

Organized crime makes European bid for power, as Russian mafias move in

by Roger Moore and Muriel Mirak-Weissbach

Finally, at least one European government has been officially apprised of the fact that there is a strategic threat against the West from the international narcotics cartels. A white paper delivered to German Chancellor Helmut Kohl by the Bundesnachrichtendienst (BND), the German counterpart to the CIA, reportedly warns that the drug mafia, eluding any democratic control, is poised to make a bid for economic and political power. The chancellor, according to an article in *Der Spiegel* magazine on Jan. 6, entitled "Potential Danger of the International Drug Traffic for Western Nations," was so impressed by the report, that he immediately informed his European Community colleagues as well.

The BND report, which has not been released to the public, apparently outlines how the international drug cartel has amassed capital holdings worth hundreds of billions, which it has invested in areas and activities over which it thereby has established political control. Among the investment branches mentioned are political parties, media, as well as real estate, construction, tourism, and transportation and airline companies. Given the dimensions of the financial resources available to the cartel, according to the BND, "it can turn indebted industrial nations into junkies, by making them financially dependent." Drug money goes into government bonds, thus financing the deficit, as in the notorious case of Italy. It also goes into financial holding companies, banks, insurance companies, and savings banks.

The report draws attention to the business relations established among different geographical areas of the cartel: from the South American cocaine bosses to the Italian mafia, the Japanese Yakuza organized crime group, vaguely identified "subversive groups," as well as counterfeiters, weapons traffickers, and others.

The BND apparently stresses that, in anticipation of the opening of Europe's borders in 1993, and following the fall of the Iron Curtain since 1989, the drug menace has spread with greater ease, including "investing" considerably in the new German states. New contacts have been established with organized crime, counterfeiting rings, and currency traffickers in Poland and other eastern European countries.

This report seems to have been occasioned by the fact that drug-related deaths in Germany hit a record 2,000 in 1991—twice that of 1989, and including victims from the eastern part of the country. Indeed, the organized crime ma-

fias of several former communist countries are expanding their operations, and are moving into western Europe as well.

In the collapsing economies of the former Soviet empire, the emerging criminal mafias, tied into long-established international organized crime and drug-trafficking networks, are the prime beneficiaries of the "shock therapy" imposed on eastern Europe and the new republics by the International Monetary Fund. In fact, there are indications that the diverse, often ethnically-based cliques running black marketeering, prostitution, drugs, etc., are undergoing a reorganization and selection process similar to that which took place in the United States in the 1920s and 1930s.

Readers of *EIR's* book *Dope Inc., From Boston Bankers to Soviet Commissars*, will readily surmise that the remnants of the Soviet police state apparatus, the KGB and the former East German Stasi, which played a major role, for example, in the "Bulgarian Connection" drug traffic and in "narcoterrorism" worldwide, are still active today. Post-communist eastern European governments, inheriting depleted economies and communist era debts, are finding that the only people around with money are former communist officials or crooks, often in the same person. And worse, these same people end up being the local business partners of foreign "investors," with equally dubious money sources.

Making a killing

The July 1990 German currency reform, which preceded the formal unification of the two parts of Germany, involved a swindle worth over 1 billion deutschemarks, and was a paradigm of the relationship between the mafia and the secret services. The German Democratic Republic's (G.D.R.) accounts receivable with the Comecon trading bloc, from trade prior to the currency reform, on the accounting books as transfer rubles, were to be paid out by the West German government in deutschemarks at a lucrative exchange rate. In a short period of time, a "mafia," operating out of Moscow, Leningrad (now St. Petersburg), Berlin (East and West), Leipzig, Sofia, Warsaw, etc., produced large quantities of falsified documents, back-dated to show G.D.R.-Comecon trade prior to the 1990 currency treaty.

More interesting is the question of *who* did it. Three of the four people arrested, at the point of making a wire transfer of several hundred million deutschemarks to Singapore, were

on the Stasi payroll lists. One of the four, West Berlin-based Ellmar Tanner, was a tax adviser to Russian émigrés. Hundreds of millions of deutschemarks were never recovered.

Most Russian émigrés are not friends of the KGB or the Stasi, to be sure, but salted among them are pure criminal elements at the service of diverse intelligence agencies and crime networks. In West Berlin in the 1980s, thousands of largely Jewish émigrés from the Odessa region of the Soviet Union settled in Berlin. A similar exodus took place to Brighton Beach, New York, and Northeast Philadelphia.

According to the German Federal Criminal Office (BKA), 85% of West Berlin's game halls were in the hands of exile Russians. According to police, the game halls were used for laundering money from weapons, drugs, and counterfeiting operations. In Berlin, the city prosecutor's office is working on the "Icon Mafia," largely dominated by ethnic Chechens, who also run prostitution and protection rackets, particularly targeting exile Russian shop owners. (The tiny Chechen-Ingush Autonomous Republic inside the Russian Federation, which successfully stood off the Russian government in a showdown last November, is dominated by Muslim fanaticism and organized banditry.) In September 1991, Efim Laskin, an ex-Soviet boxing champion, was murdered in Munich where he was living. He was involved with his Berlin-based brother in icon smuggling. Earlier the same year, several Russians were killed in a restaurant "rubout" in Berlin. The killers had been brought in from Russia. January 1992 murders in the Brighton Beach "Little Odessa" district suggest an international dimension to the "selecting out" process.

Where is the Bulgarian Connection today?

Although the military operations of Serbia's "tank communists" have made truck transport of heroin into Europe through Yugoslavia more difficult than it once was, the Balkan traffic in general has not suffered. According to a statement by Germany's Interior Ministry, almost one-half of its 1991 heroin seizures took place on the former Czechoslovak/G.D.R. border, suggesting a shift farther east to circumvent the war-torn former Yugoslavia. Additionally, Germany's drug deaths are primarily due to high-purity heroin arriving via the Balkan route from the "Golden Crescent" (Pakistan, Iran, Afghanistan).

At the end of 1991, Italy's Finance Ministry banned imports of Philip Morris cigarettes, charging that Philip Morris brands accounted for such a large percentage of smuggled, black market cigarettes (circumventing state taxes), brought into Italy by the Naples-based Camorra mafia, that the company had to be complicit with the mob. By mid-January, 1992 the ban was removed.

What actually went on here is not clear, but it definitely involves the "Bulgarian Connection." Bulgaria produces Philip Morris cigarettes by a licensing agreement, and was the source of supply for Italy's Camorra mob. In fact, in the early 1980s, Britain's Argen security company had a contract

LaRouche: Why the war on drugs did not succeed

This statement was released on Jan. 4 by Democratic presidential candidate Lyndon LaRouche, who is a political prisoner in Rochester, Minnesota.

I see directly that our U.S. state and federal prison system is being filled with people on drug charges. Most of these people were small-time dealers, even though the prosecution may have inflated their crime to make them appear to be big-time kingpins of drug-trafficking conspiracies. They're not.

The big-time kingpins in drug-trafficking conspiracies—let's just stick to cocaine for the moment—inside the United States in the 1980s, were the friends of Col. Oliver North of Project Democracy.

Now, Project Democracy was headed by a fellow called Carl Gershman on the one side, politically. Project Democracy was pushed in Central America and South America by the State Department figure Elliott Abrams. Various people were used. The key figures with whom these fellows cooperated in running drugs, cocaine in the Caribbean, were Israelis; and one can look at the Bank Hapoalim in Miami, Florida, and ask what the Mossad was doing at Bank Hapoalim. One can go across the bridge from Miami to Miami Beach, and take a row of quasi-gentrified hotels with certain banks there above bargaining shops; one can find people like the Israeli gun-runner and drug-runner Pesach Ben Or running around there. The Mossad and the Israelis were running a great deal of the drug traffic with Colonel North. They were also working

with Philip Morris to investigate the appearance of poor quality counterfeit Marlboros among the legally produced black market cigarettes in Italy. Philip Morris's concern was not the smuggling, but merely that the counterfeits were hurting their reputation for quality!

In other words, long before Europe's heroin market developed in the 1970s, Philip Morris had a relation with Bulgaria, the Italian Camorra, and cigarette smuggling: They were and are "insiders" in the Balkans. Philip Morris is a participant in the Anglo-American global tobacco monopoly set up after War World I. Unfortunately, unlike the case of the G.D.R., the flow of information out of Bulgaria on drug trafficking is still limited, perhaps related to new arrangements which are going into place.

with Colonel North in running weapons into Iran, and they were running weapons into Iran before Colonel North got into the act, at the time that the Iranians were holding U.S. hostages. But they were doing it with U.S. figures close to Stanley Pottinger, a former Justice Department official and attorney for Cyrus Hashemi, the Iranian banker and gun-runner.

These are the kinds of problems which have to be recognized.

Now, additionally, in terms of the leveraged buyouts, hostile takeovers, and so forth, that have occurred in the United States in the 1980s, a new crowd has taken over American industry and looted it. Where did this crowd get its money to buy out American industry? From drugs!

The drug money went through the Caribbean trade—cocaine money, for example. It went not into U.S. banks directly, but into offshore banks. It came into the United States as financial investment capital, or as loan capital. Then people borrowed this money, in large denominations; and they used it together with junk bonds and similar kinds of instruments to move in and take over companies and loot them, to create monsters such as RJR/Nabisco. Or the Campeau operations that the Reichmann brothers were involved in. That's how this drug money operation worked.

People are saying, "Why didn't the war on drugs work?" Because George Bush, as vice president, was running a good part of it, and running it together with people like Oliver North and Elliott Abrams, who were in fact bringing in tons of cocaine into the United States.

Do I see Oliver North in prison? Do I see Elliott Abrams in prison? Do I see a Bush in prison? Because of their involvement and condoning and partnership with these drug-runners? No! I see tens of thousands of small dealers in prison—who are being replaced by 50,000,

who filled their shoes when they were sentenced. That's why the war on drugs never worked.

Now, we've got to get serious about the drug problem if we're going to have a nation. *Go at the source.* No drugs coming into the United States. And anybody whose money is found to be traceable to drug money, under rules of audit transparency, will find they've been engaged in an illegal enterprise, and will suffer legal penalties for that kind of operation.

We've got to stop the drug traffic by stopping the big traffickers from Colombia and elsewhere, through the Caribbean, including the Israelis, and we've got to stop it by going after the banks and other financial institutions which launder the big quantities of drug-money proceeds.

The Europeans are going to face that, particularly Germany, right now. They're going to have to decide whether they should cut off all relations and take other sanctions against nations such as Colombia, which make peace with the drug-traffickers.

If we're serious about saving our civilization, we're going to do something about this drug problem. We're going to start looking at what Oliver North really did; what Elliott Abrams really did; what was being done on George Bush's watch as vice president, and as head of that Special Situations Group over at the National Security Council, where he supervised Oliver North's operations in part. We're going to look at Carl Gershman of Project Democracy, and who's behind Carl Gershman, from what organization does he come? What's their connection to Robert Vesco, for example? We're going to get law firms, brokerage firms, big banks. Who are these swindlers who looted America with drug money? Who shut down the firm in your town after they looted it? And other countries, such as Germany today, are going to ask them the same thing.

And the KGB?

In 1988 and 1989, there was much press coverage in Europe and the United States about the "Russian mafia." Most of this was the result of cooperation of western police agencies with a new "organized crime" division in Gorbachov's Soviet Interior Ministry. The head of the new division, Aleksandr Gurov, was much cited in the international press, and books by Soviet journalists began appearing, largely written with files made available by Moscow's security heads.

The Soviet measures at that time had more to do with desperate efforts to maintain the now-dissolved empire, than with any real reckoning with the international criminal networks that the KGB itself had been dealing with. The real question now is the ability of the new republics to dismantle

those crime networks run directly by the KGB, as well as the joint ventures with western partners. Vast sums of official and off-the-books money of the KGB and Stasi have been submerged into the black economy, mixing in ventures of crime and "business" with western-controlled cash flows. The shock therapy free trade reforms create the perfect environment for this.

This means that Chancellor Kohl, and the other western heads of government, are going to have to start naming the names now, and go after the banking and financial networks that are laundering the mafias' ill-gotten gains. And law enforcement officials interested in stopping the international drug traffic should start looking in a few obvious places, like Frankfurt's real estate, banking, and insurance establishment, to name one.