

# Anglo-Americans Rattled By Argentine Bank Raids

by Cynthia R. Rush

It must have been with a good deal of teeth-gnashing that London and Wall Street heard the news on Jan. 16 that Argentine police had begun a series of high-profile raids of several foreign banks in Buenos Aires, pursuant to two federal court investigations into large-scale, illegal capital flight, possibly in the range of \$30 billion. The raids were totally unexpected—a bombshell, to be more precise. The financial looting crimes alleged against the banks are enormous, like those of Enron but on a larger scale. While President Eduardo Duhalde tries desperately to buy time by promising to impose a “credible” austerity-based program—an impossibility—the bank raids hold the potential to throw a monkey-wrench into Anglo-American plans to force the country back into the International Monetary Fund’s (IMF) fold.

How? The entities raided weren’t just any banks. They represent the dominant international financial interests which moved into Argentina during the 1990s to loot it, through usurious practices, involvement in shady privatizations, capital flight, and money-laundering. Some 90% of “Argentine” banking is now foreign-owned. As the disintegration of the global monetary system accelerated, the looting became more frantic.

Among those raided were the HongKong and Shanghai Banking Corporation, Plc. (HSBC); Banco Francés, whose largest stockholder is Spain’s Banco Bilbao-Vizcaya Argentina (BBVA); Citibank; Bank of Boston; Banco Río, majority owned by Spain’s Santander Banco Central Hispano (SBCH); and FleetBoston Financial. The offices of American Airlines were also raided, as was the Argentine Central Bank.

## Whose Fault?

Moreover, several of the targeted banks are key players in the international drug-trafficking and money-laundering apparatus known to *EIR* readers as “Dope, Inc.,” whose branches operate worldwide. Given their individual pedigrees, it would come as no surprise that these banks would be accused of facilitating and orchestrating capital flight from Argentina, as a result of the investigations initiated by Norberto Oyarbide and María Servini de Cubría, the federal judges who ordered the raids. That massive capital flight which accelerated especially between August and November 2001, including in the form of generous bank loans to privileged clients, ultimately forced the government to impose

capital controls and freeze bank deposits on Dec. 3, to avert a total collapse of the banking system. The savings of ordinary citizens were confiscated, while the big boys got away with highway robbery.

If these banks’ involvement in capital flight, money laundering, and looting of Argentina’s economy is proven in the courts’ investigation, how can the IMF or any other creditor argue that the country’s debt and financial crisis is Argentina’s “own fault”?

Look at just a few of the banks involved, to understand what’s going on:

### **HongKong and Shanghai Banking Corporation, Plc.:**

As *EIR* has documented in many locations, HSBC, the fifth largest bank in the world, is the flagship bank of the global drug-trafficking enterprise properly known as Dope, Inc., with branches all over the world. It was founded in the middle of the 19th Century to serve as the backbone of the financial network of the British East India Company. It financed London’s Opium Wars against China in the 19th Century, in which the modern narcotics trade began. Since that time, HSBC has served as a kind of rediscount facility for laundering dirty money from the drug, gold, and diamonds trade. In the mid- to late-1990s, it moved aggressively into Ibero-America, taking special pride in buying out Brazil’s Bamerindus, which it saw as a way to establish a beachhead in that country.

**BBVA (Banco Bilbao-Vizcaya Argentina):** This bank has a 67% stake in Argentina’s third-largest bank, Banco Francés. BBVA seems to have a predilection for shady associations, including with Syrian arms- and drug-runner Monzer al-Kassar, who also enjoyed a special relationship with former Argentine President Carlos Menem. According to accounts published in Germany, a June 20, 1986 document of the West German Federal Criminal Bureau reported that “Al-Kassar holds 51% of the capital of this bank,” referring to the Banco de Bilbao (which two years later merged with the Banco de Vizcaya to form BBV). The document adds that Syrian General Duba, Syrian dictator Hafez-al-Assad, and his brother and heroin kingpin Rifaat al-Assad, all maintained multimillion-dollar accounts at the Banco de Bilbao, which were used to launder their drug- and weapons-trafficking proceeds.

**BSCH (Banco Santander Central Hispano):** This bank owns 97% of Argentina’s Banco Río, the country’s second largest bank. In its July 1996 report, “Britain’s Dope, Inc. Grows To a \$521 Billion Business,” *EIR* reported on the statements of Rachel Ehrenfeld in her book *Evil Money*, that Banco Santander is one of the banks “which the members of the Medellín drug cartel use” to launder money. Ehrenfeld also mentions Lloyds Bank, headquartered in the Bahamas, in the same context.

**Citibank:** Between 1989 and 1993, it was Citibank which wittingly facilitated the transfer of at least \$100 million in dirty money belonging to Raúl Salinas de Gortari, brother of Mexican President Carlos Salinas de Gortari, into bank



*Argentine Congressman Mario Cafiero, an organizer of the Pope's Jubilee Debt Program, and Congresswoman Elisa Carrió, have set in motion criminal investigations of the biggest international banks, for outright stealing of \$30 billion of Argentines' bank accounts from the country.*

accounts in Switzerland, London, and the Cayman Islands, using false names. It was reported that Citibank knew that it was dealing with a false identity for the President's brother.

In February 2001, Elisa Carrió and Gustavo Gutiérrez, Argentine legislators from the Alternative for a Republic of Equals (ARI) party, presented a dossier to the U.S. Senate Permanent Subcommittee on Investigations, headed by Sen. Carl Levin (D-Mich.). The dossier carried extensive evidence of Citibank's money-laundering activities, carried out in collusion with the political and financial networks around former President Menem in Argentina, particularly his close associate Raúl Moneta.

During a Jan. 5 debate in the Argentine Congress, it was Congresswoman Carrió who quoted U.S. 2004 Democratic Presidential pre-candidate Lyndon LaRouche on the existence of a global financial collapse, and his proposals for national banking and creation of a sovereign currency in Argentina (see *EIR*, Jan. 18, 2001).

### **A \$30 Billion Heist**

There are currently two investigations under way on the foreign banks' role in illegally sending money out of the country. Acting on information compiled by Radical Party lawyer Juan Carlos Iglesias, federal judge Norberto Oyarbide authorized at least 30 raids of foreign financial entities, including HSBC, BBVA-Banco Francés, Citibank, and Bank of Boston, in which computer files, and other documentation on capital transfer out of the country, were confiscated.

Of particular interest is the charge that 385 armored trucks transported billions of dollars in cash to Ezeiza International Airport in Buenos Aires at the end of November, to be sent to the United States, while money sent to smaller airports ended up in Paraguay and Uruguay. The Central Bank is also being scrutinized, for failing to adequately supervise the financial system. Oyarbide is looking into capital flight of an estimated \$25 billion, and has hinted that the heads of HSBC and BBVA-Banco Francés could be charged with "misappropriation of funds, fraud against the State, and illicit association."

A second investigation by Judge María Servini de Cubría

is based on information presented by ARI Deputies Elisa Carrió and Graciela Ocaña. They charge that not only did \$20 billion flee the country prior to Dec. 3—the date on which banking and capital controls were imposed—but that another \$10 billion left illegally *after* Dec. 3, for a total of \$30 billion. Servini de Cubría is said to be considering charging former President de la Rúa, his Harvard-trained Finance Minister Domingo Cavallo, and other former cabinet members with "economic subversion."

Aside from the bank raids, ARI's information prompted Judge Servini de Cubría to order the arrest on Jan. 23 of Carlos Rohm, top executive of the Banco General de Negocios, as he was attempting to leave the country from Ezeiza Airport. Rohm is a big fish, part of former President Menem's intimate circle of shady business associates known to hobnob with former U.S. President George Bush, among others. Rohm's arrest is not only related to the present money-laundering and capital flight investigation, but also to the ten-year-old investigation into money-laundering by the Bank of Credit and Commerce International (BCCI) and Saudi magnate Gaith Pharaon in Argentina. Judge Servini has also requested Interpol collaboration to arrest Rohm's brother, José, who managed to escape the country, and is reportedly in Brazil.

Exactly how foreign banks and their local allies stripped banks of their deposits, was described by Congresswoman Carrió in the same Jan. 5 speech in which she quoted LaRouche. She reported that the top 10-15 "debtors" of the bankrupt banks—loan recipients—turned out to be companies linked to the banks themselves. These front companies transferred the money "loaned" to them by the bank, out of the country, first to shell companies in neighboring Uruguay, and from there, "to Citibank," or other foreign banks. "So, there you will find our billions, outside the country," in the foreign parent banks which own the "Argentine" banks, Carrió charged. And, she continued, the money, comprised "of the deposits of decent people who believed in the banking system and in the country," was then seized through the Dec. 3 deposit freeze, to save the banks from collapse. Hence, we have "poor banks, rich bankers."

Two days before Argentine police raided banks in Buenos Aires, another ARI legislator, Mario Cafiero, was in London making the same point at the press conference launching the Jubilee Debt Program. Cafiero accused HSBC, Lloyds TSB, and other foreign banks of looting his country through usurious interest rates, under the currency-board regime created by former Finance Minister Cavallo. "Wealthy individual Argentines, helped by foreign banks like HSBC and Lloyds, have been able over ten years to export \$130 billion of wealth through the capital flight mechanisms that both foreign and local banks provided," he said, calling on the Bank of England to investigate the two banks' role in this scheme.

A reliable City of London maverick has told *EIR* that Cafiero's remarks provoked considerable hysteria in various quarters, with banks and financial think-tanks labelling him

a “fruitcake” of scant credibility. Back in Buenos Aires, a similarly unnerved *Ambito Financiero*, long the voice of British economic liberalism in Argentina, feigned “surprise” at Carrió’s using “as a model” in her Jan. 5 speech “the U.S. politician Lyndon LaRouche, who is accused of anti-Semitic tendencies, and more than once has called for the freeing” of imprisoned nationalist, Mohamed Alí Seineldín.”

The hysteria is lawful. As the head of the Jubilee 2000 Commission in Argentina, Cafiero worked not only to promote Pope John Paul II’s debt forgiveness initiative, but also to expose the illegitimacy of Argentina’s foreign debt. Aside from doing his own thorough investigation of his country’s foreign debt, in August 2000 Cafiero organized congressional hearings on the topic, under the aegis of the Bicameral Jubilee 2000 Commission. Among those giving testimony were then-Buenos Aires province Governor Eduardo Duhalde; Italy’s ambassador to Argentina, who spoke on the Italian Senate’s debt-forgiveness action; and La Plata Archbishop Héctor Aguer, whose Open Letter on the foreign debt *EIR* published in its Jan. 18 issue.

The Anglo-American financial elites clearly fear any combination of LaRouche’s and the Pope’s campaigns against debt-slavery. And the work done by Carrió and Cafiero in exposing the money-laundering and capital flight carried out by dirty international financial networks to destroy Argentina, is getting close.

## Berlin, The Open Wound of Germany

by Rainer Apel

The swearing-in of Berlin’s new “left-left” coalition government on Jan. 17 was met by loud street protests, in which the shutdown of the city’s Benjamin Franklin Clinic, became the focus of general unrest over Berlin’s—and Germany’s—economic collapse. A nasty sense of *déjà vu* was added to the demonstrations, by the fact that the Deputy Mayor in the coalition is Gregor Gysi; he who ran the last pretense of an East German Communist government that was swept “into the dustbin of history” by Germany’s reunification in 1990. In the protests, Social Democrats burned their party membership cards, enraged at the coalition—whose sole purpose is to enforce austerity, layoffs, closures, etc.—with Gysi’s “post-Communist” PDS party.

Nurses and other medical staff of the Benjamin Franklin Clinic demonstrated against the planned shutdown of their hospital, and many thousands of Berlin citizens were signing a petition to save that hospital, which is also affiliated with the Free University of Berlin.

Making the point that the German capital is not like any other state in the country, Helga Zepp-LaRouche, national chairwoman of the BüSo (Civil Rights Movement Solidarity) party, has declared Berlin a forefront of the political campaigning of the LaRouche movement, immediately, and through the coming months, until the September elections for national parliament. Zepp-LaRouche has challenged Chancellor Gerhard Schröder and opposition Christian Democratic (CDU/CSU) Chancellor candidate Edmund Stoiber to a national debate on the economic collapse, stating that only a New Bretton Woods system can stop it.

Germany’s entire economy is shrinking as of the last quarter of 2001, its vital trade and investments are falling, unemployment rising to more than 4 million; consequently, the gap between huge indebtedness and falling tax revenues is devastating the German states, led by Berlin. In a single year, the combined budget deficit of the German states has tripled to 25.6 billion euros; Berlin’s deficit has quadrupled from 2000 to 2001.

### Unions Also Forced Into Action

Union protests continued on Jan. 21, after their first “round-table” meeting with Berlin Mayor Klaus Wowereit (SPD) and Gysi, who confronts the unions as the man in charge of “Economic Affairs.” Union leaders declared they

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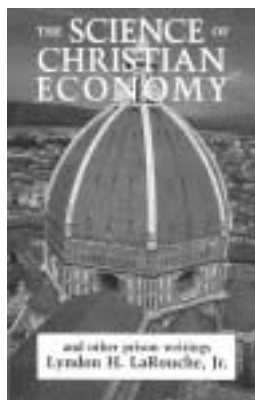
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