings, with a mere 100,000 zlotys in founding capital on Feb. 16, 1989 (roughly \$600), to a conglomerate generating hundreds of millions of dollars by 1991.

Second, were the services provided by foreign intelligence services which used extensive capabilities drawn especially from middle and high-ranking "former" communists in the ministries and state apparatus, and from the "former" communist intelligence service and secret police that American, British, and Israeli intelligence agencies have been able to buy up wholesale in the past two years of economic degeneration.

In exchange for their services in helping to loot Poland, Bagsik and Gasiorowski were amply assisted when the lid blew. First, they received warnings far in advance that an investigation was brewing. Long before the scandal broke, Bagsik and Gasiorowski had quietly moved their families to a safe haven in Israel. On Aug. 2, the duo departed Poland, first for Hanover, Germany, and then on Aug. 7—always a step ahead of Polish authorities—flew in a private jet from Germany to Israel. For unexplained reasons, Polish authorities have not issued arrest warrants against the two. From Israel, the duo were able to sell their Art-B holdings to one Gawronski, the owner of the largest private bank in Poland.

The sale was confirmed from a telephone discussion with an Israeli citizen, Avishai Amir, who had been the Israeli spokesman for the Art-B group. The new name for the operation is Polyco and, according to Amir, Bagsik uses the premises as his office when he is in Tel Aviv. Meir Bar, the Israeli partner in Art-B, is now in the same office working for Polyco.

The Art-B scandal could wreck the entire dirty side of the Sachs mafia looting of Poland. The Art-B investigation, if pursued correctly, could spark other formerly communist countries of central and eastern Europe to unearth and destroy the Art-B-style looting operations in their countries. It could spark a desperately needed "Second Revolution" where these nations can break with the mafiosi world of the radical free marketeers, as two years ago they threw off the yoke of Bolshevism.