

The sordid union between Intelligence and
Organized Crime that gave rise to Jeffrey Epstein

ONE NATION UNDER BLACKMAIL

VOL. 1

VOL. 2

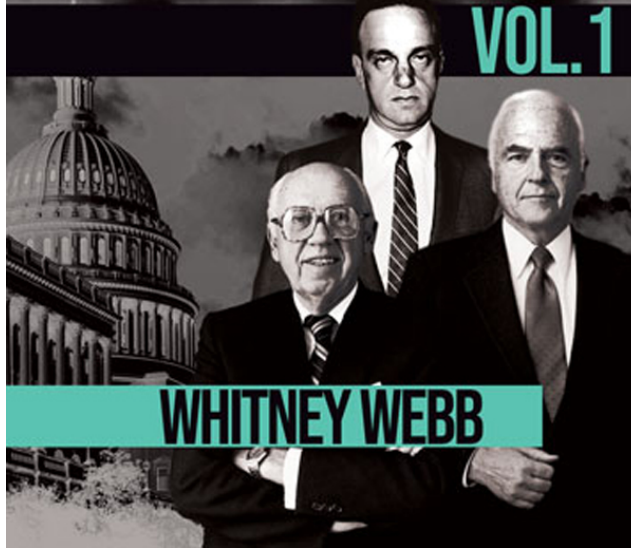


WHITNEY WEBB

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PUBLISHER'S FOREWORD

PROSPERO: *But you, my brace of lords, were I so minded,
I here could pluck his highness' frown upon you
And justify you traitors: at this time
I will tell no tales.*

SEBASTIAN: *The devil speaks in him.*

– William Shakespeare, *The Tempest*, Act 5, Scene 1

*I want something embarrassing! Something sexual! Little boys, midgets, that
sort of thing! Cows! I don't give a goddamn!*

– Sam Elliott as Kermit Newman, *The Contender*

"Where's my Roy Cohn?"

– Donald Trump, *New York Times*, January 4, 2018

Why do folks lie, cheat and steal? Is it simply the survival of the fittest? What about our rule of law and the hoary moral codes left to us? Are they worth the paper they are printed on? Will we ever learn?

Whitney Webb takes us on a hidden history excursion – beyond the realm of the gatekeepers – delving into a deep netherworld where disgraceful actions seemingly trump noble principles. *One Nation Under Blackmail: The Sordid Union Between Intelligence and Crime that Gave Rise to Jeffrey Epstein* is a *tour de force*. A deep exposé into how the world actually works.

I will never forget my introduction to this underworld: a “talk” with my “spooky” father and his professor friend from Vanderbilt. It was a reality beyond my ken, way further than my teen-age experience. So I simply went on with growing up, but looking in the dark corners.

My education was through reading, magazine articles and books – so many books. There was much going on in the late 1960s and '70s. My father and his friend had talked about an activity I call “CIA-Drugs,” and about “political forces,” using psychological warfare to move agendas.

It soon became apparent that within this milieu there were many players: intelligence agencies and their operatives, criminal gangs, secret societies, bag men, money launderers, financial institutions and governments.

As my studies into intelligence matters and protocols progressed, I became aware of “honey-traps” and the use of blackmail to compromise individuals and stilt honest political discourse. It floored me that there were, it appeared, federal agents running interference to some of the operations. Where was the country and the values I had been taught? How did we get here?

“It’s far more constructive to work for the church than to work for the Central Intelligence Agency. When you work for the CIA the ends justify the means,” my father was quoted in a local paper a few years before his passing.

Immoral methods skew our futures and lead to imbalance. Leaving us ruled by “rich men who are not quite respectable.”

British historian Eric Hobsbawm opined, “He [Roy Cohn] made his legal and political career in a milieu where money and power override rules and law – indeed where the ability to get, and get away with, what lesser citizens cannot, is what proves membership of an elite.”

A corrupt elite debasing our future. Trying to bully us into their depravity. With this book and others we can become educated and empowered to right our ship-of-state.

Whitney has done her homework and *A Nation Under Blackmail* shows with great alacrity the past actions, present situations, and future problems that we face. And *must* deal with in order to fulfill our founder’s aspirations, foster current needs, and forsee our children’s future.

A blackmailer believes that they are “in control,” but secrets can cut many ways, and ultimately we are in the driver’s seat. What will we do?

Onwards to the Utmost of Futures!

Peace,

R.A. “Kris” Millegan

Publisher

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INTRODUCTION, VOLUME 1

The July 2019 arrest of Jeffrey Epstein and his subsequent death that August brought national as well as international attention to a sex ring where certain members of the power elite sexually abused and exploited female minors and young women. Epstein's death, officially ruled a suicide, has been treated skeptically by many, for a variety of reasons. Regardless of the real circumstances of his death, it has led to scores of Americans embracing the view that his death was both intentional and necessary to protect his powerful co-conspirators and the full extent of his covert and illegal activities.

Even if one chooses not to entertain such disconcerting possibilities, it is quite apparent that most of those who aided or enabled Epstein will never see the inside of a prison cell. Though Ghislaine Maxwell is now serving a 20 year sentence, others known to have been intimately involved in his illegal activities continue to enjoy protection from the so-called "sweetheart deal," or plea deal that followed Epstein's first run-in with the law for his sex trafficking activities in the mid-2000s. In addition, Ghislaine Maxwell's recent trial saw information involving third parties redacted, leading many to believe that the public will never know the names of the "johns" or clients, who benefitted from the sex trafficking activities of Epstein and Maxwell and who were potentially blackmailed by them.

Yet, for both Jeffrey Epstein and Ghislaine Maxwell, there is much more to the story. This became apparent when it emerged that Alex Acosta, then-serving as Secretary of Labor in the Trump administration, had disclosed to the Trump transition team that he had previously signed off on Epstein's "sweetheart deal" because Epstein "had belonged to intelligence." Acosta, then serving as US attorney for Southern Florida, had also been told by unspecified figures at the time that he needed to give Epstein a lenient sentence because of his links to "intelligence." When Acosta was later asked if Epstein was indeed an intelligence asset in 2019, Acosta chose to neither confirm or deny the claim.

Other hints of a connection between Epstein and intelligence subsequently emerged, with reporting from a variety of sources that Epstein was affiliated with

the CIA, Israeli intelligence, or both. Despite the implications and significance of these connection(s) to intelligence, most of mainstream media declined to dig deeper into these claims, instead largely focusing on the salacious aspects of the Epstein case. The narrative soon became that Epstein was an anomaly, the sole mastermind of an industrial sex trafficking enterprise and a talented con artist. Even his closest associates and benefactors, like retail billionaire Leslie Wexner, have been taken at their word that they knew nothing of Epstein's crimes, even when there is considerable evidence to the contrary.

Indeed, it was later stated by Cindy McCain, wife of former Senator John McCain, that "we all knew what he [Epstein] was doing" at an event in January 2020, where she also claimed that authorities were "afraid" to properly apprehend him. If he was such an anomaly and a stand-alone con artist – how was he singlehandedly able to intimidate the law enforcement apparatus of an entire nation for decades? The claim that Epstein did not have powerful backers and benefactors stands on incredibly shaky ground.

Oddly enough, mainstream reporting on Epstein was once relatively open about his alleged intelligence ties, with British media reporting as early as 1992 and throughout the early 2000s that Epstein had ties to both US and Israeli intelligence. In addition, also in the early 1990s, Epstein's name was mysteriously dropped from a major investigation into one of the largest Ponzi schemes in history even though he was labeled the mastermind of that swindle in grand jury testimony. Around the same time, subsequently released White House visitor logs show that Epstein visited the Clinton White House 17 times, accompanied on most of these visits by a different, attractive young woman. Reporting on those visitor logs was largely done by a single media outlet, Britain's The Daily Mail, with hardly any American mainstream media outlets bothering to investigate these revelations about Epstein and a former US president.

Why was Epstein so heavily protected from justice for decades – in connection to both his sex trafficking crimes and his financial crimes? Why have the once commonly reported intelligence connections of Jeffrey Epstein now been relegated to "conspiracy theory" despite evidence to the contrary? If powerful Senators knew what Epstein was doing to young women and girls – who else knew and why wasn't something done?

This two-volume book endeavors to show why Jeffrey Epstein was able to engage in a series of mind-boggling crimes for decades without incident. Far from being an anomaly, Epstein was one of several men who, over the past century, have

engaged in sexual blackmail activities designed to obtain damaging information (i.e. “intelligence”) on powerful individuals with the goal of controlling their activities and securing their compliance. Most of these individuals, including Epstein himself, have their roots in the covert world where organized crime and intelligence have intermingled and often cooperated for the better part of the last 90 years, if not longer. Perhaps most shockingly, these men are all interconnected to various degrees.

Following the formal establishment of the organized crime-intelligence in World War II through what is today remembered as Operation Underworld, the relationship between these two entities has since become so intertwined and so symbiotic that, today, it is nearly impossible to know where one ends and the other begins. As this book will show, many of the biggest scandals and events of the last century have not only been tied to these networks, but many of them also have counted with the involvement of sex traffickers and blackmailers, Epstein among them. Publicly, these men have been powerful lawyers, businessmen and lobbyists. Their more clandestine and shadowy activities, though a matter of record, are often known only to those who are well read on certain historical events or in the field of “deep politics.”

In order to understand Jeffrey Epstein and his activities in their full context, one must understand his powerful contacts and the structures that protected him. Those structures and those networks did not begin with Jeffrey Epstein and they also did not die with him. In revealing his broader milieu, and that of his past associates and clients, one is left not only with a damning indictment of Jeffrey Epstein, but a damning indictment of American institutions, particularly those involved in “national security” matters and law enforcement. We cannot properly address the crimes of Jeffrey Epstein, nor prevent them being committed by others in the future, unless we grapple with the covert power structures that have long wielded blackmail, bribes and assassinations as their weapons of choice to corrupt and control public institutions while manipulating and looting the public.

Jeffrey Epstein was not an anomaly and his activities represent just the tip of the veritable iceberg.

Whitney Webb, 8/14/22

“Who are these people? They are the group that is popularly called the Enterprise. They are in and outside [the] CIA. They are mostly Right Wing Republicans, but you will find a mix of Democrats, mercenaries, ex officio Mafia and opportunists within the group. They are CEOs, they are bankers, they are presidents, they own airlines, they own national television networks. They own six of the seven video documentary companies of Washington, DC and they do not give a damn about the law or the Constitution or the Congress or the Oversight committees except as something to be subverted and manipulated and lied to.

They abhor sunlight and love darkness. They deal in innuendo and character assassination, and planted stories, the incomplete thought and sentence. They burn and shred files if caught, they commit perjury, and when caught they have guaranteed sinecures with large US corporations.

If you let them, they will take over not only [the] CIA but the entire government and the world, cutting off dissent, free speech, a free media, and they will cut a deal with anyone, from [the] Mafia to Saddam Hussein, if it means more power and money. They stole \$600 billion from the S & L's and then diverted our attention to the Iraqis. They are ripping off America at a rate never before seen in history. They flooded our country with drugs from Central America during the 1980s, cut deals with Haro in Mexico, Noriega in Panama, and the Medellin and Cali cartels, and Castro, and recently the Red Mafia in the KGB.

They ruin their detractors and they fear the truth. If they can, they will blackmail you. Sex, drugs, deals, whatever it takes.”

–Former CIA officer and Iran-Contra whistleblower Bruce Hemmings, circa 1990

CHAPTER 1

THE UNDERWORLD

OF SPIES AND CROOKS

At 2:30 in the afternoon on February 9th, 1942, a fire broke out on-board the *Normandie*, a ship that was then in the process of being converted into a troop transporter in New York City's harbor. As the flames roared, winter winds fanned the flames, spiraling the fire up, and then down onto the ship's top decks. Within hours, the *Normandie* began to lean to her port side, weighed down by the water that was being dumped onto the boat by fire crews. Soon, the ship capsized and an expensive, unprecedented salvage operation was mounted. Despite these efforts, repairing the ship was soon found to be too complicated and too costly, and the *Normandie* was scrapped in 1946.

Investigations into the destruction of the *Normandie* quickly revealed that the cause of the disaster had been incompetence and carelessness. Yet, nevertheless, rumors grew that it had been the work of German saboteurs, who were intent on disrupting America's early war efforts. Proponents of these theories argued that the alleged saboteurs sought to break down the country's logistical capabilities through attacks in ports and harbors as well as factories and other strategic, industrial locations. William B. Herlands, the then-New York Commissioner of Investigation, summed up the spirit of the times when he said, "We are faced with a grave national emergency.... A blackout was imposed over the ... waterfront area within the Third Naval district, which included New York and New Jersey. Many of our ships were being sunk by enemy submarines off the Atlantic Coast ... and the outcome of the war hung in the balance."¹

Management and regulation of these critical harbors and coastlines was the responsibility of the Office of Naval Intelligence (ONI). An ONI inquiry was opened in May 1942 into potential saboteurs and Nazi agents operating in the ports and the possibility of U-boat movements off the east coast. The man tasked

with overseeing this inquiry was C. Radcliff Haffendon.² Several of the agents assigned to work under Haffendon had previously worked with Thomas E. Dewey, the US State Attorney who later served as governor of New York. Dewey was best known for his prosecution of organized crime, and through these contacts, Haffendon learned of the role played by gangsters and other criminal elements on the New York City waterfront. Dewey's chief of staff, attorney Frank Hogan, suggested to Haffendon and the ONI that they speak with a man named Joseph "Joe Socks" Lanza.

Lanza was officially a "business agent for the United Seafood Workers Union." He was also a mobster in his own right and was known as the "rackets boss of the Fulton Fish Market ... in downtown New York City."³ Yet, compared to the stature of other criminal figures in the city, Lanza was a small-fry, and he knew it. As a result, he ended up telling the ONI that they would have better luck higher up the food chain. He suggested either Meyer Lansky, who controlled the longshoreman's union, or Frank Costello, a gambling figure with numerous interests throughout the waterfront. But to get to them, Lanza told Haffendon, he would need to first speak to Charles "Lucky" Luciano.

Luciano, at the time, was locked away in prison, having been put there by Thomas Dewey. A delicate series of negotiations were subsequently launched in what is now known as "Operation Underworld." This operation, which the government was forced to reluctantly acknowledge after decades of public denials, involved the recruitment of high-level organized crime figures for work with American intelligence services, justified by war-time necessity. Not long after Operation Underworld had been given the go-ahead, Luciano agreed to the ONI's requests, and his prison cell soon became a hub for meetings between him and his criminal associates, meetings in which they would coordinate counter-intelligence activities with the Navy.

Despite Operation Underworld's initial and relatively narrow objectives, the scope of the operation organically expanded. Before long, Luciano and his colleagues – Meyer Lansky, chief among them – were helping the ONI cultivate intelligence for the Allied invasion of Sicily. Lower ranking mob figures and immigrants were frequently brought to Haffendon's offices for questioning. Names and contact information for friendly Sicilians, many of whom were Mafia figures, were provided to ONI agents for use in the military campaign. While the resulting collaborations between the Mafia and the military on the beaches and in

the villages of Sicily have slipped into legend, the legacy of Operation Underworld has endured and undeniably forever altered the United States of America, and beyond. Indeed, Operation Underworld was the beginning of the creation of a new underworld entirely, one built on the cooperation, if not outright symbiosis, between organized crime and American intelligence.

SHADOWY ALLIANCES

Lucky Luciano was born in Sicily in 1897 and arrived on American shores in 1906. At a young age, he formed his own gang, which offered protection to Jewish immigrants from Italian and Irish organized crime elements in exchange for small fees. This protection, unsurprisingly, was tantamount to extortion, and the money he accrued allowed him to begin expanding into other rackets – including, notably, prostitution. Early on, he met and formed an alliance with another young gangster named Frank Costello, an immigrant from Calabria, Italy. Together, the two consolidated their power by taking control of the numerous environs now considered typical of organized crime: prostitution, narcotics, and even organized labor in New York City’s docks.

As their business expanded, so too did their revenue. Soon, Luciano and his cohorts were being propelled to the heights of power in New York City. Thomas Dewey once commented that Luciano’s “business was far-flung and brought in a colossal revenue. This was estimated to be far, far in excess of \$12 million a year.”⁴ Key to Luciano and Costello’s operation was the fact that it had overcome the traditional bifurcation of organized crime into ethnic enclaves. For the first time, in Luciano’s growing criminal empire, Italian, Jewish, and Irish criminal networks intermingled and cooperated with one another. However, this early cooperation lacked the cohesion and integration that the networks born out of Luciano’s and Costello’s enterprise would develop in the years to come.

Joining Luciano and Costello in their criminal enterprise was Meyer Lansky and his close friend, Benjamin “Bugsy” Siegel. Lansky was well-connected in Jewish mob circles, and he, along with Siegel, had amassed significant wealth during the Prohibition era. Lansky, whose long shadow is cast across the entire history of organized crime in the twentieth century, was something of a visionary. Various accounts paint him as the intellectual architect behind the multi-ethnic organized crime model that Luciano successfully pursued. Lansky was also

instrumental in bringing mob groups into the world of gambling, helping set up casinos in the Caribbean that would be utilized to wash the money generated by their various vices and rackets. Perhaps most important of all was that Lansky had also helped develop the use of a complex banking network, which he adopted in an effort to avoid the fate of Al Capone. After all, Capone had not been taken down not for murder or extortion, but for tax evasion.

This Luciano-Costello-Lansky-Siegel alliance was the basis of what subsequently became known as the National Crime Syndicate. Far from the well-organized image of the Mafia often promoted by the media, the National Crime Syndicate operated loosely at best – and, according to some commentators, did not actually exist in any meaningful way. Such arguments might be going a step too far, although they are worth considering. The National Crime Syndicate might be best understood as a social network – a sprawling, faction-filled web of associations and organizations that either collaborated or competed, depending on the situation or the spoils.

In 1936, this emerging crime network took what, at first glance, appeared to be a major blow following the arrest and successful prosecution of Luciano by Thomas E. Dewey in a spectacular, if not sensational, trial. Luciano's apparent downfall came via an assault on New York City's prostitution rackets, which his organization firmly controlled. As Alfred McCoy summarizes, "Dewey's investigators felt that the forced prostitution charge would be more likely to offend public sensibilities and secure a conviction."⁵ A handful of prostitutes who worked in Luciano's brothels testified against him, and a New York court quickly sentenced the gangster "to a thirty-to-fifty year jail term."

Dewey's role in this affair is quite interesting. Six years later, when he ran to secure the presidential nomination for the Republican Party, he joined forces with John Foster Dulles, the brother of Allen Dulles – best known for his role as the first civilian head of the CIA in the early years of the Cold War. Dulles, a member of the "internationalist" camp of American politics that typified the attitudes of the elite "Eastern Establishment," impressed upon Dewey the importance of overcoming the isolationist factions of the Republican Party.^{6,7} What Dulles got in exchange for his steering of Dewey in pursuit of political power was his own rise through the ranks of the party, ultimately culminating in his service as President Dwight D. Eisenhower's Secretary of State.

Even more curious was an investment that Dewey made, during the 1950s, in an entity called the Mary Carter Paint Company, later renamed Resorts International. Mary Carter was controlled by the Crosby family, and its operations were overseen by the most practical-minded of the family's sons, James Crosby. Mary Carter was deeply tied to organized crime networks.^{8,9} It worked closely in developing businesses in the Bahamas, hand-in-hand with a number of Meyer Lansky frontmen, while James' brother, Peter Crosby, was a notorious confidence man with an impressive roster of criminal contacts. It had also been widely rumored that Mary Carter was a CIA front company.¹⁰

THE OSS

Lurking in the background of Operation Underworld, which had seen the ONI directly recruit Luciano, was the Office of Strategic Services (OSS), the wartime forerunner to the CIA and America's first robust national intelligence organization. The precise role that the OSS played in the affair isn't exactly clear. According to George White, a notorious agent of the Federal Bureau of Narcotics who had been recruited into the OSS, he had been propositioned by an organized crime associate to enlist Luciano in exchange for a pardon – but this was a bridge too far. An alliance between the OSS and “a person of Luciano's reputation ‘would be a very naive way of doing business’ ... White maintained that he felt it was outrageous to entertain ... [the] proposition, ‘even for the OSS’ who were willing to do almost anything.”¹¹

White would make these statements in the course of Federal testimony, and, in all likelihood, he was lying to protect the OSS. According to Richard Harris Smith, an historian of the OSS, Earl Brennan, an OSS officer in Italy, was kept in the loop regarding negotiations between Luciano and the ONI.¹² Meanwhile, Assistant District Attorney Murray Gurfein, who handled the legal end of the Luciano negotiations, subsequently went to Europe to serve as a colonel in the OSS.

The OSS was many things, operating in many different theaters. In Europe, it ran a fairly unsuccessful paramilitary campaign. However, in the China-Burma-India theater, its military operations achieved remarkable results. When it came to spycraft, its supporters gushed with praise, while its detractors regarded the tales later woven by its veterans as worthy of skepticism. The OSS was frequently – and

accurately – seen as a social club. While its ranks did boast a great many military officers and figures from other government agencies like the FBI and the FBN, its leadership and higher-ranking administrative posts tended to be secured by the sons of the country's wealthiest elite. In London, Madrid, Geneva, Paris and elsewhere, posts were held by members of the Mellon family of Pittsburgh, the family behind the Gulf Oil fortune. Heirs of the Morgan family also secured positions within the agency, as did members of the DuPont and the Vanderbilt families.

“Only the Rockefellers were conspicuously absent” from the OSS, writes Richard Harris Smith, adding that “Nelson [Rockefeller] headed his own agency, the Coordinator of Inter-American Affairs.”¹³ David Rockefeller, Nelson's brother, also reportedly ran his own intelligence apparatus during the war.¹⁴

The agency itself was something of brainchild – at least partially – of General William J. Donovan, a prominent New York City anti-trust lawyer and veteran of World War I. Along with figures like Dewey and Dulles, Donovan was the consummate “Eastern Establishment” insider. He maintained a deep preoccupation with organization and rationalization, which filtered into his work defending the trusts and combines that dotted the corporate landscape of his day. He was also a firm internationalist when it came to his political outlook. During the inter-war years, Donovan had acted as an agent for various corporate interests, and had even traveled to Russia on behalf of the Morgans to collect information on the developments of the Bolshevik Revolution.¹⁵

In the course of his wartime intelligence work, Donovan was first appointed by President Roosevelt to head the Office of the Coordinator of Information (COI), which was intended to help coordinate the scattered intelligence outfits and military organizations that communicated infrequently and cooperated even less. COI was the seed from which the OSS would later spring. Under Donovan's direction, it became a clearinghouse for military and political propaganda. This was in no small part thanks to Donovan's close friend, a British intelligence operative named William Stephenson.

Stephenson was the wartime head of a British intelligence unit in the United States, headquartered in New York City and known as the British Security Coordination (BSC). He reported to Stewart Menzies, who was then serving as the head of MI6. Menzies had tasked Stephenson with “establish[ing] relations on the highest possible level between the British SIS [the Secret Intelligence Service,

another name for MI6] and the U.S. Federal Bureau of Investigation.”¹⁶ Stephenson and the BSC operated from an office located in Rockefeller Center’s International Building, which was also the home of numerous, other BSC front organizations. Stephenson also worked closely with other British intelligence agencies, including MI6 itself and the Special Operations Executive (SOE), which had begun its life as Section D of MI6.

In agreement with Menzies’ mandate, Stephenson developed a close working relationship with J. Edgar Hoover, who seemed to be enthusiastic about being a liaison to British intelligence on matters concerning the war in Europe (at this stage, the US had yet to enter the conflict). Reportedly, the BSC “provided the FBI with over 100,000 confidential reports,” while Hoover kept the British in the loop with American reports on German naval movements and the like.¹⁷ The relationship between Hoover and Stephenson would ultimately break down by 1941. Soon after, Stephenson began to cultivate William Donovan, who increasingly challenged Hoover’s position as the sole conduit between the Americans and the British. When Donovan was appointed by Roosevelt as the Coordinator of Information – and subsequently formed the OSS – an intense bureaucratic struggle erupted between Hoover and his rivals. As will be discussed in greater detail in the next chapter, this struggle allegedly led Donovan to coordinate with organized crime kingpins, namely Meyer Lansky, to blackmail Hoover in an effort to bring him to heel.

Stephenson did more than simply cultivate Donovan. In 1940, he reported back to his handlers in England that “There is no doubt we can achieve infinitely more through Donovan than through any other individual. ... He is very receptive ... and can be trusted to represent our needs in the right quarters and in the right way in the U.S.A.”¹⁸ Donovan’s COI and OSS were, in all actuality, the offspring of these British-led efforts, and a great deal of the decisions Donovan made were influenced by figures tied to Stephenson’s BSC. Before the COI was up and running, for example, Donovan conferred closely with Robert Sherwood, a playwright, ardent interventionist and close confidant of President Roosevelt. “On June 16th, 1941,” writes Thomas Mahl, “Sherwood sent to Donovan a list of people he thought he could trust, ‘for the work we discussed ... yesterday evening at your home.’”¹⁹ At the time, Sherwood was working closely with the BSC – even sending them copies of speeches he had written for the president prior to Roosevelt receiving them.²⁰

As efforts were undertaken to get the American intelligence apparatus up and running, the BSC undertook a propaganda campaign aimed at garnering support for such an institution. Mahl, in his book *Desperate Deception*, shows how BSC assets seeded the idea throughout the mass media, which in turn was circulated up to the heights of political power. One characteristic incident took place in May 1941, just a month prior to Donovan's meeting with Sherwood. It was on 9th of that May that:

Vincent Astor, FDR's friend and New York area coordinator of intelligence, sent the president a clipping from the *New York Herald Tribune* that was probably a plant to build the consensus for voices calling for the plan British intelligence wanted. The *Herald Tribune* ... was BSC's favorite outlet for planted articles. Moreover, the putative author, George Fieling Eliot, was a devoted British sympathizer, one of the most influential people in the BSC front Fight for Freedom, and a favorite vehicle for planted articles. Citing the threat from fifth columnists and enemy agents, Eliot pointed out with alarm at the lack of a coordinator for the FBI, ONI, and G-2 intelligence.²¹

The idea of a "fifth column" was a prime component of BSC propaganda, and would later be adopted by the OSS itself. It was used to attack isolationist holdouts against American entry into the war, and was also used to generate fear and create an atmosphere of distrust among the general public. The term originated during the course of the early phase of the Spanish Civil War of the 1930s, and was used to describe something like a domestic military-in-waiting. The fifth column was purported to be composed of enemy agents and their sympathizers, with a mandate towards sabotage and other violent activities. According to Mahl, one of the strongest promoters of the notion of a Nazi fifth column active in America was a Chicago journalist and close associate of Donovan named Edgar Ansel Mowrer – who was subsequently identified as an asset of British intelligence.²²

The fifth column, however, was simply an exaggerated threat. Axis sabotage efforts within the United States did occur, but were limited and ultimately ineffectual. Yet, this reality didn't matter to the BSC and its American allies, as the promotion of fifth column fears had a legitimizing function for their activities. It formed the very justification and popular base of support for the creation and expansion of the emerging, organized intelligence apparatus.

It also spawned events like Operation Underworld. After all, it was the specter of fifth column activity that had first prompted the collaboration between the ONI and organized crime elements. Even more incredibly, it seems that the

legitimization gained by intelligence services through BSC propaganda ultimately benefited these criminal networks as well. At the war's end, naval intelligence began a campaign to have Luciano released from prison – and at the beginning of 1946, the very man who had put Luciano away, Thomas Dewey, commuted the mobster's sentence in exchange for his deportation to Italy. In the year or two that followed, numerous other gangsters – perhaps as many as a hundred – were deported and joined him.

Luciano's deportation was the beginning of an effort to cement in place a powerful organized crime network that was transnational in scope and wedded to the American intelligence services. Indeed, even though Luciano was no longer physically in the United States, he and his ilk continued to guide organized criminal activities from abroad while also establishing new rackets during their exile in the "Old World." Deported alongside Luciano, for instance, was Frank Coppola, the powerful Detroit mob boss who had been something of a mentor to Jimmy Hoffa, the mob-linked head of the Teamsters union (the use of the Teamsters' pension fund for organized crime-linked financing recurs throughout this book). By the 1960s, Hoffa and the Teamsters were working closely alongside the CIA, particularly on efforts to assassinate Fidel Castro, who had seized many of the mob's casinos during the course of the Cuban revolution. Coppola himself was linked to American intelligence: he "was said to have been behind a 1947 May Day massacre in Sicily, allegedly financed by former OSS chief William Donovan, in which eight people were killed and thirty-three wounded; 498 people, mostly left-wingers, were killed in 1948 alone."²³

Also deported was Silvestro "Silver Dollar Sam" Carolla, a Sicily-born mobster who had arrived in New Orleans, Louisiana, in the early 1900s and had become the city's boss. He was particularly close to the interests of New York City organized crime. In the 1930s, Carolla had worked with Costello and Luciano to provide New Orleans with slot machines under the watchful eye of their ally, Huey Long. The gambling operation was so successful that it soon attracted the attention of Lansky, and plans were put in motion to establish "centers of communication and money laundering operations to be used by the underworld, on a national scale, in New Orleans."²⁴ This included the opening of "three big Las Vegas-style gambling casinos" across Louisiana, and the introduction of a new, rising star in the underworld into this partnership.

That rising star was Carlos Marcello. Soon, Marcello was managing the whole of the Louisiana casino operation. When Carolla was deported to Sicily, Marcello was tapped to take his place – and so began the reign of one of the most powerful crime bosses of the twentieth century. “... [I]t was said,” wrote John Davis in his book *Mafia Kingfish*, “Frank Costello sent his blessing from New York, and Sam Carolla sent word from Palermo that he approved Carlos’ selection as caretaker-boss until he, Silver Dollar Sam, returned from exile.”²⁵

In Italy, Carolla linked up with Luciano in developing what was reported by American law enforcement to be a large-scale drug network. As will be discussed in Chapter 3, this network spanned the Middle East, Europe, and the United States, and one particularly well-oiled pipeline of this network – one that connected Lebanon to Sicily to Marseilles – was infamously known as the “French Connection.” Curiously, Carolla and Luciano turned up in Mexico in 1948 to oversee the development of a drug smuggling operation in that country. While Mexico had its own domestic drug production, it was also a key transshipment point for the flow of heroin, refined from opium produced in the East. Here, we again find the fingerprints of cooperation between intelligence services and organized crime.

THE DRUG CONNECTION AND “OPERATION X”

The story of the China’s Green Gang is complicated, partially due to the mixing of fact with rumor and legend. Yet, it is undeniable that their rise was a consequence of the rapid transformations that shook Chinese society in the early twentieth century. However, the Green gang itself began long before the twentieth century dawned, originating as a secret society with roots stretching back to Luoism, a folk religion that followed the teachings of Buddhist mystic Luo Menghong. During the late 1700s, this particular branch of Luoism had become a powerful force among boatmen whose trade was the transport of grain and other foodstuffs. Fearful of their growing power, authorities stepped in to suppress this network, driving it underground. Once bitterly ensconced in the margins of society, these Luoists began engaging in smuggling and formed alliances with other smuggling groups. Soon, they consolidated their power and became a formidable force in the world of crime.

Under the leadership of Du Yuesheng, the Green Gang helped bring to power the Kuomintang (KMT), later known as the Nationalist Chinese, under the direction of Chiang Kai-Shek.²⁶ Chiang himself was not a member of the Green Gang, but his political mentor and protector, General Ch'en Ch'i-meï, had been. Between the 1920s and 1930s, the Green Gang was fully integrated with the government of Shanghai, and became a primary source of power for the KMT. They "relied on the Green Gang to conduct counter-espionage activities and gather political intelligence," and called upon the resources of the organization to suppress trade unionists and communists.²⁷

The Green Gang financed its activities through the cultivation and sale of opium – an activity that was fully sanctioned by Chiang and the KMT. Prior to the KMT's rise to power, Chinese opium production was unorganized, distributed among many different warring figures. Under Chiang, however, a "suppression" was carried out with the ostensible goal of wiping out the opium trade in the name of public health. Behind the scenes, however, the KMT was doing quite the opposite: the "suppression" of opium production was actually an integrated effort to centralize it, placing production, distribution and ultimately control of the substance in the hands of a joint KMT-Green Gang monopoly.²⁸

Support for the KMT opium monopoly came from Western modernizers – including the Rockefeller Foundation, which had set up shop in China during the 1910s with the creation of the China Medical Board.²⁹ Through this apparatus, the Rockefeller Foundation undertook efforts to promote "modern science," develop medical education programs, and set up hospitals. It is likely that the foundation's support for opium monopolization was intricately bound up with their health crusade, since opium had important, wide ranging medicinal applications.

At the same time, it was also part of a larger tendency among internationalists like the Rockefellers to seek the regulation and control of the global drug trade. After the First World War, the nascent League of Nations formed an Advisory Committee on the Traffic of Opium and Other Dangerous Drugs. It worked closely with the Rockefeller Foundation's International Health Board, the "parent" of the China Medical Board. The overarching imperative of the League's efforts for global drug regulation was to rationalize the production of opium and other precursors and to consolidate drug refining and distribution within a series of select major pharmaceutical corporations.

Under Chiang's leadership, China simultaneously kowtowed to the League's initiatives while using the monopolization drive to cement itself at the center of drug production for both the criminal underworld and the "legitimate" overworld. A full-blown narco-state was in the process of being formed, as opium cultivation came to be the central focus of the government's revenue-raising programs. As Jonathan Marshall noted:

"In the central provinces of China, especially in Hubei and Hunan, nearly every government organization has come to depend on opium revenue for maintenance," observed one expert. "Even law courts, Tangpus (Kuomintang organizations), and schools are no exception." Thus in one locality, authorities charged one picul of opium \$320 for general taxes, \$32 for Communist suppression, \$3.20 for national revenue, \$1.50 for the Chamber of Commerce, \$2.50 for Special Goods (opium) Association fees, \$2.50 for the Hsih-tsun Girl's School, and \$7.00 for protection fees. Later, highway maintenance and more school taxes were added. When the opium finally reached Hankou, monopoly authorities added another \$920 tax. The original cost of the opium was only \$400.³⁰

It was in this context that American organized crime figures arrived on China's shores and began to organize an intensely lucrative global narcotics trading network. Among the first was Arnold Rothstein, who acted as a mentor to Lansky, Luciano, and Costello. He dispatched a series of frontmen to China: Sidney Stajer, Jacob Katzenberg, and George Uffner.³¹ Uffner would later be described by Federal investigators as a long-time friend of Costello, while Katzenberg was a high-level figure in New York City's Jewish crime syndicates. These syndicates, according to Alfred McCoy, "controlled much of New York's heroin distribution." Katzenberg – himself a Lansky flunky as much as a Rothstein frontman – was involved with a secret heroin processing laboratory in the city, which was refining opium flowing from Asia.³²

Hans Derks, in his encyclopedic *History of the Opium Problem: The Assault on the East, 1600-1950*, suggests that the connections between American organized crime and the KMT/Green Gang-dominated Chinese opium trade more than likely involved the complicity of Western – predominantly Anglo-American – economic interests in the region.³³ He singles out in particular the powerful Sassoon family.

Nicknamed the "Rothschilds of the East," the Sassoons had emerged as economic administrators in Iraq before organizing one of the dominant opium trading complexes in the East. It is said, writes Derks, "that 'one fifth of all opium brought into China was shipped on the Sassoon fleet.' Thanks to opium they

became not only the wealthiest family in India, but also the largest real estate dealers in Shanghai.”³⁴ The family also became integrated into the world of oil: they invested heavily, at various times, in Britain’s Burmah Oil and the Anglo-Iranian Oil Company (a subsidiary of Burmah that eventually became British Petroleum), among others.

During the 1800s, the Sassoons competed for dominance of the opium trade with Jardine-Matheson, one of the great Anglo-Hong Kong trading houses that has been firmly controlled by the prominent Keswick family. Over time, the interests of the Sassoons and the Keswicks intermingled and became part of a vast network winding its way through Hong Kong, Shanghai, and elsewhere. This is by no means ancient history: as late as 2013, the *Financial Times* reported that Lord James Sassoon, having just finished a stint serving as the Commercial Secretary to the Treasury in the government of UK Prime Minister David Cameron, became an executive director of the Jardine-Matheson board.³⁵

These dynastic-corporate structures not only influenced the shape of the international drug trade during the twentieth century, but also the evolution of Western intelligence services during and after World War II. Take, for example, the offspring of Henry Keswick, who served as one of the most powerful heads of Jardine Matheson and the controller of numerous affiliated entities (such as the Hong Kong and Shanghai Banking Corporation, the Hong Kong & Whampoa Company, and the Shanghai Municipal Council). Two of Henry’s sons, John Henry Keswick and William Johnston “Tony” Keswick, served in the Chinese theater as part of the UK’s Special Operations Executive. In addition to the SOE, John Henry Keswick served as the personal aide to Lord Mountbatten, the Supreme Allied Commander of the Southern Asia Theater.³⁶

Tony Keswick, meanwhile, crossed paths with Federal Bureau of Narcotics (FBN) veteran and OSS operative Garland Williams. When the OSS was still being organized and efforts were underway to expand its paramilitary capacities, Williams was dispatched by Preston Goodfellow – “a former Hearst executive and publisher of *Brooklyn Eagle*” who had become William Donovan’s special assistant – to meet with the SOE officer. “After meeting the British spymaster Keswick,” writes Douglas Valentine, “Williams returned to Washington with the SOE’s training manuals and helped establish OSS training schools in Maryland and Virginia.”³⁷

After the war came to an end, Tony Keswick returned to the world of corporate affairs, taking up a position running one of the family's correspondent companies in London. He also served, for a time, as a governor of the Hudson's Bay Company in Canada. As discussed in the next chapter, the Hudson's Bay Company was central to the rise of the Bronfman family, who have long straddled the murky line between "legitimate" corporate enterprises and the criminal underworld. In turn, the Bronfmans, as will be illustrated at length in this book, would be important to the rise of the network that later enabled the illicit activities of Jeffrey Epstein.

Through his acquisition of the SOE manuals from Keswick, Garland Williams played an essential role that paralleled – and was almost certainly framed by – the higher level cooperation between William Donovan and William Stephenson. At the same time, Williams appears to have operated at the intersection of the American intelligence services, still in their infancy, and the networks of American organized crime.

In his book *Deep Politics and the Death of JFK*, Peter Dale Scott theorizes that there existed a formation that he provisionally dubs "Operation X." Williams, and other veterans of the FBN that were brought into the OSS and the CIA, are identified as players in this apparatus:

... the intelligence-mob collaboration established with Operation Underworld did not end after World War II. On the contrary, post-war narcotics operations overseas were subordinated to anti-Communist activities; and they were used as a cover for ongoing use of mob assets, above all drug traffickers, around the world. In developing these post-war mob contacts, White and his FBN associates, notably his former supervisor Garland Williams, and his protégé Charles Siragusa, even while formally back in the FBN hierarchy, 'functioned as a counterintelligence unit, attached to the CIA and, at times, the Army'... In the 1950s and 1960s it would appear that the FBN systematically subordinated the prosecution of drug cases to a second, hidden agenda, the use of traffickers as agents against communism.³⁸

One example that Scott cites is the "selective arrests made by George White in a 1959 heroin case involving the anti-Communist (and pro-Kuomintang) Hip Sing tong or gang."³⁹ White, an agent for the FBN and OSS who was a contractor for the CIA after the war, had busted a heroin ring operating out of San Francisco that tracked back to these pro-KMT gangster elements – and then subsequently identified the heroin as originating from Chinese Communists.⁴⁰ Interestingly, White himself had a history with the Hip Sing tongs. "In 1936 he infiltrated the notorious Hip Sing Tong brotherhood of Seattle by masquerading as a drug

dealer,” leading to a massive sting operation that nabbed some thirty drug smugglers and their associates.⁴¹

It is worth saying a bit more about George White, who was no stranger to courting the services of organized crime figures to bolster the early American intelligence apparatus. The research carried out by the late Hank Albarelli has shown that White cultivated a protégé named Pierre Laffite, who he had recruited into the CIA as a “special employee” in June 1952.⁴² Twenty years prior, Lafitte worked in France for Jean Voyatzis, “the greatest importer of manufactured Chinese opium into Europe” and a figure of considerable interest to the FBN.⁴³ Later, Lafitte turned up in Cuba in the company of Amleto Battisti y Lora, a Corsican expat who had partnered with Meyer Lansky in a Havana hotel. Battisti, according to a 1955 FBI memo, was “for many years ... known unofficially as the numbers king of Havana.”⁴⁴

When White brought Lafitte to the CIA, the FBN agent was himself being recruited by Sidney Gottlieb, a chemist who was working at the Agency’s Office of Technical Service. There, Gottlieb oversaw the CIA’s research into potential “truth drugs,” which in time expanded into a sweeping inquiry that dealt with the effects of drugs, shock therapy and sensory deprivation, hypnosis and even more esoteric currents on the human mind. The most famous of these programs, MK-ULTRA, saw the CIA become the largest consumer of LSD, which it used to experiment on witting and unwitting subjects. The subjects included soldiers, patients in psychiatric hospitals, prisoners (sometimes organized crime figures), and private citizens. Under Gottlieb’s directions, CIA-run “safehouses” were established in New York City and San Francisco, where unsuspecting people were dosed with hallucinogenic substances while being monitored from behind two-way mirrors.

Gottlieb was impressed by White’s street smarts and his inclinations towards the other side of the law – traits that were necessary for the covert drug program. As one of Gottlieb’s Agency employees later stated, “We were Ivy League, white middle class.... We were naive, totally naive about this, and he felt pretty expert. He knew the whores, the pimps, the people who brought in the drugs.... He was a pretty wild man.”⁴⁵ Under the alias of “Morgan Hall,” White maintained a safehouse in Greenwich Village, New York City, where he supplied unsuspecting people with LSD and other substances. In order to lure people into his web, he deployed false life stories – “He posed alternatively as a merchant seaman or a bohemian artist, and consorted with a vast array of underworld characters, all of

whom were involved in vice, including drugs, prostitution, gambling and pornography.”⁴⁶

In 1955, Harry J. Anslinger, the commissioner of the FBN, transferred White to San Francisco to fill a vacant post as the FBN district supervisor for the city. This was by no means the end of his work with Gottlieb and the CIA. Instead, he was granted control of MK-ULTRA Subproject 42 – or, as White called it, “Operation Midnight Climax.” Midnight Climax involved a safehouse, much like the one set up in New York City, which was then decked out with electronic surveillance equipment. Prostitutes were then enlisted, who would lure unsuspecting clients back to the “pad,” where they would then be slipped LSD. John Gittinger, a Harvard psychologist who was on the CIA payroll – best known perhaps for developing the Personality Assessment System – later admitted in Congressional testimony that the Agency “was interested in the combination of certain drugs with sex acts. We looked at the various pleasure positions used by prostitutes and others... Some of the women, the professionals, we used, were very adept at this practice.”⁴⁷

White wasn’t alone in obscuring the role of the KMT in the drug trade. This was also the *modus operandi* of Harry Anslinger, the FBN commissioner who served as boss to both George White and Garland Williams. Although Anslinger – like Donovan – was a bitter enemy of J. Edgar Hoover, he rode the rising tide of McCarthyism in the US, and identified China as the number one threat to public order.⁴⁸ The Chinese Communist Party, he claimed in the media and in official FBN reports, was over-seeing vast opium fields and had trained thousands of agents to distribute heroin within the West. Per Anslinger, Chinese opium production totaled “more than 4,000 tons ... a year,” with the “profits from the smuggling [being] used to finance the activities of the Communist Party and the obtain strategic raw materials.”⁴⁹

Importantly, Anslinger did not have any agents located in Asia in the post-war years, with FBN posting taking place at a fairly late date in 1962.

The claims made by Anslinger in the 1950s were sourced from intelligence provided by the KMT itself and, in the early years, by the intelligence apparatus of General Douglas MacArthur’s military command in post-war Japan. Overseeing this intelligence web was MacArthur’s protégé, a fascist sympathizer named General Charles Willoughby. Willoughby, as will be discussed in Chapter 5, would

later become a player in the so-called China Lobby, a domestic political pressure network that supported the KMT and hardline Cold War politics.

It is doubtful that the misdirection being deployed by Anslinger, White, and others in their milieu was for propagandistic purposes alone. Scott's "Operation X" thesis suggests a dual function. First, it bolstered Cold War propaganda efforts, which roughly followed the same template as the "fifth column" propaganda of the OSS during World War II. Second, it helped hide the roles of certain individuals, organizations, and networks that worked in tandem with Western intelligence services, militaries, governments, and businesses in the global drug trade. During this period, investigations into organized crime in America were soft-pedaled, if they took place at all, in part thanks to coercion and blackmail, particularly the blackmailing of FBI director J. Edgar Hoover. This also worked to obscure the role of the KMT in the drug trade due to the historical unity of American organized crime with Asian drug traffickers, forged in the inter-war period.

There is the stark possibility that this unity was maintained, well into the post-war epoch, through the efforts of American intelligence services themselves. This would result from the long-term effects of the OSS apparatus that had been set up in the China-India-Burma theater during the war. That apparatus had been concentrated around a powerful unit called Detachment 101 (which, incidentally, had been set up with the aid of Garland Williams). Many of the most notorious intelligence operatives and soldiers who dotted the landscape of the late 20th century can trace their roots back to this OSS theater – and many of them will appear throughout this book. Those who served there included E. Howard Hunt, later a CIA coup-master who achieved infamy during Watergate. Another was John Singlaub, a major player in the Iran-Contra affair. There was also Paul Helliwell, soon to become one of the architects of convoluted shadow banking strategies and a primary node between the worlds of intelligence and organized crime.

In 1943, William R. Peers – who would later lead the CIA's first training program – became the head of OSS Detachment 101 after his predecessor, Carl F. Eifler, was injured. Peers subsequently became the head of all OSS operations in the China-Burma-India theater, and personally oversaw commando operations carried out by KMT troops against Chinese Communist forces. Peers later reflected on his OSS years in an autobiography and, while discussing payment issues needed to finance the OSS' operations in Asia, made a startling disclosure:

Simply stated, paper currency and even silver were often useless, as there was nothing to buy with money; opium, however, was the form of payment everybody used. Not to use it as a means of barter would spell an end to our operations. Opium was available to agents who used it for a number of reasons, from obtaining information to buying their own escape. Any indignation felt was removed by the difficulty of the effort ahead. If opium could be useful in achieving victory, the pattern was clear. We would use opium.⁵⁰

The OSS activities in Burma would lay the groundwork for the country to subsequently act as an essential node in early Cold War activities against Communist elements in Asia. Importantly, after Chinese Communists drove the KMT out of the mainland and into Taiwan, Burma became one of their main outposts. There, the CIA organized a secret army with prospective plans to stage an invasion of China. “Although the KMT was to fail in its military operations,” writes Alfred McCoy, “it succeeded in monopolizing and expanding ... the opium trade.”⁵¹ He continues:

The KMT shipped the opium harvests to northern Thailand, where they were sold to General Phao Siyanan of the Thai police, a CIA client. The CIA had promoted the Phao-KMT partnership to secure a rear area for the KMT, but this alliance soon became a critical factor in the growth of Southeast Asia’s narcotics traffic. With CIA support, the KMT remained in Burma until 1961, when a Burmese army offensive drove them into Laos and Thailand. By this time, however, the Kuomintang had already used their control over the tribal populations to expand Shan state opium production by almost 500 percent – from less than 80 tons after World War II to an estimated 300-400 tons by 1962.⁵²

The CIA’s Burma-Thailand support for the KMT was code-named “Operation Paper.”⁵³ One of the architects of the operation was a close associate of Thailand’s General Phao named Willis Bird – later nicknamed Mr. Opium. Bird, during World War II, had served with OSS in the Burma-China-India theater. After the end of the conflict, he remained in the region as a supplier to the Thai military and police. Whether or not Bird was an on-the-books asset of the CIA isn’t clear, though he certainly was a middleman for moving supplies that had been obtained via Agency financing.

These supplies arrived in Thailand by way of a company called South East Asia Supply Corporation, most frequently referred to simply as SEA Supply.⁵⁴ Willis Bird acted as SEA Supply’s Bangkok office manager under the direction of Sherman Joost – a veteran of OSS Detachment 101. SEA Supply was not set up in Thailand, however. The business was instead registered in Miami, Florida by OSS-veteran-turned lawyer and banker Paul Helliwell. At the same time that Helliwell

was handling the legal end of SEA Supply's activities, he was also acting as consul for the Thai government in the US. In this capacity, he was closely linked to General Phao and the network of politicians who supported him.⁵⁵

SEA Supply worked closely with Civil Air Transport (CAT), the CIA's first proprietary airline. The roots of CAT were planted during the Second World War, when Claire Chennault organized the Flying Tigers, a volunteer aviation unit set up to provide support for the KMT in China in their fight against Japan. With ranks drawn from the US military, the Flying Tigers trained at bases in Burma, which acted as a logistics hub for their airlift. Chennault had long standing ties to the KMT: since the late 1930s, Chennault had served as a military advisor to Chiang Kai-Shek and his brother-in-law, the powerful Nationalist Chinese banker and diplomat T.V. Soong.

Besides his links to the KMT leadership and to the US military, Chennault maintained an impressive array of contacts. His lawyer was Thomas Corcoran, a top advisor in President Roosevelt's New Deal brain trust. Corcoran was close to Helliwell, and both worked together to promote Chennault's aviation plans when the war ended. Back in America, Chennault fell in with the so-called China Lobby, the network of politicians, businessmen, and other players who lobbied for support for the KMT as the only viable group who could oppose the Chinese communists. He set up and managed an impressive airlift of "American relief supplies in China" – with the supply flight contracts going to Chennault, of course.⁵⁶ Central to this effort was the 1946 creation of a new airline called Civil Air Transport that Chennault had co-founded with Whiting Willauer.⁵⁷ Willauer would go on to be US ambassador to Costa Rica and was also later involved in the 1954 CIA-led coup in Guatemala. When the KMT retreated to the island of Formosa (now Taiwan), Chennault used CAT to run arms and medical supplies to National Chinese fighters.

CAT was brought into the world of special operations thanks to the efforts of Helliwell. He had brought Chennault and the aviation company to the attention of Frank Wisner, then the head of a covert body called the Office of Policy Coordination (OPC). Within several years, the OPC was incorporated into the CIA, cementing in place a militarized command structure governing the dark arts of the clandestine services. By 1950, CAT was a full-fledged CIA proprietary airline, operating under the auspices of a holding company set up by the Agency

called Airdale Corp⁵⁸ Later, Airdale Corp was renamed Pacific Corp, and CAT would become Air America.

Air America was the CIA's premier airline, and remained active from the 1950s into the 1970s. It was finally dissolved in the wind-down of the Vietnam War, though many of its assets were sold off and absorbed into a CIA-linked firm called Evergreen International Aviation. Meanwhile, several Flying Tigers pilots went on to create the air freighter firm Flying Tiger Line, a major commercial cargo airline that also operated military contract services and engaged in covert operations. Flying Tiger Line would later have a major presence at the Rickenbacker airfield near Lockbourne, Ohio. CAT's later incarnation, Southern Air Transport, would relocate there in the early 1990s, a few years after Flying Tiger Line was absorbed into Federal Express. The airline's relocation was thanks, in part, to Jeffrey Epstein and had chiefly relocated to manage cargo for Leslie Wexner's The Limited (see chapter 17).

Connections to organized crime appear in nearly every corner of this web. Take, for instance, Margaret Chung, an "attending physician" for Chennault's Flying Tigers. A member of the Hip Sing tong, she made "frequent trips" to Mexico City in the 1940s in the company of Virginia Hill – an inside player in organized crime circles with close ties to the likes of Bugsy Siegel and Meyer Lansky.⁵⁹ During this period, Hill "became intimate with a number of Mexico's top politicians, army officers, diplomats, and police officials," which likely facilitated the activities of her friends in the underworld.⁶⁰ Hill was also particularly close to the Chicago Outfit during this time, the significance of which will become clear shortly.

As mentioned above, Mexico had become an important base of operations for the drug smuggling network of Costello and Carolla. Given their ties to Meyer Lansky, it is certainly possible that Hill's own appearance in Mexico was connected to these earlier activities. Importantly, Mexico had also become a vital transshipment point for the KMT's own drug trafficking during this same period. Does the presence of Margaret Chung alongside Hill, then, suggest that the KMT's drug operations in Mexico directly intersected with those of Lansky and his milieu? Given the history of Lansky associates working with the KMT and the Green Gang, it is certainly possible, if not likely.

The structure of this apparently intricate network can be developed further when considering that Civil Air Transport, one of the successors to the Flying

Tigers, was, by 1960, flying in and out of Laotian territory controlled by the Hmong tribesmen. The tribesmen were a major supplier of opium destined for refinement into heroin (the CIA's covert support for the Hmong is discussed in Chapter 5). Airstrips for CAT's flights were built by Bird and Sons, a "private engineering firm" controlled by "the CAT representative in Bangkok," William H. Bird.⁶¹ Bird was the cousin of Willis Bird of the OSS and of Helliwell's SEA Supply.

There was also the case of Helliwell himself. By this point, he had become a prominent player in Republican politics. He was, for example, a delegate for Dwight Eisenhower as he strove to clinch the Republican Party presidential nomination. Helliwell had also been a leader in the Florida chapter of Citizens for Eisenhower. That chapter was subsequently accused of "being taken over by professionals who refuse[d] to work with the regular GOP leaders and who are accountable to no one for the finances they collect."⁶² Members of this cadre of operators aside from Helliwell included Curt Landon and James Guilmartin. Together, these three men were tightly-connected co-conspirators amassing unaccountable power:

Landon is a substantial client of Helliwell's law firm; Guilmartin is a partner of Helliwell's and Guilmartin is married to Landon's daughter. We find these men closely allied by business and marriage who, if their plan succeeds, will find themselves in a position of enormous power in Florida and responsible to no recognized Republican authority.⁶³

While Helliwell was making waves in the world of politics and in the world of covert operations, he was also making a foray into the world of Florida insurance. He was the consul for, and later secretary, then chairman, of American Bankers Life Assurance, located in Miami. Importantly, Helliwell utilized the offices of American Bankers Life as the hub for many of his activities. The Florida Thai consulate, for instance, was located at the same address as the insurance company – as was SEA Supply.

In addition to this important CIA linkage, American Bankers Life also shared important connections – one of which was Helliwell himself – with Miami National Bank. Founded with a loan from the Teamster pension fund, Miami National "was identified in 1969 as having served between 1963 and 1967 as a conduit through which 'hot' syndicate money was exported by Meyer Lansky's couriers and 'laundered' through the inter-locking Exchange and Investment Bank

in Geneva.”⁶⁴ The importance of Lansky’s Geneva bank will be discussed in Chapter 3.

Helliwell’s ventures, and specifically his banking endeavors, were probably related to the flow of heroin that originated as KMT opium and then passed through the hands of American organized crime figures. In his book *Hot Money and the Politics of Debt*, offshore banking expert R.T. Naylor writes that “South Florida is ... a major refuge for Latin American flight money, which pours into the Florida banking system and local real estate. The flight capital-into-real estate business is an old one. In the 1950s and 1960s, Kuomintang money from Thailand and Burma came via Hong Kong to be washed in Lansky-related property firms.”⁶⁵

THE SUPERMOB

The global drug trade is a massive business, and the offshore banking system that enables it is even bigger. Although most imagine drug networks, their controllers and their users as existing on the fringes of society, in reality, the massive amounts of capital that result from the production and distribution of illicit drugs occupy a central place within the global economic system. Consider a statement made in 2009 by Antonio Maria Costa, who was then the head of the UN Office on Drugs and Crime. According to Costa, proceeds from the drug trade were an important source of liquidity for cash-starved banks at the height of the 2008 economic crisis. The amounts absorbed by the banking system were enough to prevent some banks from collapsing: “Inter-bank loans were funded by money that originated from the drugs trade and other illegal activities.... There were signs that some banks were rescued that way.”⁶⁶

In 2000, *Le Monde Diplomatique* suggested that the global drug trade was a billion dollar a year business – an incredibly low estimate. Seventeen years later, the Global Financial Integrity Project estimated that worldwide drug trafficking revenue stood somewhere between \$426 to \$652 billion annually.⁶⁷ In the same report, the overall revenue of illicit activities was posited to be \$2.2 trillion. The UN Office on Drugs and Crime, meanwhile, estimated that money laundering activities – encompassing the washing of illicit drug revenue and more – make up anywhere from 2 to 5% of global GDP, at around \$800 billion to \$2 trillion.⁶⁸ This, again, is almost certainly a conservative estimate. In 2012, \$21-\$32 trillion

was estimated to be sloshing through the offshore banking system.⁶⁹ This number would have only increased in the wake of the earlier 2008 financial crisis.

When such immense sums of money are being generated, it isn't left to idle in bank accounts in the Caymans, Bermuda, the City of London, or wherever. The end destination of a money washing process is to transform dirty money into seemingly-clean investment capital. Journalist Michael Ruppert, in his book *Crossing the Rubicon*, cites cases where companies have tapped illicit money flows in order to borrow money at a lower interest rate than they would receive from major banking institutions.⁷⁰ The conversion of dirty or hot money into "credit capital" (capital that begins as a line of credit issued by a lending institution) is made easier by bank secrecy laws in tax havens, which makes it possible for legitimate and illegitimate pools of capital to intermingle freely.

Catherine Austin Fitts and Chris Sanders have gone even further by suggesting that there is a positive correlation between the upwards trajectory of stock market performance and the consistent ballooning of the drug trade. While there are a number of factors that impact stock market performance – such as easy money injected into the economy by the central banks of various countries – Fitts and Sanders write that:

It may seem strange to think of a positive correlation between narcotics trafficking and the stock market, but consider ... the proceeds of crime need to find a way into legitimate, that is, legal, channels or they are worthless to the holders. If one further imagines that the banking system earns a fee of one per cent for handling this flow (rather low considering that money laundering is a seller's market) then the profits for banks from this activity are of the order of \$5 to \$10 billion. Applying Citigroup's current stock market multiple of 15 or so to this yields a market capitalisation of anywhere from \$65 to \$115 billion. One can thus readily see the importance of the illegal drug trade to the financial services industry.⁷¹

Another tactic for washing money is the "capital-into-real estate" operations that Naylor referred to in relation to KMT drug money flows in Florida. Indeed, it seems that the explosive growth of the world economy in the decades following World War II opened up countless investment opportunities where the funds from drugs and other sources of capital for organized crime would be socked away. It was this period, after all, that saw the great ballooning of real estate markets and the high tech industry, along with the modern tourism industry that spawned everything from destination resorts in "exotic" locales to the sparkling lights of Las Vegas casinos.

In his book *Power Shift*, Kirkpatrick Sale argues that the **post-war** era was characterized by a rising “Southern Rim” that came to confront the traditional seat of American economic and political power in the north-east. The Southern Rim was made of the southern states, portions of the Midwest and the Sunbelt – a large expanse that stretched from Florida to California. The Rim’s ascendancy, he argues, was connected to the opening up of vast real estate opportunities, related in part to tourism and retirement, to the oil and gas industries, and to the delirious growth of defense-related industries under the new Cold War paradigm.

Sale suggests that organized crime, so often associated with the American northeast, found a remarkable range of new opportunities in the Southern Rim, thus propelling these networks to previously inconceivable heights of power and influence. The blossoming trade of opium and heroin, clearly spurred and protected by the CIA, fit snugly into these series of developments. Sale writes that:

Smuggling – especially of heroin, in which the trade grew steadily more lucrative after the opening up of Asia’s golden triangle in 1948 – tilted to the South, taking advantage of the enormous Rim coastline and the porous Mexican border, along which whole networks of “Latin connections” and “Mexican connections” were developed.... And everywhere in the booming Rim, millions of dollars were placed in legitimate investments, chiefly in those high-risk operations where venture capital is hard to come by – oil exploration, for example, and land speculation – and in those large-scale businesses where sizable amounts of capital are necessary – corporate farming, for example, technological manufacturing, and, above all, real estate development.⁷²

The observations and arguments made by Kirkpatrick Sale, Michael Ruppert, and Catherine Austin Fitts neatly dovetail with the complicated yet organized history detailed by Gus Russo in his book *Supermob*. The term “Supermob,” per Russo, refers to a close-knit circle of Jewish and Italian mobsters and businessmen who arose in the corruption-ridden corridors of Chicago and who then installed themselves in California and elsewhere. What makes the “Supermob” unique is that it was particularly stark and fairly unmasked example of how criminal networks, political power, and “legitimate” commercial activity mixed together in the period of explosive economic and cultural growth in the wake of World War II.

A key player in this group was Jake Avery, who started off as a political fixer in Chicago’s 24th Ward. He acted as a precinct captain, and managed to swing the dominant political orientation of the ward from the Republican to the Democratic

Party. He was later praised by Franklin D. Roosevelt for his efforts to make his district “the best Democratic ward in the country.”⁷³ By 1928, Avery was the ward chairman – and a budding associate of organized crime. He forged an alliance with the gangster Al Capone, and the two worked together to elevate Anton Cermak to the mayor’s office.

On the business side of things, one of Avery’s closest associates was Henry Crown, who later became a major figure in the Hilton hotel company, the dominant controlling interest in the major defense contractor General Dynamics, and the owner of the Empire State Building. He subsequently sold the iconic building to Lawrence Wien, a New York City lawyer and real estate developer who was helping manage the assets of the Desert Inn in Las Vegas, which was controlled by mobster Moe Dalitz and, as will be noted in Chapter 4, tied up with the affairs of the infamous lawyer Roy Cohn.

Crown was also in business with David G. Baird, who ran a trio of foundations closely tied to organized crime and that moved CIA money. David Baird and his foundations will also be discussed in Chapter 4. Crown’s son, Lester, would later join the “Mega Group,” which was co-founded by Leslie Wexner and Charles Bronfman in 1991 and is discussed in detail in Chapter 14.

Henry Crown’s business empire first began with his company Material Services Corporation, a supplier of concrete and other materials for construction companies. During World War II, Crown took leave from Material Service to serve in the Army Corp of Engineers. During this same period, the company benefited greatly from Crown’s relationship with Jake Avery. As Russo writes, Avery, who had also joined the armed services, “managed to become, with no small thanks to friends in the Roosevelt administration, the overseer of countless international post exchange (PX) facilities on military bases. Soon, the military was supplying these PXs with goods purchased from buddy Col. Crown’s Material Service Corporation.”⁷⁴

In 1959, Material Services Corporation merged with General Dynamics, which – at the time – was a producer of bomber aircraft, ballistic missile systems and other cutting-edge technologies for the American military. Crown received 20% equity in the company, making him the controlling stakeholder, and his right-hand man, Patrick Hoy, was installed as vice president of the corporation. Hoy had earlier been president of the Hotel Sherman in Chicago, a popular watering hole for various denizens of the city’s organized crime community.⁷⁵ Since

General Dynamics' board was populated by a cross-section of individuals tied to the Cold War military and intelligence structures, this chain of ownership and associates is a surprisingly straightforward instance of mutual collusion between these spheres and the criminal underworld. In 1966, after leaving General Dynamics, Hoy became vice chairman of the Penn-Dixie Cement Company – the CEO of which, Jerome Castle, “was an admitted ‘old friend’ of New York crime boss Frank Costello.”⁷⁶

Avery, Crown, and Hoy were all close to an important Chicago lawyer named Sidney Korshak. The Korshak family had grown up with the Averys, and just like Jake Avery, Sidney Korshak forged an early working relationship with Al Capone. Even before he was officially an attorney, Korshak's side gig, while he was in law school, had been to act as an advisor to the infamous gangster. His subsequent law partner, Edward King, was the “lawyer for Capone's heir Frank Nitti,” before setting off for “greener pastures in New York,” where he worked for Meyer Lansky himself.⁷⁷ Lansky and Korshak also did business together, as partners in the Acapulco Towers Hotel. Notably, the magazine *New West* stated in 1976 that Korshak was the “logical successor to Meyer Lansky.”⁷⁸

Like Crown's business associate Lawrence Wein, Korshak had ties to mobster Moe Dalitz's circles. According to Russo, Korshak lent his considerable legal talents to helping arrange frontmen for organized crime interests in Las Vegas hotels and casinos. “[T]he hoods,” he writes, needed owners of record whose IRS statements reflected legitimate wealth. The obvious first choice was ... Moe Dalitz.”⁷⁹ Dalitz, his criminal background, and his webs of associations will be discussed mainly in Chapter 4.

Another associate of the “Supermob” was Julius Caesar Stein, an “ophthalmologist and musician” that abandoned “his medical career to book dance bands and singers into speakeasies and nightclubs on Chicago's South Side.”⁸⁰ In 1924, he founded the Music Corporation of America (MCA) as an umbrella company for his booking efforts; reportedly, Al Capone owned a secret piece of the company. While this cannot be confirmed, it is true that Capone and Stein had a cozy relationship, with the gangster ensuring that Chicago's bars, clubs, and music halls directed their business towards Stein and MCA.⁸¹

In 1936, Stein brought a man into the MCA fold who would go on to fundamentally shape the character and direction of the American entertainment industry forever – Lew Wasserman. Unsurprisingly, Wasserman already boasted a

background in mob circles: he had been the publicist for Cleveland, Ohio's Mayfair Casino, which was controlled by Moe Dalitz's network. Dalitz and Wasserman maintained life-long ties – Wasserman would even marry Edith Beckerman, the daughter of Dalitz's lawyer, Henry Beckerman.⁸² Wasserman knew Beckerman from his days at the Mayfair Casino: Beckerman's name was listed on the club's liquor license.⁸³ Wasserman's and MCA's connections to organized crime are discussed in greater detail in chapters 9 and 10.

Soon, the Chicago mob began its slow creep into Los Angeles, moving into Hollywood and adjacent industries. The man who started off their advance was Johnny Roselli, who would later land in Las Vegas as the Chicago mob's frontman in the casino business. He was placed in charge of skimming operations, which, as will be discussed in Chapter 3, moved money into offshore banks in the Caribbean that were themselves controlled by representatives of Meyer Lansky. Perhaps it was his intimate familiarity with this world that helped Roselli become the CIA's mafiosi of choice when it came to recruiting organized crime figures for its covert assassination plots against Fidel Castro in Cuba.

Through the operations that took shape in California, massive amounts of illicit money began to be dumped into "above-board" industries. Real estate was a particularly hot commodity, and the architect of many of the investments made by the "Supermob" was a protégé of Avery and Korshak named Paul Ziffren. Ziffren's granddaughter would later marry Lew Wasserman's grandson, later bringing these families even closer together. Ziffren acted as the LA representative of Hilton Hotel interests, and he was the source of the seed capital that launched Store Properties Inc., a real estate holding company whose ostensible owner was a man named Sam Genis. Genis was most likely a conduit for enabling the flow of organized crime money into real estate. Per Russo, Genis was:

... a known associate of mob bosses Longy Zwillman, Doc Stacher, Frank Costello, Joey Adonis, and Meyer Lansky. Genis' criminal record showed that he had been arrested for bad checks in Florida, embezzlement in New York, and mail fraud and securities law violations in Georgia.... By 1957, Store Properties had bought thousands of acres of land in over three hundred transactions worth \$20 million in Los Angeles alone. When Store's other California purchases are factored in (in San Bernardino, Fresno, Oakland, and San Francisco), the estimate approaches \$100 million. Then there were the additional investments in such states as Arizona, Utah, Colorado, Oklahoma, Florida, Illinois, and New York.⁸⁴

Genis, interestingly, was the member of an organized circle of businessmen who helped provide the start-up capital for the Committee on the Present Danger

(CPD), an early Cold War-pressure group set up to build public support for the militarization plan that had been drawn up by NSC 68. NSC 68 was a National Security Council policy paper that called for the remarkable expansion of the US' military budget. Naturally, the CPD counted among its members many representatives of defense contracting companies, a field that, as noted above with the case of Crown, Hoy, and General Dynamics, was becoming increasingly infiltrated by elements of organized crime.

The organizers behind this California group (CPD) were the movie producer Samuel Goldwyn and industrialist Floyd Odlum. Odlum, a shadowy figure who is now largely forgotten, was the man behind the towering Atlas Corporation, through which he invested heavily into a vast array of aviation companies, film studios, real estate, and natural resources. Atlas Corporation would later gain lucrative government contracts; in particular for its interests in uranium mining inside the United States and abroad. Odlum's interests were certainly diverse: through Atlas, his money seeped into Hilton hotels, into the United Fruit Company, and into Pan Am. Atlas also controlled Convair, the aircraft manufacturer and defense contractor, which it sold to General Dynamics in 1953. As part of the deal, Atlas received large amounts of General Dynamic stock and a representative on the company's board. Odlum and Harry Crown, in other words, were directly affiliated.⁸⁵

Other associates of the California group backing the formation of the CPD were a number of film industry figures, including future president Ronald Reagan. Reagan was a MCA man through and through, having been represented by the company when it bought out the agency that had previously represented him in 1940. "Based on the success of King's Row in 1942," wrote Dan Moldea in his book on MCA, *Dark Victory*, "[Lew] Wasserman renegotiated Reagan's contract with Warner Brothers, obtaining a deal that paid Reagan \$3,500 a week for seven years. The deal gave Reagan the distinction of being Wasserman's first 'million-dollar client.'"⁸⁶

As will be noted again in Chapter 10, the rise of Reagan to the heights of political power in the United States was facilitated in large part by Wasserman and MCA. At the same time, Reagan was vital to the survival and success of MCA in Hollywood. At the behest of Wasserman, Reagan ran for, and won, the presidency of the powerful Screen Actors Guild (SAG). At the time, Reagan was also acting as an FBI informant, reporting to the bureau on leftists in Hollywood. Once in

charge of the SAG, Reagan began to change the rules to benefit his benefactors. SAG had previously restricted companies like MCA – that is, talent agencies – from becoming producers. However, in 1952, Reagan granted the company a special waiver. MCA thus gained “an insurmountable edge over competing agencies in Hollywood” and “began to exponentially increase its hold over the entertainment industry.”⁸⁷

Later, when Reagan secured the governorship of California in 1966, MCA’s hidden hand was again lurking in the background. The co-chairman of his campaign was Taft Schreiber, the long-running vice president of MCA, while the company’s founder Jules Stein went to work arranging funding. According to Moldea, a “standing joke in Hollywood was that ‘MCA even had its own governor.’”⁸⁸ MCA had actually hedged its bets in that election. Running against Reagan was the incumbent Pat Brown, who was being backed by Wasserman and Korshak. Henry Denker, a playwright and producer with numerous Hollywood connections, stated that:

MCA was divided into two groups. There was a Democratic group and a Republican group. They always wanted to have a hand in the White House, no matter which party was there. When Reagan was doing the General Electric show, somebody came up with the idea that he would promote GE to the plants, make visits. These appearances were very successful. They saw how the workers loved him, and somebody at MCA said, ‘Hey, he could be governor of the state.’ In show business you go with what’s working – that’s an old maxim.⁸⁹

After being defeated by Reagan, Pat Brown took a directorship at Investors Overseas Services (IOS), an international mutual fund with connections to Meyer Lansky. He had been brought to the fund by James Roosevelt, one of the sons of former President Franklin D. Roosevelt. James, it seems, had organized crimes ties of his own, as he had done business with Store Properties, the mob-controlled real estate company that had been set up by Ziffren and Genis. Also partnered alongside Roosevelt in Store Properties was James Swig, who would serve earlier as “Pat Brown’s statewide finance chairman in his successful California gubernatorial campaign.”⁹⁰

The Roosevelt boys seemed to have a penchant for fostering ties to the underworld. James’ brother, John Roosevelt, had arranged for Jimmy Hoffa to get a job at Bache & Company, a New York City securities and stock brokerage that “handled about 25 percent of the [Teamster Pension’s] funds \$160 million dollar investments.”⁹¹ The president of Bache & Co., incidentally, was Frank T. Ryan, a

veteran of the OSS, who was partnered with the spymaster William Donovan and other veterans of US and British wartime intelligence in the World Commerce Corporation (WCC). WCC itself was capitalized by a handful of firms, including Bache & Co. itself and Floyd Odlum's Atlas Corporation, which was represented on the WCC board by Odlum's brother-in-law, L. Boyd Hatch.⁹²

With this set of ties, the specter of intelligence connections begins to emerge once again. It is no surprise, then, that there is a direct line running from the Chicago-Los Angeles "Supermob" to the networks that were simultaneously being organized by Paul Helliwell.

KINGS OF THE CASTLE

On the forty-fifth page of the most-well known of Jeffrey Epstein's two black contact books are the names and numbers of two individuals from the same prominent Chicago family: Nicholas and Thomas Pritzker. Epstein listed two addresses, five phone numbers and one email address for Nicholas; for Thomas, he had two addresses, one email, and twelve phone numbers ranging from his main office number to his farm to his emergency contact line. Under Nicholas Pritzker, Epstein placed the name "Hyatt Development Corp" – the Hyatt hotel company had been taken over by the Pritzker family late in the 1950s – while under Thomas he cryptically noted "Numero Uno."

The Pritzkers have long been a potent force in local, state and national politics. Penny Pritzker, a cousin to Thomas (and a board member of the Council on Foreign Relations), had met Barack Obama in the early 1990s, and the future president's political career has long relied on lucrative donations made by her and her family. Obama repaid his debt by making Penny Pritzker a member of the President's Economic Recovery Advisory Board. During Obama's second term, Penny was nominated – and confirmed – as his Secretary of Commerce.

Penny's brother J.B. Pritzker, meanwhile, served as the co-chair of Hillary Clinton's 2008 campaign before working to broker an agreement between Clinton and Obama. In 2019, he was elected Governor of Illinois. The third sibling, Anthony Pritzker, has avoided taking public office, but maintains a post on the advisory board of the Center for Asia Pacific Policy at the RAND Corporation.

Travel up the family tree and one begins to find that the Pritzker family's wealth and influence might have originated in darker corners. Take Abram

Nicholas Pritzker, grandfather to Nicholas, Thomas, Penny, J.B. and Anthony. One of three sons of Nicholas J. Pritzker, Abram had worked with his brothers at the family law firm, Pritzker & Pritzker, where he specialized in business law. In the 1930s, he decided to dip into the world of business himself, and he and his brother Jack invested in a string of companies across Chicago. One of these was Hyatt, which would help the family secure lasting influence. As was the case with Henry Crown, the Pritzkers had to deal with the Hotel and Restaurant Employees Union – where Sidney Korshak was the labor negotiator.

Then, there was the case of the Frontier Finance. As Gus Russo writes:

Jack Clarke, a renowned Chicago private investigator, recently recalled what he heard on the streets: “Frontier Finance was used and owned by the Pritzkers as a holding company and is believed to be the secret to the origins of the family’s involvement with criminals. Pritzker lent to immigrants ‘five for seven,’ or five dollars lent against seven dollars repayment with interest. It was started on the West Side and the Pritzkers let the mob run it for them. This company office was where the mob held their meetings.” Frontier Finance was a state-licensed loan company, with a number of legit investors, such as the postmaster of Chicago, a former chairman of the Cook County Republican Party, and a retired Chicago police captain. But curiously, the president of the firm was Frank Buccieri, brother of the notorious Fiore “Fifi” Buccieri, one of the Outfit’s top gambling bosses and a dreaded “juice” collector.⁹³

Another Abram Pritzker venture was the Franklin Investment Company, which later went on to dominate the hotel business in Columbus, Ohio. It had been set up with the aid of Paul Ziffren, who acted as a partner in the venture. Joining them was a friend of Abram named Arthur Greene. Described by the Chicago Crime Commission as the “brains of all the Chicago rackets,” Greene – a close associate of the aforementioned James Roosevelt – was reported to have facilitated investments on behalf of Meyer Lansky. Additionally, “Greene somehow figured in the California expansion of Jules Stein’s MCA, through a relative named Edwin Greene” – a vice president at MCA.⁹⁴

The Pritzker family employed Burton Kanter to serve as the tax attorney for their burgeoning empire, and Kanter gained a spot on the Hyatt board. Kanter would, in time, boast connections to powerful operatives from international criminal networks – not to mention the CIA and Israel’s Mossad. Yet, earlier on, Kanter received massive kickbacks from Abram Pritzker after Kanter arranged for the family to take over a San Francisco hotel built by Prudential Financial (Kanter, in characteristic fashion, opted not to pay any taxes on his gains).⁹⁵ As part of the deal, Kanter had arranged for secret payments to be made to Prudential

executives. What's remarkable about this story is that it took several decades to unravel: Kanter and Pritzker had put this scheme in motion in the 1970s, but it was not revealed until 2007.

Kanter was deeply connected to the world of mob-linked business. In 1968, for example, he was listed as the agent for the La Costa Club near San Diego. La Costa, for all intents and purposes, was built for and by organized crime figures. Gene Ayres and Jeff Morgan, writing in the *Oakland Tribune*, noted that "La Costa's original developers include Allard Roen, who was convicted in 1962 on stock fraud charges, and Morris Barney 'Moe' Dalitz, who, with Roen, was part of the old-time Cleveland gambling crowd."⁹⁶

Ayres and Morgan then added that "Among La Costa's visitors have been Chicago 'politicians' Marshall Korshak [brother of Sidney Korshak] and Jake Avery; St. Louis attorney Morris Shenker, a legal defender of James Hoffa. ... One man who reportedly spends more time at La Costa than anyone else is Allen Dorfman, the Chicago insurance magnate who wields tremendous influence over the Teamsters Central State Pension Fund."⁹⁷ La Costa itself managed to tap into \$62 million in Teamster pension fund loans.⁹⁸ Importantly, a close associate of Kanter named Stanford Clinton – himself a partner at the Pritzker & Pritzker law firm and Hyatt board member – was a trustee for the fund.⁹⁹

Other Kanter ventures were located far from the windswept cityscapes of Chicago and the sunny, beach-adjacent plains of Southern California. He was also connected to a most curious bank located in the Bahamas: Castle Bank and Trust. When the IRS came knocking on Castle's door, Kanter told them he was merely a tax consultant to the bank. That was a lie – he was one half of the bank's top management, and he was shepherding money from his various clients into its coffers. The Pritzker family itself would later be revealed to be the bank's largest depositors, while a number of people tied closely to them maintained accounts there as well. Stanford Clinton held money in Castle, as did the actor Tony Curtis, a close friend of Sidney Korshak.¹⁰⁰ Playboy's Hugh Hefner was there as well; he intriguingly "planned to join with a Pritzker company in an Atlantic City casino venture."¹⁰¹

Castle maintained accounts for the usual crew of organized crime suspects. Morris Kleinman, Sam Tucker and Lou Rothkopf, as well as major parts of the Cleveland mob scene that surrounded Moe Dalitz, held money in Castle. However, accounts vary as to whether or not Dalitz himself had money there.¹⁰²

Kleinman, whose attorney was Kanter, was reportedly a secret co-owner in the bank. Either way, his accounts in Castle reflected his hidden interest in a company called Karat Inc., which operated the Stardust Casino in Las Vegas. The Stardust itself was owned by Lodestar Inc., a company controlled by Dalitz.

Authorities had been put on the trail of Castle Bank in 1971 after a man named Allan George Palmer and several of his associates were busted flying marijuana from Florida to Oakland, California. Palmer was subsequently revealed to have been “a major producer of LSD, mescaline, and THC” in the San Francisco Bay area since around 1968.¹⁰³ Palmer fell under the scrutiny of the San Francisco IRS office, which was then leading a program against drug money networks. That office soon discovered that the dealer had used the then-unknown Castle Bank, whose services he accessed via American National Banker & Trust Company in Chicago. Palmer, it seems, had been brought to Castle via Roger S. Baskes, Kanter’s brother-in-law and a partner in his law firm.

This was not the only LSD-related banking taking place at Castle. Accounts were also maintained by William Mellon Hitchcock, a scion of the Mellon family, who will appear again in connection with the UK’s Profumo Affair in Chapter 4. Hitchcock was one of the financial backers of the Brotherhood of Eternal Love, the so-called “hippie mafia” that produced and distributed psychedelics on an international scale.¹⁰⁴ Given that they were based in Orange County, California, it is possible that Palmer’s ring was part of their operation – though that cannot be confirmed at this time.

The San Francisco IRS requested aid from the IRS intelligence apparatus in Chicago, which promptly tracked down Castle’s information. They found a card that listed the bank’s principals, several of whom were revealed to have been fictitious characters. At the top of the list was Kanter and his partner, the other half of Castle’s management: Paul Helliwell. Alan Block writes that “Kanter and Helliwell had known each other since the late 1950s, having met while working on a deal between a Kanter client and one of Helliwell’s.”¹⁰⁵

Castle Bank was a melding of worlds. On the one hand, there was Kanter’s specialty in offshore trusts and his connections to both the city’s political power centers and the sprawl of its “supermob”. On the other hand, there was Helliwell – the Republican Party insider, intelligence veteran (and continued intelligence asset), and an offshore specialist in his own right with intimate connections to the blossoming heroin traffic coming out from Southeast Asia. Together, they

organized a complicated money laundering operation that silently moved the funds of powerful gangsters, politicians, businessmen, and intelligence services around the globe.

When Castle was first established, it was a just a paper company – a company that existed only as a legal entity, with no officers, infrastructure or business activity to speak of. It sat for three years from when it was registered in 1964 until 1967, when it was finally activated. A physical headquarters was established in Nassau and a law firm – that of a British expat living in Argentina named Anthony James Tullis Gooding – was retained. Shortly thereafter, the number of accounts at the bank began to balloon. Banking relations were then established with banks in the United States; namely, Bank of Perrine and Bank of Cutler-Ridge.

Bank of Perrine and Bank of Cutler-Ridge were small, Florida-based institutions that were intimately interconnected. They shared relationships not only with Castle Bank, but with one another as well. Both had the same chairman – Paul Helliwell – and they were also owned by the same sets of holding companies, HMT Corporation and later Florida Shares, Inc. The shares of these companies were owned by Helliwell and his circle of associates, with one being a mysterious figure by the name of E.P. Barry. Helliwell and Barry had known each other since their days together in the OSS, though the details of the particulars of their relationship are murky. Barry had spent time in the Middle East during his clandestine service, but, by the end of the war, he was serving as the head of OSS' X-2 Vienna branch (i.e. the OSS counterintelligence division).¹⁰⁶

Following the war, Barry remained in Europe and became immersed in the world of Zurich banking. Through Barry and his connection to Helliwell and HMT/Florida Shares, a number of connections can be found. As will be discussed in Chapter 3, Barry, at the same time that he was involved with these Florida banks, could also be found at the ground floor of Inter Maritime Bank, which was controlled by a close friend of future CIA director William J. Casey and a businessman-underworld operator named Bruce Rappaport (Casey, also an OSS veteran, was reportedly close to Barry as well).

Another bank, discussed in later chapters, is the Bank of World Commerce, a Lansky-controlled bank that helped move casino skim and other “hot money” funds abroad. According to Tom Farer, Bank of Perrine had banking relations with the Bank of World Commerce in addition to Castle Bank and Trust.¹⁰⁷ What was

taking shape, in other words, appears to have been an elaborate “daisy chain” of offshore banks.

One of the early ventures that Castle engaged in was a convoluted land fraud that netted millions and intimately involved Kanter. The fraud was carried out under the auspices of a company called International Computerized Land Research (ICLR). Gooding, the British-Argentine attorney who represented Castle, registered the company, and Kanter appears to have kept the company afloat financially, in addition to it using the services of Castle Bank. Thanks to the Bahamas’ bank secrecy structures, Kanter was able to obscure his position as hidden partner in ICLR.

ICLR was run by James McGowan and James Farrara, the latter of whom was a “fairly sleazy operator with a criminal record stretching back to 1926 when he was fined for running a whorehouse. He spent some time in prison in the 1930s and 1940s for violations of the Mann Act, having to do with transporting women across state lines for immoral purposes.”¹⁰⁸ ICLR was just one, albeit the largest and most complex, in a string of companies this pair had formed in order to hawk low-value California land at high price to unsuspecting investors in Europe and Asia. “The promotional material,” reads one press report, “lists Nassau, Okinawa, Hong Kong, Zurich, and Munich as sites of real estate agencies representing ICLR.”¹⁰⁹

Like Kanter’s elaborate kickback schemes on behalf of the Pritzkers, authorities took decades to untangle the web left by ICLR. When indictments were finally brought against McGowan and Farrara in 1982, the *Los Angeles Times* reported that the duo stood accused of running a “far-flung land sales empire” that defrauded “buyers of more than \$15 million over a 17-year period. ‘The \$15 million is a very conservative number,’ said Assistant U.S. [Attorney] Gary Feess.”¹¹⁰ Given that Kanter and his associates effectively structured ICLR, provided it with financing, took a financial stake in the company, and provided it with banking services, there are obvious questions as to the ultimate purpose – and destination – of this pilfered money.

Castle Bank wasn’t only a repository and conduit for money belonging to tax-evading billionaires, shady businessmen, drug dealers and land fraudsters. It seems some of their other clients wielded a different kind of power that helped grant the bank its knack for evading official inquiry. First, a sweeping IRS probe into Castle that had unearthed an expansive network dedicated to tax evasion was shut down.

In addition, the list of names of Castle clients investigators had obtained was declared to have been found through illegal means. Then, a Department of Justice probe into the bank was dropped in 1977. Three years later, in 1980, the real circumstances of this obstruction were revealed:

It now appears that pressure from the Central Intelligence Agency, rather than any legal problem, was what caused the Justice Department to drop what could have been the biggest tax evasion case of all time. Moreover, the supposed legal obstacle to using the Castle Bank Depositors' list was questionable at best – the government already had in its possession the same list, legally obtained – What caused the Justice Department to back off seems to have been the CIA's argument that pursuit of the Castle Bank would endanger “national security.”¹¹¹

According to an unnamed Federal source, Castle Bank was “one of the CIA's finance channels for operations against Cuba.” Helliwell – and presumably Castle – was purportedly involved with the Agency in “financing a series of covert forays between 1964 and 1975 against Cuba by CIA operatives working from Andros Island,” one of the many islands located in the Bahamas not too far from Florida's southernmost coastline. Declassified CIA files show that, going back to the pre-Bay of Pigs invasion era, Andros was used as a staging ground for the CIA's cadres of Cuban exiles that the Agency had armed and trained to fight against Castro. Later, in the 1980s, Andros would serve as one of the transshipment points for Colombian cocaine flowing into the United States by way of Nicaragua. Involved in this particular channel was a figure who will be addressed at length in future chapters, Robert Vesco.¹¹²

Endnotes

- 1 Alfred W. McCoy, *The Politics of Heroin: CIA Complicity in the Global Drug Trade: Afghanistan, Southeast Asia, Central America, Colombia*, Rev. ed (Chicago: Lawrence Hill Books: Distributed by Independent Publishers Group, 2003), 31.
- 2 The role of Haffendon is discussed at length in Rodney Campbell, *The Luciano Project: The Secret Wartime Collaboration of the Mafia and the U.S. Navy* (New York: McGraw-Hill, 1977).
- 3 McCoy, *The Politics of Heroin*, chap. 1.
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CHAPTER 2

BOOZE AND BLACKMAIL

THE WHISKY MEN

Per his own account, Samuel Bronfman had never planned to become one of North America's top liquor magnates, having previously aspired to a career in law. Nevertheless, true to his family's last name, which means "whisky man" in Yiddish, he and his brothers went on to build a liquor empire that would rocket the Bronfmans into the upper echelons of the Western business elite, though the road they traveled to get there was hardly elegant.

While the Bronfmans are now remembered as scions of Canada's upper class, this was certainly not the case when Samuel's parents – Mindel and Yechiel Bronfman – brought the family to Canada from Bessarabia, now part of modern-day Moldova and Ukraine, in 1889. They had left as part of a wave of Jewish immigrants fleeing the anti-Semitic pogroms of czarist Russia, leaving behind a somewhat profitable tobacco farming business.

In Bessarabia, they had been relatively well off and had emigrated to Canada along with two of their servants and their personal rabbi. However, Canada, particularly Manitoba where the Bronfmans eventually settled, was poorly suited for tobacco farming, forcing Yechiel to labor on Canadian railroads and in sawmills before moving into the sale of firewood and the trading of livestock and fish. It would be their trading of horses that would eventually lead them to begin work in the hospitality sector and, subsequently, the liquor business.¹

The Bronfmans' beginnings, particularly following their arrival in Canada, stand in such stark contrast to their current reputation that even Sam's sons, Edgar and Charles, were kept in the dark by their own father regarding the family business' early days. "He would never tell us any of the early history," Edgar Bronfman would later remember of his father. A Bronfman biographer – former senior editor at *The Economist*, Nicholas Faith – would also write that "underlying the family's riches was a deep sense of shame as to their origins" and that Sam's generation had "shared an

absolute refusal to tell their offspring anything about their life before their arrival in the Promised Land,” i.e., Canada.

Part of the reason for this secrecy, even within the family and between father and son, was likely related to the personal struggle of many immigrants, some of whom choose to turn their back on their lives prior to immigrating and strive to establish and prove their connections to the new land in which they find themselves. Indeed, Sam Bronfman went to great lengths to do just that, publicly claiming for much of his late life that he had been born on March 4, 1891 in Brandon, Manitoba, Canada, obfuscating both his real date and place of birth – February 27, 1889, Bessarabia.² Michael Marrus, one of Bronfman’s more sympathetic biographers, would write that Sam Bronfman never truly “abandoned his enthusiastic identification with the country in which his career began, and [his attempts to obfuscate his place of birth] is perhaps the most significant indication of his obsession with the respectability he associated with Canadian citizenship.”³

While Sam Bronfman was undoubtedly ill at ease with his status as an immigrant, there is another factor that may explain his unwillingness, and that of his seven siblings, to discuss the family’s “early days” and, specifically, the chain of events and eventual alliances with unsavory characters that would lead them to the top of Canada’s business elite.

At some point in the early 1890s, as he sampled spirits in a dingy saloon after selling off some horses, Yechiel Bronfman mulled the merits of leaving behind a life of hard labor in favor of the intertwined businesses of hospitality and liquor sales. Sam Bronfman would later claim that it was actually he who had convinced his father to move into hospitality and bartending, though most biographers doubt this, given Sam’s age at the time.⁴ Regardless, it would be over a decade before the Bronfman family patriarch and his eldest sons managed to scrape together the funds necessary to realize Yechiel’s dreams.

The Bronfmans had saved enough money to lease their first Canadian hotel, the Anglo-American Hotel in Emerson, Manitoba, by 1903.⁵ Soon, they acquired several more hotels in Yorkton, Saskatchewan and later in Winnipeg and beyond, building a small yet profitable network of hotels prior to the onset of World War I. The dramatic shift in the family’s fortune was largely thanks to the business acumen of Sam’s brother Harry, who managed to stave off the financial damage and legal trouble caused by the gambling and other “unseemly” habits of their older brother, Abe.

Sam Bronfman formally joined the new family business in 1907, though he would later regale some of his biographers with tales of how he had been the original “dynamo” behind the family’s success in hospitality, despite considerable evidence to

the contrary. What is notable, however, is the fact that, not long after Sam formally became involved in hotel management, the family's hotels were targeted by a series of unfortunate accusations, including when they went to renew their liquor license in Yorktown in 1908. Locals had alleged that the Bronfmans were guilty of violating local liquor laws and condoning illegal gambling in their inns.⁶ The latter is particularly likely given the well-known gambling habits of Abe Bronfman, which were known to have threatened the family business on more than one occasion.

The same year that Sam joined the family's hotel business, the organization that would eventually bring "Prohibition" to Canada also emerged, the Social and Moral Reform Council. A joining of the leadership of various Protestant churches, the Women's Christian Temperance Union, the Royal Templars of Temperance and other like-minded groups, the Social and Moral Reform Council was born out of a far-reaching Protestant religious movement of the period, known as the "Social Gospel" movement, that sought to "fight social evils," particularly those caused or exacerbated by rapid urbanization and industrialization.⁷ For groups like the Social and Moral Reform Council, liquor quickly became a main target.

The Council and its allies managed to successfully appeal to many Canadians, both those who shared and lacked their religious zeal, as bars and saloons were often disliked for other reasons aside from their "moral depravity," such as their often far-reaching stench and the fact that around a third of criminal prosecutions at the time were related to drunkenness.⁸ Though the Temperance movement in Canada deeply divided its population, it got the boost it needed to become common policy with the onset of the First World War.

In Canada, Prohibition was initially a provincial matter, with a handful of provinces having enacted Prohibition laws prior to the war. Yet, once the curtain of war had fallen, many Canadians came to believe that banning the sale, trade and manufacture of alcohol would aid the war effort. As a result, most Canadian provinces enacted some sort of alcohol ban prior to Canada's short-lived federal ban, enacted near the end of the war in 1918 and expiring a year after hostilities ended.⁹ The impact of Prohibition on Canada's liquor industry was substantial and felt long after it was repealed, with 75% of its breweries having closed by 1928. However, Prohibition was conveniently fortuitous for some, the Bronfmans chief among them.

Given the provincial nature of Prohibition in Canada prior to its brief stint as a federal policy, the differences between the Temperance laws of various provinces provided numerous loopholes that the Bronfmans were able to exploit to great effect. So successful were the Bronfmans at aptly working in the gray area of the varied and often temporary gaps between provincial laws that author Peter Newman remarked in

his biography of the Bronfmans, *Bronfman Dynasty: The Rothschilds of the New World*, “Sometimes it almost seemed that the American Congress and the Canadian federal and provincial legislatures must have secretly held a grand conclave to decide one issue: How they could draft anti-liquor laws and regulations that would help maximize the Bronfman brothers’ bootlegging profits.”¹⁰

In one example, during World War I, the three eldest Bronfman brothers (Abe, Harry, and Sam) exploited the fact that Manitoba and Ontario, while prohibiting the sale of liquor within the province, allowed alcohol to be imported. The brothers set up several mail-order liquor businesses throughout these two provinces and profited handsomely, that is until the ban on interprovincial trading would go into effect in 1918 with federal Prohibition.

However, federal Prohibition also came with a loophole, which allowed alcohol to be sold for “medicinal purposes.” This prompted Harry Bronfman to create a wholesale drug company that permitted him to import alcohol in bulk and provide it to area pharmacies. He placed its offices next door to one of the family’s ritzier hotels, the Balmoral, and its business model involved offering doctors a bonus for each liquor prescription they wrote if that prescription was fulfilled by a pharmacy whose liquor was furnished by the Bronfmans.¹¹

Canadian writer Mordecai Richler would later allege that the initial license for Harry’s new enterprise, named the Canada Pure Drug Company, was acquired by a well-placed bribe to a prominent politician.¹² Other family biographers, like Michael Marrus, called the firm “a thinly disguised liquor outlet that soon pumped more whiskey into retail drugstores than any other wholesaler in Saskatchewan.”¹³ The company also benefitted from the corruption of the province’s liquor commission, which allowed a percentage of the liquor it seized to be sold back to Harry Bronfman, who then resold it at an exorbitantly marked-up price.

Subsequent government investigations that were part of a Royal Commission would further allege that the Bronfman family “drug” company was “never engaged in the drug business, but confined its activities to the sale of alcohol in the western provinces,” adding that the company imported hundreds of thousands of gallons of alcohol from the United States.¹⁴ Out of the Bronfman brothers, it had been Sam who was sent to travel across Canada and the United States, which allowed him to build a vast network that included numerous American and Canadian distilleries and bootleggers. This network would, in a few years, prove essential to the Bronfmans, especially Sam, once Prohibition arrived in Canada’s southern neighbor, the United States.

THE MANY FRIENDS OF MR. SAM

Beyond the complicity of corrupt officials and doctors, a driving force behind the Bronfman family's Prohibition era success was their ties, forged by Sam, to the Hudson's Bay Company, long a dominant force in Canada's economy backed by the political and economic elite of England since its founding in the 1600s. According to Nicholas Faith, Hudson's Bay Company "trusted him [Sam] implicitly after he had refused to make any profit on a couple of thousand cases of Dewar's whisky that Hudson's Bay wanted to buy back from him." However, in the cutthroat and often extremely violent world of bootlegging in Canada, "implicit trust" was unlikely to have been granted from just a single act.

More likely was the fact that Hudson's Bay Company had long been the dominant force in Canada's liquor industry and had every intention of continuing to operate its liquors business during Prohibition. The Bronfmans were sure to have caught their attention early on, not just through their mail order business, but because Harry Bronfman had quickly gained a reputation as "the king of bootleggers" who was able to easily skirt the law due to his contacts with corrupt local and provincial officials. His brother Sam sought to focus the entire family business on liquor early on in Prohibition, which would have made him a critical contact for any business seeking to clandestinely deal with the Bronfmans' sale of spirits during this period.¹⁵

The Hudson's Bay Company's import of liquor into Canada by various means during Prohibition greatly aided the business of several distillers in England and Scotland. Many of those British distillers boasted close ties to the royal family and England's political elite, like Dewar's. These companies risked losing a considerable amount of income if their ability to export spirits to Canada had been entirely cut off, especially at a time when drinking in England was on the wane. The British government itself was clearly aware of these concerns and made the promotion of exports, liquor in particular, a key policy aimed at offsetting the country's considerable war debts.¹⁶

Direct ties of the company to bootlegging in Canada emerged when British Columbia's Prohibition Commissioner, Walter Findlay, was caught engaging in and profiting from the illegal liquor trade. At his trial, the existence of "a liquor delivery service run by the Hudson's Bay Company" that sent alcohol to private addresses and spanned the nation was revealed, despite Findlay's refusal to testify.¹⁷

Whatever the real story was behind the ties that were forged between Sam Bronfman and the Hudson's Bay Company, the dominant distillers of England and

Scotland that held great sway over the company's liquor subsidiary would be critical to Bronfman's success during and after Prohibition, and he to theirs.

Soon after the conclusion of Canadian prohibition, Prohibition went into effect in the United States in January 1920. The Bronfmans, now largely under Sam's leadership, continued to import American liquor at incredible quantities, but at a much cheaper rate given that the new law had made it essentially worthless in its country of origin. That imported liquor was then mixed with raw alcohol and water. This degradation allowed the Bronfmans to ship a much larger quantity of the liquor than they had purchased back into the United States.¹⁸ Such was the story of the Bronfman family's initial entry into the distilling business.

As stock from American distilleries began to run out in 1923, the Bronfmans built a distillery near Montreal. They named their newest venture Distillers Corporation Limited, the same name as the then-unrelated and significantly more prestigious Scottish company that included the top five whisky and gin producers in the British Isles. The name the Bronfmans had chosen was no coincidence, as the "audacious" name Sam had chosen for the family's first distillery succeeded in attracting the near-immediate attention of the Scottish firm. The Bronfman family subsequently formed a joint venture with the elite of Scotland's and England's liquor industry, thereby uniting the two companies that shared the name Distillers Corporation Limited. Their union also allowed the Bronfmans to secure the exclusive rights to import many of the top brands from "across the pond."¹⁹ Roughly a decade later, in the 1930s, Samuel Bronfman purchased and built a number of distilleries in Scotland, further deepening his ties to the liquor barons of the "Old World."

The ability of the Bronfmans to secure this deal at the time likely owed to Sam's pre-existing ties to the Hudson's Bay Company, which had previously imported many of the brands united under the British Distillers Company Limited. Another potential factor was the "chance" meeting between one of the Bronfman's "middlemen," Lewis Rosenstiel, and Winston Churchill in 1922. A year later, Bronfman traveled to Kentucky, where Rosenstiel was based at the time, and purchased an ailing distillery, the components of which were then shipped North and used to create the Bronfman's first distillery.

Churchill had deep family and personal ties to the Hudson's Bay Company and, from 1919 to 1922, he was in charge of Britain's Colonial Office.²⁰ In this capacity, Churchill refused to use British authority or influence to interfere with the liquor trade in any British colony, including in British-dominated "Rum Row" where the Bronfmans were also active. Churchill argued that England was not obligated to enforce the laws of another nation, and would later call Prohibition as a policy "an

affront to the whole history of mankind.”²¹ Churchill would later emerge as a key investor in America’s post-Prohibition liquor industry, which Bronfman and Rosenstiel would quickly come to dominate.²²

As the Bronfman family’s clout in the liquor industry grew after Prohibition, Sam Bronfman would later manage to personally meet Queen Elizabeth II of England and he would even create a Canadian whisky, Crown Royal, to specifically commemorate her visit to Canada in 1939.

Five years after creating the successful joint venture with Distillers Company Limited, the Bronfman’s Distillers Corporation Limited purchased Joseph E. Seagram’s and Sons Limited and their distillery in Waterloo, Ontario. The merged company became Seagram Company Limited, or Seagram’s, and would serve as the Bronfman family’s financial vehicle, not just for their ever-expanding liquor empire, but their subsequent interests in chemicals, oil, and entertainment.

Though his British and Scottish connections were important to his and Seagram’s success, Sam Bronfman’s rise as a global liquor baron also depended significantly on the ties he had forged, often through his “middlemen,” with more unsavory actors, namely key figures in North American organized crime. Many of them still live on in American urban legend and were discussed at length in the previous chapter, including Charles “Lucky” Luciano, Moe Dalitz, Abner “Longy” Zwillman, Meyer Lansky, and members of Detroit’s Purple Gang, among others.

Much of the Bronfmans’ early involvement in bootlegging took place across the Saskatchewan-North Dakota border in “boozoriums” where their liquor could be purchased in Canada and then moved to their final destination in the United States. Yet, the murder of a Bronfman brother-in-law turned associate, and the promise of more lucrative markets for Bronfman booze soon drew their attention elsewhere.

“We were late starters in the two most lucrative markets – on the high seas and across the Detroit River. What came out of the border trade in Saskatchewan was insignificant by comparison,” Bronfman once told Canadian journalist Terence Robertson. Despite being late to the game, “this was when we started to make our real money,” Bronfman recounted.²³

The bootlegging operation of the Bronfmans would later extend far beyond the Canadian-US border, with the family establishing warehouses and fronts throughout the Caribbean and Mexico. They were encircling their main market – the United States – like prey.

Of course, with great profit came great risk, and though they avoided major legal trouble for their ties to bootlegging operations during American Prohibition, it caught up with them soon after. In 1934, the Bronfman brothers were charged with

conspiracy “to violate the statutes of a friendly country” and for evading taxes on liquor that they had exported out of Canada.

Soon after the charges were announced, Sam Bronfman allegedly ordered the destruction of thousands of documents aimed at “shielding their early operations from inquisitorial eyes” and Bronfman-owned companies tied to smuggling and their assets would mysteriously vanish. As a result, the case against the Bronfmans ran into an insurmountable roadblock and the four Bronfman brothers were acquitted on all charges by the summer of 1935. They even managed to settle with US authorities, negotiating a \$3 million settlement with the Treasury Department, a mere fraction of what they had gained during American Prohibition.

Most of Bronfman’s mob associates during American Prohibition were members of, or somehow tied to, the National Crime Syndicate. This Syndicate, described in detail in the previous chapter, was subsequently defined by the 1950s Senate investigative body, the Kefauver Committee, as a confederation of organized crime interests then dominated by the Italian-American mafia and the Jewish-American mob. During the Kefauver Committee’s investigation, some of the biggest players in the American Mafia named Bronfman as a central figure in their bootlegging operations.

Though Sam was careful to distance himself as much as possible from prominent criminals, he did have a somewhat cozy relationship with Meyer Lansky, with Lansky’s wife later recounting how Bronfman had thrown lavish dinner parties for her husband. The relationship appears to have begun in 1923 when Lansky bought Sam prized tickets to the boxing championship between Jack Dempsey and Luis Firpo in New York, likely a gesture aimed at gaining Sam’s favor, or perhaps returning one. Subsequently, Lansky would, among other things, offer exclusive protection of Bronfman’s booze shipments.

In his old age, Lansky, apparently bitter that Bronfman had managed to launder his post-Prohibition reputation into that of an “upstanding” member of North American aristocracy, would remark “Why is Lansky a ‘gangster’ and not the Bronfman and Rosenstiel families? I was involved with all of them in the 1920s, although they do not like to talk about it and change the subject when my name is mentioned.”²⁴

The ties between the Bronfman family business and organized crime may explain why some past efforts to chronicle the rise of the Bronfmans were ill-fated, particularly during Sam Bronfman’s lifetime. The first person who attempted to write a biography of Samuel Bronfman, Terence Robertson, had traveled to New York to investigate Bronfman and the then-sprawling corporate empire of Seagram’s. While in New York, he had allegedly concluded the book, but had telephoned a journalist colleague back

in Canada, distraught. In that phone call, Robertson claimed to have “found out things about Sam, they didn’t want me to write about.”

Robertson would call a second colleague, stressing that his “life had been threatened and we would know who was doing the threatening but that he would do the job himself.” After receiving the frantic call and fearing that Robertson’s life was in danger, the second journalist called the New York police, who quickly responded, only to find Robertson dying of barbiturate poisoning, to which he succumbed. Robertson’s lengthy interviews with Bronfman were never published, but still exist in manuscript form.

Subsequent attempts to author a biography of Sam Bronfman and his family’s rise to prominence also failed to make it to publication, such as the effort made by former editor of the Canadian edition of *TIME* magazine, John Scott, and another made by Canadian journalist Erna Paris. However, some books on the Bronfman family did emerge once Sam had reached old age, such as an account of the family by Peter Newman and a novel by Mordecai Richler believed to have been inspired by the Bronfmans. The Bronfmans apparently did not take kindly to their portrayal by either Newman or Richler, both of whom were Jewish, prompting the family behind Seagram’s to allege that both authors were “anti-Semitic Jews.” The Bronfman clan has always been sensitive to critical reports, given that their longstanding efforts to develop their reputation as elite “philanthropists” are marred by the evidence of the symbiotic relationship between their family business and organized crime.

THE MIDDLEMEN

Aside from these more personal ties, also crucial to the success of Seagram’s and the Bronfman family enterprise during this period were an assortment of “middlemen.” Two of these men were particularly essential to the Bronfman business – Joseph Reinfeld and the aforementioned Lewis “Lew” Rosenstiel. The two men were of extremely different temperaments, with Reinfeld being described as “a jovial, avuncular Jewish immigrant from Poland” whereas Rosenstiel was described as “loud, opinionated and domineering.”

Reinfeld served as a close advisor to Sam Bronfman as well as an important business associate as he was the principal purchaser of Seagram’s Whiskey. It was also Reinfeld who convinced Sam to “build up inventory” prior to and during Prohibition, which would help Bronfman secure a significant portion of the post-Prohibition liquor market. He also managed much of the in-person dealings with crime-linked

individuals on Bronfman's behalf, which was key to Bronfman's winning strategy to mitigate legal risks and prevent further damage to his social reputation.

The end result saw Reinfeld buy large amounts of Seagram's liquor, mainly at Rum Row, while ensuring that the Bronfmans did not have to directly deal with their final, crime-linked customers. However, in at least one instance, Reinfeld actually brought Sam Bronfman, and his family business, into close contact with a notorious mobster. By 1923, the Reinfeld syndicate was half-owned by Longy Zwillman, who Reinfeld sent to negotiate directly with Sam Bronfman. Bronfman was reportedly very impressed with Zwillman, then in his early 20s, calling him "well-behaved" and "studious looking," adding that "you'd never guess he was a *shtarker*."²⁵

Reinfeld's operation during Prohibition was massive, and massively profitable for Bronfman. Government investigators later revealed that Reinfeld had "imported nearly 40 percent of all the illicit alcohol consumed in the United States during Prohibition." Retired US Treasury agents later testified that the Bronfman family were Reinfeld's main supplier, while also alleging that much of Reinfeld's ill-gotten profits had been laundered in Canada, some of it allegedly laundered with the help of Seagram's employees. The use of Canadian institutions as laundries for Reinfeld is not only plausible but likely, given the intimate involvement of the Royal Bank of Canada in Rum Row, the same place where Reinfeld had received his shipments of Bronfman liquor.²⁶ The Bronfmans themselves were known to operate a network of shell companies, some registered to fictitious individuals and linked to a series of both domestic and foreign bank accounts. This network facilitated the family's own "elaborate money laundering operations," according to Canadian historian Stephen Schneider.

The close association between Bronfman and Reinfeld would later come back to haunt them both, particularly when Reinfeld's longtime bodyguard, James Rutkin, testified in front of the Kefauver Committee in the early 1950s. Rutkin would tell all regarding the "early days" of the Bronfman family business, including the relationships of both Bronfman and Reinfeld with mobsters like Zwillman and Lansky. Some Bronfman family biographers, like Nicholas Faith, have alleged that Rutkin sought to use his testimony in a failed attempt to blackmail the Bronfmans, threatening to reveal more if he was left uncompensated.

Among Rutkin's claims regarding the Bronfmans, several pertained to the family's hotel business in Canada that had preceded their liquor empire. Rutkin, describing the Bronfmans as "four brothers from Montreal," teased the Kefauver Committee, stating first that "if you want to find out more about the [Bronfman owned] hotels, you can ask the Canadian Mounted Police, and they will tell you about the little hotels, and

you can use your imagination.” He later added that these hotels serviced people who slept “very fast,” and that the same room would be rented “quite a few times during the night,” implying that the hotels were in fact brothels.²⁷ Several Bronfman family biographers also mention these accusations, which had dogged the family since their earliest days in the hotel business. Some believe that Sam Bronfman tacitly confirmed that this was the case many years after Rutkin first made these claims, when he remarked “If they were [brothels], they were the best in the West!”²⁸

Nevertheless, in the early 1950s at the time of the Kefauver hearings, the Bronfmans alleged that Rutkin’s claims were “absurd,” and they declined to pony up any of the “hush money” that Rutkin was rumored to have been seeking. Yet, despite their best efforts, Rutkin’s testimony, which received considerable publicity due to the televised broadcast of the hearings, created a whirlwind of rumors that refused to be snuffed out for some time, at least until Rutkin turned up dead, having allegedly slit his own throat with a borrowed razor in 1956.²⁹

Lewis Rosenstiel, the other most prominent of Sam Bronfman’s Prohibition Era “middlemen,” saw his relationship with the Seagram’s chairman take a completely different trajectory than that of Bronfman and Reinfeld. As Prohibition neared its end, Rosenstiel and Bronfman would grow into bitter rivals, despite continuing to share many of the same contacts in the North America’s criminal underworld.

THE CHAIRMAN

While Sam Bronfman struggled with his would-be biographers, no biography was ever written of his one-time middleman and later chief rival, Lewis Rosenstiel. Of those books and other writings that do touch on Rosenstiel’s history and demeanor, few are favorable. For instance, a 1959 piece in *Esquire* offers one of the more favorable accounts, calling Rosenstiel “intelligent, articulate and extraordinarily aggressive,” adding that he often “slopes in his chair, plays with his tongue as he speaks, and utters his strong opinions with a growl, expressing dislike and contempt for anyone who might disagree.”³⁰

Others, like Bronfman biographer Nicholas Faith, describe Rosenstiel as “loud, opinionated and domineering,” a “hulking figure who favored amber-tinted glasses, which he rarely removed, and large cigars to go with his status as one of the wealthiest men alive.”³¹ The *New York Times* obituary for Rosenstiel uses similar terms, referring to the liquor baron known to many simply as “the Chairman” as having been “a domineering man with [a] quick temper.”³²

Official accounts of Rosenstiel's past and how he built his company Schenley into a corporate behemoth seem oddly sanitized, not unlike the official accounts of the Bronfman family's early days that decline to mention the darker side of their business model that was particularly important to their activities prior to the repeal of American Prohibition.

Born in 1891 in Cincinnati, Ohio, Rosenstiel – thanks to an unfortunate injury during a football match in his teenage years – dropped out of high school and went to work for his uncle at the Susquemac Distilling Company in Milton, Kentucky in 1907. Rosenstiel worked on largely menial tasks at the facility, including as a “pinhooker” rolling barrels in warehouses and as a belt splicer. His fortunes shifted dramatically from those humble beginnings during the era of American Prohibition, with little being known of his life during the period, aside from him allegedly leaving the tedious tasks of his uncle's distillery behind to become a “whisky broker.”

According to official accounts, Rosenstiel turned to selling shoes and bonds once Prohibition set in, with his prior line of work in the distilling and sale of spirits drying up. Yet, somehow, the young Rosenstiel accumulated enough money to afford a vacation to the French Riviera in 1922. It was during that vacation that he would be lucky enough to score a “chance” meeting with Winston Churchill, “who advised him to prepare for the return of liquor sales in the United States,” per the *New York Times*.³³ There is little, if any, context given in official accounts as to how or why a high-school dropout turned distillery worker and shoe salesman would have attracted the attention of a notorious elitist and member of the British aristocracy like Churchill.

As the story goes, Rosenstiel spent the next ten years of his life dutifully following Churchill's advice. He somehow convinced one of the most powerful banks on Wall Street, Lehman Brothers, to offer him a massive loan to finance his acquisition of closed distilleries and to accumulate aged whisky inventories for the yet-to-materialize date of repeal. Again, no official explanation is offered as to how an elite banking institution like Lehman Brothers would grant someone with Rosenstiel's background such a large amount of capital based merely on advice he had received from a British politician, suggesting there is more to the story.

Returning to the official narrative of Rosenstiel's rise, we are told that Rosenstiel then incorporated Schenley Distillers Company in the wake of Repeal in 1933. He was conveniently well-placed to become “the most powerful figure in the distilled spirits business,” all thanks to him having heeded Churchill's advice and thanks to a remarkable patience that he was never known to have possessed during any other point in his life.³⁴ Indeed, per these same official sources, *impatience*, rather than

patience, was one of Rosenstiel's most well-known traits, with his characterization by media as a "domineering man with a quick temper" being one of many examples.

Of course, as should be clear to the reader, this narrative conveniently obfuscates any hint of illegality in Rosenstiel's Prohibition era dealings and fails to mention Rosenstiel's documented ties to organized crime figures or his role as a prominent purchaser of Bronfman liquor alongside Joseph Reinfeld and other Seagram's "middlemen." Years later, James P. Kelly, chief investigator for the Interstate and Foreign Commerce Committee of the New York House of Representatives, testified under oath that Rosenstiel had been part of an "underworld consortium" that bought Bronfman liquor and sold it throughout the United States during Prohibition.³⁵

Key figures in this consortium, aside from Rosenstiel, included Meyer Lansky as well as Joe Fusco, an associate of Al Capone, and Joe Linsey, a Boston-based criminal associated with Joe Kennedy's bootlegging operations. Kelly added that the Rosenstiel was "particularly close" to Lansky, and it later emerged that they had "owned points together" in mob-operated businesses. He was also reportedly close to Frank Costello, who was said to have attended a business meeting alongside Rosenstiel "to give [the meeting's attendees] a message that Rosenstiel was one of their people."³⁶

One of Rosenstiel's ex-wives, Susan Kaufman, later told journalist Anthony Summers that, in Summers' words, "living with Rosenstiel was to live with the command structure of organized crime." Kaufman's testimony to Summers includes numerous, specific, and very detailed allegations of the various meetings between her ex-husband and organized crime figures she witnessed during their marriage, including business meetings where Rosenstiel was given "thousands and thousands and thousands of dollars in bundles of cash" from Lansky.

After Prohibition, Fusco and Linsey took their operations into the legal and legitimate business world, just as Rosenstiel had done. They set up legitimate companies in Chicago and Boston, respectively, to market Schenley products. As a result, Rosenstiel maintained his links to the criminal underworld long after publicly transitioning from bootlegger to businessman. Frequent dinner guests at Rosenstiel's home in the years and decades after Prohibition included legendary figures of American organized crime, including Frank Costello, Sam Giancana, Santo Trafficante and Meyer Lansky. Lansky was known to address Rosenstiel as "Supreme Commander," a name that Roy Cohn, Rosenstiel's attorney and close friend, also used for the liquor baron.³⁷

Rosenstiel's transition from bootlegger to businessman very nearly included a direct partnership with Sam Bronfman. In 1929, as the end of Prohibition neared, Bronfman invested \$585,000 in a Rosenstiel-owned distillery producing "medicinal

spirits” and had acquired a 20% stake in Rosenstiel’s company. Per Sam, however, he concluded after visiting Rosenstiel’s distillery that it was “a piece of junk and ... on the inside it was even worse” and he was allegedly offended at the inferiority of his whisky production method. It’s unclear if this was the actual motive for their falling out, but, regardless, their subsequent business and personal rivalries became legendary.

According to Nicholas Faith’s account of Bronfman’s life, the falling out with Rosenstiel, whatever the cause, took a tremendous emotional toll on the two men before it descended into a decades-long, acrimonious spat. Faith asserts that Bronfman’s failure to reach an agreement with Rosenstiel “really hit him, for he came down with severe flu” soon after calling off any possibility of a partnership. Despite being gravely ill, Bronfman told Rosenstiel that “we have nothing to discuss” when the latter had arrived to attempt to salvage a deal. Terence Robertson’s manuscript, as cited by Faith, states that Rosenstiel “all but wept as he begged ‘for just a minute with my friend.’”³⁸

Their feud would subsequently escalate to such an extent that it would transcend business competition, with a 1959 article in *Esquire* noting that either man “appears willing to sacrifice profit to do the other in the eye.” Rosenstiel was known to refer to Bronfman and his business as “unscrupulous alien competition,” with alien in this instance meaning foreign, i.e. Canadian.³⁹ Bronfman, for his part, was known to become angry rather quickly when Rosenstiel’s name or business came up, saying he had “no admiration” for the man, and would frequently refer to him as “Rosenschlemiel,” with “schlemiel” meaning something along the lines of simpleton or a born loser in Yiddish.⁴⁰ It was also alleged that Bronfman’s lavish Seagram building in New York City had been planned to make “Rosenstiel’s 1930s-style offices in the Empire State Building look just a little shabby in their luxury.”⁴¹

THE KING OF BOURBON AND BLACKMAIL

Though both men had legendary tempers and a legendary feud to match, Bronfman and Rosenstiel had major differences in character, particularly in how they managed their respective businesses and in their personal lives. One of these differences was the fact that Sam Bronfman did not share Rosenstiel’s obsession with blackmail.

Indeed, reports of Rosenstiel’s behavior at his company’s offices, as cited by Nicholas Faith, included Rosenstiel having placed “bugging devices” throughout his offices. Per Faith, he would treat his employees “like dirt, sacking them at a moment’s notice” and then go “to the toilet to leave them time to compromise themselves by

talking in his absence.” Those employees were “compromised” as their conversations were recorded by the devices that Rosenstiel had strewn about the premises.

Additional assertions made in court and under oath by one of Rosenstiel’s ex-wives held that Rosenstiel had also placed microphones throughout his home in order to record conversations that took place at social events he hosted for the alleged purpose of obtaining potential blackmail against his guests. In addition, several sources reported to the 1971 New York State Legislative Committee on Crime that Rosenstiel’s Manhattan home had been “wired from roof to basement with hidden microphones, so that he could spy on visitors and staff.”⁴²

The system in Rosenstiel’s home had been installed by Fred Otash, an infamous private detective who had used electronic means to spy on the Kennedy family, Marilyn Monroe, and others. Otash later said that Rosenstiel’s home “was rigged to tape conversations for hours on end.” Otash had a penchant for blackmail himself, particularly sexual blackmail – he had once attempted to entrap John F. Kennedy using a call girl named “Sue Young” in the lead-up to the 1960 presidential election.⁴³ As we’ll see shortly, Rosenstiel was also involved in a broader effort to obtain this variety of blackmail, which may explain why he had sought out the California-based Otash to bug his New York home.

Some of the sources that discuss Rosenstiel’s interest in blackmail also claim that Rosenstiel was bisexual. According to Nicholas Faith, discussions about Rosenstiel’s bisexuality among Schenley office employees were frequent enough for Rosenstiel to be referred to as “Rosie” around the office. Additional evidence for these claims later came from Rosenstiel’s fourth wife, Susan Kaufman.

Per Kaufman, whose previous marriage had collapsed because her first husband had been homosexual, she soon discovered that she had made a similar mistake in marrying Rosenstiel. Rosenstiel was reportedly un-interested in having sex with his new wife, but “went to great expense to have her dress up in clothes that made her look like a little girl.”⁴⁴ He would later be discovered in bed with one of his lawyers, Roy Cohn, and shrugged it off to his wife by asking for some more “alone time” with his attorney. Kaufman remembered responding, “I’ve never seen Governor [Thomas] Dewey in bed with you,” as Dewey was also one of his attorneys at the time, and she walked out.⁴⁵

Kaufman remembered the young Cohn, who was best known for his infamous stint as Joe McCarthy’s chief counsel during the height of the Red Scare, as flaunting his homosexuality whenever he was around Kaufman, openly caressing a former congressional associate in front of her and describing the homosexual antics of a close friend of his and Rosenstiel’s – Cardinal Spellman, one of the most powerful figures in

the Catholic Church in North America. Cohn reportedly was so open with her because her first husband “had been gay and I must have understood because I’d stayed with him for nine years,” Kaufman later stated.⁴⁶

In 1958, Kaufman accompanied her husband Lewis Rosenstiel to a “party” hosted by Cohn at the Plaza Hotel in New York. Kaufman recalled entering through a side entrance and taking an elevator to the 2nd or 3rd floor; her husband knew the way well enough that she “had the impression [he] had been there before.” The suite was one of the largest available at the hotel and it was “all done in light blue.” Inside the suite were Cohn and another figure closely associated with both Cohn and Rosenstiel: FBI Director J. Edgar Hoover. To Kaufman’s surprise, Hoover was wearing women’s clothes and wig, with Cohn introducing him as “Mary” in a bout of barely concealed laughter. “Mary” was also incidentally the nickname widely used among New York Catholic clergy for Cardinal Spellman, who was also alleged to attend other parties hosted by Cohn in the Plaza’s “blue suite.”⁴⁷

After being served a few drinks, Kaufman recalled seeing “a couple of boys come in, young blond boys. I’d say about eighteen or nineteen. And then Roy [Cohn] makes the signal we should go into the bedroom.”⁴⁸ Sexual activities between the “young blond boys,” Cohn and Hoover ensued, with Kaufman declining to participate after being urged to do so by her then-husband. The Rosenstiels then left, leaving the boys alone with Cohn and Hoover. Cohn later laughed about the incident to Kaufman, saying that “Mary Hoover” attends his parties regularly and that he would make sure to “arrive at the Plaza first with his clothes [the female clothes allegedly used by Hoover at the parties] in a suitcase.”⁴⁹

Per her testimony, Kaufman was repulsed by the whole affair, but ended up attending another of these parties at the Plaza after Rosenstiel bribed her with “an expensive pair of earrings from Harry Winston’s.”⁵⁰ The events of that evening played out as they had the time before, but the Rosenstiels later quarreled, and she never attended any more Cohn-hosted parties at the Plaza hotel.

These allegations made by Kaufman resulted in considerable efforts to discredit her testimony, especially during the 1971 New York State Legislative Committee on Crime. Kaufman had agreed to serve as a witness for the State regarding her ex-husband’s ties to organized crime figures. The very week that she was due to testify, Kaufman was hit with an “attempted perjury” charge that was regarded as unprecedented and bizarre by lawyers and outraged the Committee’s Chairman and Chief Counsel. Kaufman still testified, but mostly behind closed doors, in executive session. Her testimony – several decades later – still remains sealed.

Members of the Committee believed at the time that the “attempted perjury” charges had been instigated by Lewis Rosenstiel himself in order to prevent his wife from testifying, as he had previously used similar tactics to protect his corrupt dealings.⁵¹ This “attempted perjury” charge has since been used by some authors to discredit Kaufman’s later testimony regarding her ex-husband and his associates.

However, the former Chief Counsel of the Crime Committee, New York Judge Edward McLaughlin, and Committee investigator William Gallinaro found Kaufman to be “an exceptionally good witness.”⁵² Mc-Laughlin later told journalist and Hoover biographer Anthony Summers, “I thought her absolutely truthful... The woman’s power of recall was phenomenal. Everything she said was checked and double checked, and everything that was checkable turned out to be true.” Additional evidence corroborating Kaufman as a witness came from two male witnesses who supported the astonishing allegations of Hoover’s habit of cross-dressing, with those witnesses having learned of the former FBI director’s habit at a different time and place than the events described by Kaufman. They also had no knowledge of Hoover and the “blue suite” parties in New York.

In addition, Kaufman told Anthony Summers that she possessed photographs showing Hoover in the company of Lewis Rosenstiel’s organized crime associates. Though Summers did not see these pictures personally, they were confirmed as authentic and had been seen by journalist Mary Nichols of the *Philadelphia Enquirer*. Nichols told Summers “She did have suitcases of photographs that she had hauled away from her marriage to Lewis Rosenstiel. The ones I saw showed Hoover, lawyer Roy Cohn and Rosenstiel, at all sorts of social events with mobsters.”⁵³

There is also evidence that, not only did these parties at the Plaza hotel take place, but that they were used to obtain sexual blackmail, with Kaufman asserting that her husband possessed pictures of Hoover wearing women’s clothes and that those images had been passed to Rosenstiel’s associate, mobster Meyer Lansky.⁵⁴ Journalist and author Anthony Summers has noted that, given Rosenstiel’s interest and ability to have his residences and businesses bugged, “[Rosenstiel] was quite capable of having the sex sessions at the Plaza bugged or arranging for Edgar to be photographed in his female costumes.”⁵⁵

In addition, New York attorney John Klotz, tasked with investigating Roy Cohn for a case well after Kaufman’s testimony, independently found evidence of the “blue suite” at the Plaza Hotel and its role in a sex extortion ring after combing through local government documents and information gathered by private detectives. It allegedly involved minors as well as young men aged eighteen and older. Klotz later summarized his findings, telling journalist and author Burton Hersh:

Roy Cohn was providing protection. There were a bunch of pedophiles involved. That's where Cohn got his power from – blackmail.⁵⁶

Further confirmation of Rosenstiel's and Cohn's activities in the "blue suite," later determined to be Suite 233, comes from statements made by Cohn himself to former NYPD detective and ex-head of the department's Human-Trafficking and Vice-Related Crimes Division, James Rothstein. Rothstein later told John DeCamp – a former Nebraska state senator who investigated the Franklin scandal of the 1980s – that Cohn had admitted to being part of a sexual blackmail operation targeting politicians with minors during a sit-down interview with the former detective.

Rothstein told DeCamp the following about Cohn:

Cohn's job was to run the little boys. Say you had an admiral, a general, a congressman, who did not want to go along with the program. Cohn's job was to set them up, then they would go along. Cohn told me that himself.⁵⁷

Rothstein later told Paul David Collins, a former journalist turned researcher, that Cohn had also identified this sexual blackmail operation as being part of the anti-communist crusade of the time.⁵⁸

The fact that Cohn, per Rothstein's recollection, stated that this sex blackmail ring was part of the anti-communist crusade coupled with Hoover's involvement in these "blue suite" events suggests that elements of the government, including Hoover's FBI, may have been connected at a much broader level to the operation in a way that transcended Hoover's own personal involvement.

Rothstein confirmed his statements to both DeCamp and Collins in an interview with me that was conducted in early 2020. He additionally told me that Cohn had told him that his role in this ring had originally come about because he himself had been entrapped and blackmailed, leading Rothstein to feel some sort of sympathy for Cohn.

For those that may find it hard to believe that such an operation would take place with the involvement of the FBI director, there are also other, related allegations to consider – that American intelligence operatives and organized crime had competed and then collaborated to blackmail Hoover years before Kaufman witnessed these events at the Plaza hotel beginning in 1958.

Lansky was credited with obtaining compromising photos of FBI Director J. Edgar Hoover sometime in the 1940s, which showed "Hoover in some kind of gay situation," according to a former Lansky associate, who also said that Lansky had often said of Hoover, "I fixed that sonofabitch." Meyer Lansky's widow also later claimed that her husband had acquired "hard proof of Hoover's homosexuality and used it to neutralize the FBI as a threat to his own operations."⁵⁹ The photos showed Hoover

engaged in sexual activity, specifically oral sex, with his long-time friend, FBI Deputy Director Clyde Tolson.⁶⁰ There is considerable, separate evidence from the period that the close, professional relationship between Hoover and Tolson was also intimate and that this was an “open secret” in Washington.⁶¹

At some point, these photos fell into the hands of CIA counterintelligence chief James J. Angleton, who later showed the photos to several other CIA officials, including John Weitz and Gordon Novel.⁶² Both Weitz and Novel later stated that the pictures they had seen showed Hoover engaged in oral sex on a man who Angleton identified as Tolson; however, only Hoover’s face was recognizable in the photographs.⁶³ Angleton also claimed that the photos had been taken in 1946.⁶⁴ Angleton was in charge of the CIA’s relationship with the FBI as well as Israeli intelligence until he left the agency in 1972. Angleton was also a CIA figure who had pushed for the Agency to forge ties with Meyer Lansky, raising the possibility that Angleton could have received the photo from Lansky.

However, Anthony Summers, in *Official and Confidential: The Secret Life of J. Edgar Hoover*, has argued that it was not Lansky, but William Donovan, the director of the OSS, who obtained the original photos of Hoover and either he, or another person at the OSS or early CIA, had later shared them with Lansky. Summers also states that “To [gangster Frank] Costello and Lansky, the ability to corrupt politicians, policemen and judges was fundamental to Mafia operations. The way they found to deal with Hoover, according to several mob sources, involved his homo-sexuality.”⁶⁵

With the mobster associates of Rosenstiel being under significantly more pressure during the 1950s, in large part thanks to the Kefauver Committee, it’s possible that Hoover’s appearances at The Plaza Hotel may have served as additional “insurance” for these interests.

Hoover, for his part, was likely already used to the realities of being blackmailed by this point, given that his private sex life had been known to the mob and US intelligence community for years. He likely saw the opportunity to partake in the scheme as a means of amassing his own, massive collection of blackmail. With thick dossiers on friend and foe alike, Hoover’s office contained “secret files” on numerous powerful people in Washington and beyond, files he used to gain favors and protect his status as FBI director for as long as he wished. Even former OSS veterans like Richard Helms have made such claims, alleging that Hoover “played ‘a very skillful game’ with knowledge of the sexual habits of prominent people.”⁶⁶

Further evidence for this comes from journalist and author Burton Hersch who alleges in his book *Bobby and J. Edgar: The Historic Face-Off Between the Kennedys and J. Edgar Hoover That Transformed America* that Hoover had also been tied to Sherman

Kaminsky, who helped run a sexual blackmail operation in New York that involved young male prostitutes.⁶⁷ Kaminsky claimed to have been New York-bred, but federal investigators later stated he was originally from Baltimore. Some reports claim Kaminsky had ties to Israel, having served in the Israel Defense Forces.⁶⁸

The ring, which was called “The Chickens and the Bulls” by the NYPD, targeted prominent men who were closeted homosexuals throughout the United States, many of them married with families. Among those who had been blackmailed were a Navy admiral, two generals, a US congressman, a prominent surgeon, an Ivy League professor and well-known actors and television personalities.⁶⁹ That operation was busted and investigated in a 1966 extortion probe led by Manhattan District Attorney Frank Hogan, though the FBI quickly took over the investigation and photos showing Hoover and Kaminsky together soon disappeared from the case file.⁷⁰ Kaminsky successfully avoided arrest for 11 years, having “disappeared” from a New York courthouse undetected during his sentencing hearing.⁷¹

Why would Hoover have been involved with the activities of Kaminsky? There are only a few possibilities. One possibility is that Hoover had been blackmailed by Kaminsky, though it’s more likely that Kaminsky instead had ties to figures in organized crime that had already blackmailed Hoover long before. Another possibility is that Hoover was cozy to a second sexual blackmail operation targeting closeted homosexual men because he sought to pad his own library of blackmail for personal and professional gain.

What does seem clear is that Hoover was well aware of the power that amassing blackmail afforded and was willing to indulge in taboo behavior at the “blue suite” because he was no longer concerned about being extorted or manipulated with sexual blackmail in ways that would end his career or destroy his public image. He had fallen in with the very crowd that had reportedly blackmailed him, later developing a symbiotic relationship with that same network.

The most obvious, and troubling, symptom of this symbiosis was Hoover’s reluctance to tackle organized crime as FBI director. Hoover repeatedly declined to use the Bureau to target organized crime networks, referring to organized crime as a “local” problem in which the FBI did not need to intervene for most of his nearly fifty year stint as the top law enforcement administrator in the country.⁷²

According to congressional crime consultant Ralph Salerno, Hoover’s apparent aversion to targeting organized crime networks, such as those in which Rosenstiel and Lansky figured prominently, “allowed organized crime to grow very strong in economic and political terms, so that it became a much bigger threat to the wellbeing of this country than it would have been if it had been addressed much sooner.”⁷³

BUSINESS AS USUAL

Other aspects of Hoover's symbiotic relationship with these organized crime-tinged networks can also be seen in Hoover's ties to Rosenstiel, and Rosenstiel's close associate Roy Cohn, in the "above-board" worlds of "legitimate" business and politics.

Most records place the beginning of Hoover's relationship with Rosenstiel as occurring in the 1950s, the same decade that Hoover was allegedly attending Rosenstiel's blackmail parties. Rosenstiel's FBI file, obtained by Anthony Summers, cites the first Rosenstiel meeting as taking place in 1956.⁷⁴ After requesting that meeting, Rosenstiel was granted a personal face-to-face meeting with the director in a matter of hours, a rare feat. However, Summers notes that there is evidence that the two men had met much earlier, as Hoover was on record showing an unusual concern in the FBI's handling of Rosenstiel's criminal links as early as 1939.⁷⁵

The "blue suite" parties and blackmail may also explain the uncharacteristic ease with which a young Roy Cohn was able to meet with J. Edgar Hoover upon his arrival as a young man in Washington DC in 1952, an event that has puzzled Cohn's biographers. Roy Cohn's account of how he was able to meet Hoover in person, deemed "improbable" by Cohn biographer Nicholas von Hoffman, involves Hoover calling Cohn after the latter had unsuccessfully sought to go through the normal channels to communicate with the FBI Director.⁷⁶ Cohn, only in his mid-20s, had been seeking Hoover's aid in gathering support for a controversial presentment, which alleged communist subversion among United Nations staff.

Hoover, who is supposed to be talking to Cohn for the first time per "official" accounts, is alleged to have said "Roy, are you trying to see me?" To that, Cohn claimed to have responded "You're darn right I'm trying to see you. It's been rather difficult." Hoover then offered, "Whenever you want to see me, you just pick up the phone and ask for me and you'll be able to see me." "Well, when can I see you?" Cohn had asked, with the director then saying, "Come on over." Per Cohn, he was then seated in front of Hoover within ten minutes. Von Hoffman, who notes elsewhere in his Cohn biography that some of Cohn's unlikely stories "do turn out to be true," notes that the story is improbable, in part, because the only tie he could find between Cohn and Hoover at the time was a connection to George Sokolsky, the director of the American Jewish League Against Communism.

Also unlikely, per Von Hoffman, was Hoover's alleged urging to Roy that "When you want to see me, call me directly. Don't go through channels ... [The Justice Department] is monitoring your calls at your own office across the way." Von Hoffman

states that this degree of frankness “with a junior whom he had only recently met” is at odds with Hoover’s reputation “as one of the most adept of mountain goats in negotiating the trails and passes of the federal bureaucracy.” Von Hoffman asks, “Would merely sharing a political outlook on the dangers of communism be enough to seduce Hoover, who was never indiscreet, into such indiscretions as advising Roy, all else failing, to threaten to quit and back it up by calling a press conference if there were no other way to shake the presentment loose?”

Von Hoffman concludes that Cohn’s story was inaccurate, though he notes that “Roy’s account of what Hoover told him is a story that somebody with a dangerous secret to hide might tell.”⁷⁷ However, in the context of the “blue suite” parties at the Plaza hotel, it’s certainly possible that both Cohn’s account of his first “official” meeting with Hoover and his harboring of “a dangerous secret” are both true. This is supported from press reports of the same period that claim that, soon after “Cohn caught Hoover’s eye” in Washington DC, Hoover “showered Cohn with compliments and notes and photographs.”⁷⁸ Author Burton Hersh similarly asserts that, soon after meeting, Hoover and Cohn “traded favors, effusive compliments, gifts and elaborate private dinners. It quickly became ‘Roy’ and ‘Edgar.’”⁷⁹

The “official” story also holds that the only bond initially shared between Rosenstiel and Cohn, as it is alleged with Hoover and Cohn, was a shared commitment to anti-communism, which has similarly left biographers and observers of their relationship puzzled by “improbable” anecdotes similar to that described above. Yet, in an era where the Red Scare raged alongside the so-called Lavender Scare (which targeted homosexuals with the same fervor as the Red Scare targeted communists), the bonds forged between a group of men who shared their forbidden passions in a milieu of secretive orgies, blackmail, and organized crime, would have fostered a much stronger sense of camaraderie.

The surprising closeness shared among Rosenstiel, Cohn and Hoover can be seen in other arrangements. For instance, soon after meeting Hoover “officially” for the first time in 1956, Hoover sent Rosenstiel flowers when the latter fell ill. A year later, Rosenstiel was heard telling Hoover “Your wish is my command” during a meeting.⁸⁰ That same year, Louis B. Nichols, Hoover’s “Number 2” at the Bureau for decades, was hired to become executive vice president of Rosenstiel’s empire of Schenley. Around this time, it was reported that Rosenstiel had “bought large quantities of books about Hoover and distributed them as gifts.”⁸¹ In addition, Rosenstiel had also bought no less than 25,000 copies of *Masters of Deceit*, a book written by Hoover about how to fight communism in the United States, which he sent “to schools around the country.”⁸²

A few years later, in 1965, Nichols incorporated the J. Edgar Hoover Foundation. Rosenstiel was the principal contributor, giving the foundation 1000 shares of Schenley stock. Nichols also gave a smaller, yet unknown amount of Schenley shares to the foundation, while the American Jewish League Against Communism, of which Roy Cohn was now president, gave \$500 to help start the foundation. A year later, the Dorothy H. and Lewis Rosenstiel Foundation gave \$50,000 to the foundation. In 1968, the Rosenstiel Foundation gave an additional \$1 million to the foundation that was made in the form of bonds of the Glen Alden Corporation, which took over Schenley industries that same year. A 1969 report in the *Washington Post* later noted that “nearly everyone directly associated with Nichols in the Hoover Foundation is or was connected with either the FBI or Schenleys. The report also noted that, despite lofty promises regarding the foundation’s activities, it spent hardly any money at the time the *Washington Post*’s report was published in 1969, suggesting that something about the foundation’s activities during that period was odd.”⁸³

Around this same period, Rosenstiel began to retire, selling his controlling interest to Glen Alden in 1968 and resigning as chairman and CEO of Schenley. While it seemed that Cohn would serve as Rosenstiel’s successor in matters of blackmail, it seems another man served as his successor in matters of business. Per Rosenstiel’s *New York Times* obituary, around the time he sold his control of Schenley to Glen Alden and retired, he also sold his Manhattan town house, bugged for blackmail, to Israeli-American businessman Meshulam Riklis.⁸⁴ Riklis was then an “influential figure” at Glen Alden, whose rise had been regarded with skepticism by Wall Street and the press. Indeed, Riklis had absorbed so many companies, including Glen Alden/Schenley in 1972, into his Rapid-American Corporation that he was forced to defend himself publicly, insisting that the fuel for his corporate takeovers involved “no mystery money, no un-named associates, no Swiss-bank money.”⁸⁵

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CHAPTER 3

ORGANIZED CRIME AND THE STATE OF ISRAEL

STATE-BUILDING

In its July, 1971 obituary for Samuel Bronfman, the *New York Times* wrote that, after World War II, the liquor baron had “helped finance a secret purchase of Canadian weapons for troops of the Haganah.”¹ Additional details on Bronfman’s role in that purchase, beyond its brief mention by the *Times*, are rather difficult to come by. Peter Newman, in his otherwise exhaustive *The Bronfman Dynasty*, writes that Sam “personally underwrote life insurance policies for Canadian pilots recruited to help Israel fight its 1948 war of independence.”² However, it is also known that, a few years after Israel’s creation, in 1951, Bronfman would play a leading role in a similar, “secret purchase” for the Haganah’s successor, the Israel Defense Force (IDF). In that case, Bronfman specifically answered the call of Israel’s Shimon Peres, taking Peres to Ottawa, Canada to negotiate the transfer for \$2 million worth of weapons to Israel. Bronfman then raised funds to cover the entire cost of the sizable arms cache.³

Yet, aside from that little is known of his earlier role in arming Zionist paramilitaries prior to Israel’s founding. As Newman noted, Bronfman preferred to remain tight-lipped on “Zionist matters,” despite his position as head of the Canadian Jewish Congress – an example of the family’s characteristic “quiet manipulation.” Regardless of the exact nature of Bronfman’s activities in this area, his connection to the Haganah was not unique for those in his social circles. Yet, even outside of Bronfman’s contacts, efforts to aid the Zionist paramilitary group, which would later form the backbone of the IDF, were already indicative of a wider tendency in pro-Zionist activism that swept across Canada, America, Latin America and beyond during the late 1940s.

What was at stake was the creation of Israel itself, as a sovereign political entity independent of the British, who, until 1948, had controlled Mandatory Palestine in accordance with treaties set up at the end of World War I. When the British Mandate ended in May 1958, Israel declared itself independent, and immediately entered into conflict with the Palestinians and a coalition of Arab forces. Those fighting to create Israel were able to assert themselves so forcefully largely because of the careful groundwork that had been laid out in advance by a number of individuals and groups, many of them working in the shadows.

Such was the historical mission of the Haganah (“Defense”), an organized Zionist paramilitary network that had been set up by the Jewish Agency – an activist branch of the World Zionist Organization (WZO). The Jewish Agency, under the leadership of David Ben-Gurion, oversaw the creation of numerous towns, villages, communal outposts and defense groups in Mandatory Palestine. The Jewish Agency would later atrophy, only to be relaunched by one of Leslie Wexner’s mentors, Max Fisher, in 1970.

The formation of the Haganah in 1920 was a major step forward towards the formation of the Israeli state. Vital to its functioning was the training and arms provided by the British military. Major General Orde Charles Wingate, who had been dispatched to help administer British control over the territories, worked closely with the Haganah. Wingate even organized joint British Army-Zionist paramilitary commando units dedicated to patrolling and suppressing Arab elements in the region. These were called the Special Night Squads.

In 1945, the Haganah began its effort to stockpile weapons, ammunition, aircraft, non-lethal supplies, and machine tools sourced from around the globe. In the US, Ben-Gurion reached out to a close associate, Zionist activist Rudolf Sonneborn, who had traveled to Palestine years earlier to survey the construction of Jewish villages on behalf of the World Zionist Organization.⁴ Under the leadership of Sonneborn, eighteen or so Jewish millionaires and billionaires were recruited into bankrolling the supply effort. Thus, the Sonneborn Institute, as it was known, was born.

The Institute, an activist collaboration of Zionist millionaires and billionaires that pursued specific, Zionism-related causes, would later serve as sort of a model for the “Mega Group,” founded years later by Leslie Wexner and Charles Bronfman in 1991. The Sonneborn Institute’s chief asset was a Haganah operative named Yehuda Arazi. During World War II, he served as a soldier in the Jewish

Brigade, a British army unit that recruited its fighters from the immigrant populations living in Mandatory Palestine. By 1945, he was an old hand at gun-running. Indeed, Arazi “had been active smuggling arms for the Haganah into Palestine from Europe since 1938.”⁵ Through these efforts, he developed an impressive roster of contacts, many of whom were tapped to set up front companies through which the Sonneborn Institute and the Haganah could carry out their activities. Ricky-Dale Calhoun wrote that:

[One] Arazi associate was Leonard Weisman, who was probably a member of the Sonneborn group. Weisman was a 34-year-old from Pittsburgh who had made a fortune in scrap metals and construction materials. His businesses included Materials Redistribution Company, a firm that dealt in scrap machinery; Paragon Design and Development Corporation, a company that traded in building materials; and Pratt Steamship Lines. A fourth Weisman company, Foundry Associates, Inc., existed only on paper. All assisted in the purchase and illegal export of arms from the United States.”⁶

Other front companies were organized by Nahum Bernstein, an attorney in New York City, that were used to source weapons and/or construct them from spare parts, and then export them overseas. Bernstein’s name can be found on the corporate registrations of firms like Machinery Processing and Converting Company, which “provided cover for the purchase and illegal export of arms-making machines as well as armaments,” and Oved Trading Company, which supplied “legal cover for buying and transporting explosives.”⁷

There was also a trio of interlaced companies: Materials for Palestine, Inland Machinery and Metal Company, and the Eastern Development Company. Materials for Palestine was a charity through which money could be raised, while Inland Machinery actively shipped armaments and lethal munitions. Eastern Development, meanwhile, “exported legal nonmilitary goods and machinery to Palestine as relief supplies.” There is a possibility that Paul Helliwell, discussed in Chapter 1, had some connection to this company, as he was listed as the attorney for the similarly named Eastern Development Corporation. According to a 1951 article in the *Miami News*, this Eastern Development was doing business in Florida, but had been formed in Pittsburgh.⁸ As mentioned above, Leonard Weisman, the probable Sonneborn group member who worked with Arazi to create fronts for arms exporting, was also from Pittsburgh.

The potential presence of Helliwell in this mesh leads naturally to another question: was organized crime also involved in these efforts? Unlike the mysteries around Eastern Development, the role of organized crime in covertly arming the

Haganah is well-documented. As these un-official arms trade networks spread across the US, gangsters and mobsters – many of whom actively identified with the Zionist cause – threw their hats into the ring. Early on, Arazi forged ties with Meyer Lansky, requesting aid in maritime transit for the arms. Lansky, in turn, contacted two of his associates who controlled New York City’s docks and the long-shoremen’s union, Albert Anastasia and Joe Adonis. The trio then “helped Israeli agents conceal the arms purchased for Israel, while arms bound for Egypt mysteriously fell overboard.”⁹ Lansky’s close associate, Bugsy Siegel, met with Reuven Dafne, a representative of the Haganah looking to raise funds. Dafne, as the story goes, told Siegel that the Zionists were looking to unshackle themselves from British rule and that the path to do this was to fight. Siegel told Dafne “I’m with you,” and for several weeks afterwards, the Haganah would receive suitcases “filled with \$5 and \$10 dollar bills – \$50,000 in all.”¹⁰

Besides Lansky, one of the more active mobsters in the flow of arms was Joseph “Bayonne Joe” Zicarelli. According to files obtained from the Federal Bureau of Narcotics, Zicarelli was “alleged to have been involved in the traffic of arms and munitions sold to the government of Israel.”¹¹ It was one of many destinations for Zicarelli’s arms: he also brokered arms sales to Cuba, Mexico, Venezuela, the Dominican Republic, and Nicaragua. The latter, as will be discussed shortly, was also active in the acquisition of arms for Israel. Zicarelli was close to Carmine Galante, a key player in the Bonanno mafia family, who would later become one of Roy Cohn’s main clients from the criminal underworld. Allegedly, Zicarelli had been the subject of a feud between Charles Tourine of the Genovese family and Galante, with each wanting to recruit him into their crime family.¹² Galante won out, and it was under his watch that Zicarelli’s lucrative arms trade flourished. At one point in the 1950s, Zicarelli was dispatched to Montreal by Galante to work with the Canadian mobster Vincenzo Cotroni. Together, Zicarelli and Cotroni organized the import of large sums of heroin into the country, as part of the Canadian wing of the French Connection.

Zicarelli was also alleged to be a close business associate of Lewis Rosenstiel. Rosenstiel’s fourth wife Susan Kaufman testified that Zicarelli had been a secret partner New Jersey warehouses owned by Schenley Industries, Rosenstiel’s company. She furthered alleged that Rosenstiel had meetings with Zicarelli and Meyer Lansky.¹³ The connection to Schenley signals Zicarelli’s penchant for involving himself in quasi-legitimate businesses that acted as both “above-board”

profit-turners and as fronts for less-than-reputable activities. Another one of these businesses was ABCO Vending, a cigarette vending machine company that was controlled by Zicarelli and Galante. Joining them there was Irwin “Steve” Schwartz, who later became infamous in the 1970s for his involvement in costly stock manipulation schemes. FBN files describe Schwartz as representing “the Galante-Zicarelli interests in the arms traffic, promotion and sale of worthless stocks and securities, and the cigarette vending business,” before adding that “Since 1946 Schwartz has been engaged in the traffic of arms, a good portion of which have been obtained from Communist Bloc nations and shipped first to Israel and later to Cuba. Associated with Schwartz in these ventures were Irving Schindler and Adolf Schwimmer.”¹⁴

Adolph “Al” Schwimmer was the founder of Israel Aircraft Industries, one of the country’s great military contractors known today as Israel Aerospace Industries (IAI). During the 1930s, he worked for Lockheed and TWA, and, after World War II broke out, he was affiliated in some capacity with the US Air Transport Command. Schwimmer would remain active down through the decades, with a tendency to crop up in various Cold War-era covert operations. Perhaps most notoriously, he emerged as a key player on the Israeli side of the Iran-Contra Affair, and by some accounts was the individual who conceived of the “arms-for-hostages” plot at the center of Oliver North’s complicated web. As for IAI, it would become owned, years later, by Israel’s richest man Shaul Eisenberg. Under Eisenberg, IAI would have close ties to Israeli intelligence, from which he drew most of the company’s senior staff.¹⁵

In his work securing materials for the Haganah, Schwimmer worked closely with Irvin “Swifty” Schindler. Schindler owned an airfreight company called Service Air, which Schwimmer relocated to California with funds from the Haganah. Together, Schwimmer and Schindler utilized the company as a means of acquiring aircraft and aircraft parts to be shipped to Palestine. Yet, with an embargo in place due to President Truman’s declaration of neutrality, Service Air was prohibited from sending them overseas. Schwimmer and Schindler, aided by Arazi, turned to the Haganah’s contacts in Panama. Soon, “legal ownership of the airplanes was transferred to the newly established Panamanian national airline LAPSA, allowing the aircraft to be legally flown to Panama” and from there they were moved abroad.¹⁶

In Chapter 7, which details the Iran-Contra Affair, Israel's close-knit relationship with Panama is mentioned in greater detail. Yet, the origins of this relationship began here, with the efforts of the Haganah to arm Zionist forces in Palestine following World War II. It wasn't, however, the only country in that region to have similar connections to Israel. Many of the people discussed in this chapter, like Bayonne Joe Zicarelli, were actively working with anti-communist forces in the Dominican Republic, Cuba, and elsewhere at the same time that they were working with the Haganah. One particularly important anti-communist force that was collaborating with the Haganah was the Somoza regime in Nicaragua.

The special relationship between the Zionist cause and Somoza's Nicaragua was largely due to the heavy presence of United Fruit, the New York-Boston banana trading company whose influence in Latin America was to be fundamentally intertwined with the CIA's activities in the region.¹⁷ In 1933, United Fruit had fallen under the control of Samuel Zemurray, whose Cuyamael Fruit Company – a favorite of top Wall Street firms like Lehman and Goldman Sachs – had merged with the company several years prior. Zemurray, during the 1940s, was a big backer of Zionist causes. He aided the supply of arms to the Haganah, and reportedly helped the organization acquire the SS *Exodus*, a steamship used to ferry refugees to Palestine, in 1946. United Fruit, which later became United Brands, is discussed throughout this book due to its persisting intelligence connections as well as the fact its main leadership later included members of Leslie Wexner's inner circle and his two main mentors, Max Fisher and A. Alfred Taubman.

By 1947, as Truman's embargo began to be enforced, Nicaragua started providing arms to the Haganah. Somoza reportedly profited directly from this venture: he "received 3.5 percent commission on all arms purchases made by the Haganah under Nicaraguan aegis."¹⁸ A decade later, Israel returned the favor when Shimon Peres negotiated an arms deal with Somoza that transformed Israel's emergent military-industrial complex into the primary supplier of weapons for Nicaragua.¹⁹ As will be discussed in Chapter 7, Israel was active in arming and training the Nicaraguan Contras, the US-backed paramilitary forces that opposed the Sandinista government, which had toppled the Somoza regime in the late 1970s. The entry of Israel into this conflict was guaranteed by this precise history

– and the Reagan administration, as part of its propaganda campaign, was quick to paint the new, Sandinista-led government as violently anti-Semitic.

The relationship between the Haganah and Latin America wasn't solely dependent upon the graces of Zemurray and United Fruit. Reportedly, Haganah officers called upon the services of Sam Kay, a Florida businessman and real estate developer, who had extensive contacts in Panama, Batista's Cuba, and elsewhere. FBI files describe Kay as a "reputed international gangster," and one of his close business associates was the Miami Beach hotel impresario Morris Lansburgh, who was himself a frontman for Meyer Lansky. Kay would later be linked to Florida mob boss Santo Trafficante, though the two were purported to have had a falling out that would almost cost Kay his life.

It was at this point where the Zionist interests melded with organized crime's real estate ventures, casino operations, and slush funds at the door of the Caribbean. Soon, these connections would truly begin to sprawl outwards and become truly intercontinental in scope.

THE HOT MONEY WEB

“During the Second World War,” writes Jim Hougan, Tibor Rosenbaum “became a hero for the resistance through his activities on behalf of the Jews. Using ‘Istvan Lukacs’ as a *nom de guerre*, he carried out a series of Mission Impossible rescues. In one instance he posed as a high-ranking Nazi officer, entered a concentration camp, and under ‘administrative pretext’ obtained the release of thirty doomed prisoners.”²⁰ His subsequent activities, however, were less than heroic.

With high-level connections secured through his position as a delegate for the World Zionist Congress, Rosenbaum set up his Geneva bank, International Credit Bank (ICB). ICB regularly moved money for Mossad and for Israel's Ministry of Defense. The British *Sunday Times* later reported in 1975 that “as much as [90%] of the Israeli Defense Ministry's external budget flowed ... through Rosenbaum's bank.”²¹ It also moved money for organized crime. In 1967, an expose in *LIFE* magazine fingered ICB as the recipient of large sums of money skimmed off by the mob from the casinos they owned in Las Vegas, the Caribbean, and elsewhere.²²

Overseeing the complex chains of inter-bank relations and transfer chains that enabled this “hot money” to flow around the globe was a series of banking

institutions controlled by Meyer Lansky frontmen. The set-up was essentially as follows: casino skim (as well as profits generated by the drug trade and other organized crime rackets) was moved into two key offshore banks, the Bank of World Commerce (BWC) and Atlas Bank, the latter of which was a subsidiary of Rosenbaum's ICB. The funds would then be moved to accounts held by ICB in Geneva, where they would be converted into loans and investments to complete the money laundering loop. As will be discussed shortly, some of these funds may have been used to finance real estate investments that were made by people connected to American and Israeli intelligence.

The organizer of Atlas, on behalf of ICB, was Sylvain Ferdmann. The expose in *LIFE* described Ferdmann as a "Swiss citizen who is an international banker and economist," before adding that "US authorities have marked Ferdmann a fugitive ... accused of interfering with the federal inquiry into the skimming racket."²³ Working alongside Ferdmann and Rosenbaum was a coterie of Lansky's closest allies. Sitting on the board of ICB itself was Ed Levinson and John Pullman. Levinson, who was partnered with Lansky in the Miami International Airport Hotel, ran the "mob-controlled Fremont Hotel-Casino in Las Vegas."²⁴ Levinson was also tight with Clifford Jones, the lieutenant governor of Nevada between 1947 and 1954 who was also an alleged associate of Meyer Lansky.²⁵

Sitting alongside Levinson on the ICB board was John Pullman, Lansky's personal financial advisor. Pullman was also close to Lou Chesler, having becoming acquainted with the Canadian businessman in the 1940s. He subsequently introduced Chesler into Lansky's orbit. Soon, Chesler began managing Lansky's interests in the Bahamas – including the development of hotels and casinos. At the same time, Pullman was organizing the Bank of World Commerce, the partner bank to Atlas Bank and correspondent bank to ICB.

Levinson and Pullman also sat on the board of BWC. An IRS report aptly described this bank as having been set up to maintain "a liquid supply of funds to be used for setting up new gambling casinos in the Caribbean wherever and whenever the opportunity presents itself."²⁶ They were joined on the board by Benjamin Siegelbaum, a money courier for Lansky and a prominent figure in organized crime circles in his own right. Besides BWC, Siegelbaum held posts at the Exchange and Investment Bank, a sort of Geneva-based counterpart bank to Rosenbaum's ICB. R.T. Naylor, in his book *Hot Money and the Politics of Debt*, writes that, for a time, Exchange and Investment Bank was Lansky's preferred

financial institution – at least until his role in the bank was accidentally exposed by Chase Manhattan. This occurred after the bank found two of their employees using accounts there to spirit away embezzled funds. It was at this point that Lansky shifted the bulk of his business to Rosenbaum's bank.

Aside from Geneva banking, Siegelbaum also dabbled in Florida real estate. His money backed one of the state's large landowners, Major Realty, which had been co-founded in part by a Florida entrepreneur named Max Orovitz. Orovitz was, as Jonathan Marshall points out, "a legitimate businessman and an honored Jewish philanthropist, but no stranger to criminals."²⁷ He was partnered with Lou Chesler in both Florida real estate (albeit via Chesler's General Development Company, not Major Realty) and in development projects in the Bahamas that ultimately spawned Resorts International, which was previously Mary Carter Paint and had been linked to both the mob, to former New York governor Thomas Dewey and to Paul Helliwell's Castle Bank.

Orovitz was part of what was known as the "Miami Group" – a circle of organized crime-linked Jewish businessmen with holdings across various economic sectors in Florida and in Israel. Members of the Miami Group established Dan Hotels, a luxury hotel chain with locations in Israel and India, and also set up "Israel's first successful oil drilling company, Israel Oil Ventures."²⁸ Israel Oil Ventures expanded its capacities considerably in 1960, when it purchased Israel-American Oil Corp – an oil venture that was intimately tied to organized crime via its holding in another oil firm, Rimrock Tideland. A subsidiary of Rimrock Tideland, Rimrock International, was of interest to a Senate investigation into "international narcotics traffic." This was because Rimrock International's managing director was Santo Sorge, who was described in the Senate report as "one of the most important Mafia leaders" and a liaison between American and Sicilian mafia clans.²⁹

Compared to its fellow dark money conduits, Atlas Bank – later renamed the "Atlas Trust" – is something of a mystery. It not only sat at the intersection of Geneva-bound money flows, but was also tied to hot money from the Middle East. According to Alan Block, Atlas "was united in some shadowy way with Intra Bank in Beirut, Lebanon," which maintained its own offshore entity in the Bahamas called Intra Bahamas Trust Ltd.³⁰

Intra Bank was formed in 1951 by Yousef Beidas, a Christian Palestinian refugee who had been born into a prominent banking family. Just over a decade

later, what began as a modest operation ballooned into a sprawling empire, at which point Beidas forged agreements with leading American banks. These included Bank of America and Chase Manhattan, and Beidas then placed branches of Intra Bank in the world's important hotspots for hot money: London, Geneva, and the Caribbean. At home, in Lebanon, Intra held "20% of the country's total deposits" and "56[%] of all the country's banking assets."³¹ There was also a deep relationship between Intra Bank and illicit activities of all types. As Jonathan Marshall notes:

Smugglers of all sorts availed themselves of Intra Bank's services. It was a prime depository for many of the world's leading arms traffickers, who received financing from Lebanese traders for illegal weapons sales in the Southern Arabian peninsula (Yemen and Aden), Cyprus, Sudan, Nigeria, Rhodesia, South Africa, and Kurdish communities in the Middle East. Wealthy Arabs with too many petrodollars on their hands, looking for a savvy bank in the region to look after their wealth, fattened its deposits further... Lebanon was prized as a "haven for cash for anybody with a balance to hide – U.S. tax evaders, oil-rich sheiks who want to lay something by for the rainy day of revolution, and assorted racketeers and purveyors of stolen or smuggled wealth from all over the world," observed *LIFE* magazine in 1967.³²

Naturally, this sort of environment made Intra Bank an attractive financial institution for the CIA, and the bank helped transform Beirut into a core hub for the Agency's covert operations in the Middle East. Marshall reports that Beidas in particular had a "personal touch" when it came to dealing with the CIA – he was even seen "taking CIA officers into his private office to handle their checks."³³ Sitting on the board of directors of Intra Bank was Kamal Adham, the head of Saudi intelligence and a cousin of the infamous arms dealer Adnan Khashoggi – a later key player in Iran-Contra, the BCCI affair, and numerous other covert activities. According to the Congressional BCCI Report, Adnan "was the CIA's principle liaison for the entire Middle East from the mid-1960s through 1979."³⁴

Intra Bank was identified by American law enforcement as being a major laundromat and source of funding for the global drug trade, a sizable portion of which was based in Lebanon. This was thanks to the country's position as a key node in the famed French Connection, as Lebanon was a major source of hashish, raw opium, and even refined heroin that was destined for black markets in Europe and North America.

This node of the international drug trade was largely controlled by Sami Khoury and his partner, Omar Makkouk. They had forged close ties to the Lebanese political establishment and law enforcement community, generating an

atmosphere of generalized corruption that gained Khoury the nickname of “the Untouchable.” Khoury’s ties soon expanded overseas. According to a CIA report, Corsican organized crime figures allied with Khoury had made inroads into “the highest levels of French government, industry and society, including the cabinet, police, and military.”³⁵

Khoury also enjoyed protection from Israel. James Attie, an agent of the Federal Bureau of Narcotics (FBN) assigned to the Middle East, reported that the drug lord had provided thousands of guns to Israel, and that the country had “provided the contacts and money that enabled Khoury to move narcotics across Europe.”³⁶ Intriguingly, another figure implicated by the FBN in the flow of drugs from Lebanon to Europe was the banker Edmond Safra, whose connection to BCCI, Iran-Contra, and figures like Robert Maxwell and Jeffrey Epstein is discussed in Chapter 7.³⁷ Safra was also a Zionist with strong ties to Israel. For instance, during the 1980s, he served on the board of overseers of B’nai B’rith International, seated alongside figures like Edgar M. Bronfman and Max Fisher.

One of Intra Bank’s most lucrative holdings was the Casino du Liban, a gambling establishment outside of Beirut. The casino was a hot-spot for the international jet-set as well as a meeting place for various figures from the underworld who regularly rubbed shoulders with elites. According to Jonathan Marshall, the Casino du Liban “was a favorite playground for Saudi sheiks and rich Arab businessmen, such as Adnan Khashoggi.... It was also a favorite gathering place for foreign businessmen, diplomats and spies.”³⁸ Jim Hougan, meanwhile, writes that the casino, at its height, was “said to be the biggest gambling emporium in the world – dwarfing the Sands, the Dunes, the Flamingo, and Monte Carlo.”³⁹

At the Casino du Liban, gambling concessions were held by Marcel Francisci, the leader of the Corsican underworld. In the 1940s, Francisci allied himself with Sami Khoury, and, prior to his murder in 1968, he forged a close working relationship between French and Italian gangsters. “Mr. Heroin,” as he was known by American authorities, “was the man with the international perspective.” As a result of his other connections to Francisci and others, Khoury did perhaps more than anyone to maintain the French connection drug pipeline.⁴⁰ Francisci was also a partner with Meyer Lansky, who was likewise known to haunt the Casino du Liban from time to time.⁴¹

Intra Bank's peculiarities make a little more sense when one considers that, for bankers and organized criminals alike, there is often money to be made on both sides of any given conflict. After all, this was a bank that had been founded by someone who had fled the Haganah's activities in Palestine – and a casino that, according to Jim Hougan, would siphon money off to finance the Palestine Liberation Organization (PLO).⁴² Yet, at the same time, Zionist-aligned gangsters, bankers and other figures were caught up in its web. This apparent contradiction was ultimately indicative of a trend that would grow in the 1970s and 1980s: a “behind-the-scenes” alignment between the ruling elites of Arab societies, enriched by the petrodollar system, and the Israeli business class and security apparatus. This tension-filled, often contradictory and ever-shifting alignment was of considerable interest to the US, which often found itself serving as the mediator between these two forces. The US, of course, would use that role as its pivot-point in its attempts to dominate the Middle East. This environment was fertile soil for crooks, businessmen and operatives of all types – many of whom were interlaced with the command structures of Western (and sometimes Eastern) intelligence services.

BANKERS AND TANKERS: THE WORLD OF BRUCE RAPPAPORT

While he was President Ronald Reagan's director of the CIA, William Casey, maintained – much to the chagrin of many in the Agency – an informal intelligence apparatus composed of his close friends and associates. Nicknamed the “Hardy Boys,” this group lacked CIA clearances but its members “had their own back door, so to speak, into Langley. They would ride upstairs in Casey's own elevator.”⁴³ Among this clique was Max Hugel, who managed to be appointed deputy director of the CIA before his history of dubious stock trading caught up with him. Hugel makes a brief appearance later, in Chapter 10.

Other members, who will also be discussed in later chapters of this book, included John Shaheen and Robert B. Anderson. Shaheen, an oil trader, played a role in the October Surprise affair, while Robert B. Anderson's career veered from being a prominent figure in the Eisenhower administration to being disbarred for money laundering in 1980s. One of Casey's most important friends, however, was Bruce Rappaport.

Across the latter half of the twentieth century, Rappaport left a string of business deals that were mind-numbing in their complexity and tied to fraud, intelligence-linked bust-out operations, and backroom dealings, all of which was facilitated by a sophisticated web of interlocking shipping companies, banks, oil companies, mines, and numerous other holdings. Rappaport and Casey were sometimes co-participants in these activities, some of which predated Casey's time at the CIA. During the 1980s, they were also known to be golfing buddies, and made frequent visits together to the Deepdale Golf Club on Long Island.

“When Rappaport visited Deepdale,” writes Alan Block, the author of an exhaustive study on his life and times, “his chauffeur was often Louis Filardo, an alleged associate of New York area mobsters.”⁴⁴ By the late 1980s – if not earlier – he was tied to Russian organized crime interests, including Semion Mogilevich, the “boss of bosses” of Russian crime syndicates who makes several appearances later in this book. With a position on the FBI's top 10 most wanted list, Mogilevich is described by the bureau as a leader in “weapons trafficking, contract murders, extortion, drug trafficking, and prostitution on an international scale.”⁴⁵ Interestingly, it is quite possible that Rappaport had been introduced to Mogilevich by none other than Robert Maxwell, who, by the late 1980s, had become a key business partner of Mogilevich's and facilitated Mogilevich's entry into the Israeli and US financial systems. Another contact of Mogilevich's crime networks was the aforementioned banker Edmond Safra, who was acquainted with both Maxwell and Rappaport.⁴⁶

Rappaport's origins are murky, though a few facts are known. He was born in Haifa, Palestine, in 1922 to a family that had settled there from Ukraine. At some point he earned a law degree, and spent time as a judge after Israel's founding. He also served in the IDF, achieving the rank equivalent to major. His military career, however, had begun before the formation of the state of Israel in 1948.

Rappaport has stated that he spent a portion of World War II fighting with the British Army, who dispatched him to Africa. He may have been a member of the African Auxiliary Pioneer Corps, later shortened to the African Pioneer Corps. The Corps had existed from 1941 until 1946, and had started off as a logistic support unit that gradually expanded to include combat capabilities. Many of the African Pioneers were attached to the Ninth Army, one of the British field armies that was part of the Middle East Command. Rappaport was also reportedly a member of the Special Interrogation Group (SIG), the British commando group

made up Jewish volunteers from Mandatory Palestine. SIG recruited heavily from the ranks of the Haganah, the Irgun and the Special Night Squads.

After the war, Rappaport joined the 6th Airborne Division, another British Army outfit. This was an airborne infantry division that had been deployed to Palestine in the late 1940s, and worked closely with Jewish groups in the region to administer the territories until Israel's creation in 1948. The 6th Airborne, which had a fairly significant casualty rate among its personnel, worked to regulate and balance the competing interests of Jewish and Arab factions in the region, while also laying the logistical groundwork for the steady influx of refugees from Europe.

During his time with the 6th Airborne, Rappaport helped organize Israel's military police. Soon, however, he began to focus more on his another of his interests – the world of criminal enterprises and covert operations. According to Alan Block, a Scotland Yard report provided some of the earliest known information on Rappaport's shadier activities, charging that “in the early 1950s, Rappaport and Teddy Kollek, who became the charismatic mayor of Jerusalem, devised a scam on construction materials serious enough to produce warrants.”⁴⁷ Israeli newspapers reported a similar story, but sometimes Paul Kollek – Teddy's brother – was instead identified as Rappaport's partner. Regardless of which Kollek was actually involved, Rappaport's proximity to the Kollek brothers points to his own proximity to the centers of power in nascent Israel. This connection is also one that leads back to the Haganah and the inter-mixing of intelligence and organized crime: Teddy Kollek, in the 1940s, “ran the day-to-day operations of the arms procurement” in New York for the Haganah, which brought him into contact with the city's criminal elements.⁴⁸ His close contacts included Al Schwimmer and Yehuda Arazi, and he worked with the two in delivering aircraft to Israel by way of intermediaries in South America.

Kollek's activities put him on the radar of British intelligence and their interest in him was multi-fold. On the one hand, he was treated with suspicion: “His phone was bugged, his bags were searched” and his movements were consistently tracked.⁴⁹ On the other hand, he was actively courted by MIS – first indirectly, and then later directly. Kollek's main contact with British intelligence was through an MIS officer named Simkin. The two had a mutual friend, Ben Aharon, who was reportedly an ardent Bolshevik who would subsequently become head of the Histadrut, the centralized body that coordinated Israel's trade unions. Aharon's wife, Miriam, worked for the Shai, the intelligence apparatus of the Haganah.

After his scam with one of the Kollek brothers went bust, Rappaport fled Israel. Over the course of his lifetime, he held passports for numerous countries: he was listed as a citizen of Panama, Costa Rica, Israel, and Switzerland. It was the latter location where he settled down in the early 1950s. Early support for his Swiss ventures came from the Société Générale de Surveillance (SGS), a Geneva-based multinational that provides inspection and verification services for international trade.⁵⁰ Besides SGS, another entity that helped Rappaport launch his early activities was Swiss-Israel Trade Bank, headquartered in Geneva. According to Rappaport, he knew Swiss-Israel's owner, who provided him with loans.⁵¹ Interestingly, the bank's original founder and owner – likely who Rappaport was referring to – was Gideon Persky.⁵²

Gideon was the brother of Shimon Peres, the leading Israeli Labor Party politician who would later serve as both president and prime minister of the country and become a close friend of Robert Maxwell and, later, his daughter Isabel. Years later, Ehud Barak, who would later serve as Israel's Defense Minister and Prime Minister, alleged that Shimon Peres had been the person who had originally introduced him to Jeffrey Epstein.⁵³ Shimon, a veteran of the Haganah, had joined the IDF towards the end of the 1940s, and was appointed by David Ben-Gurion as the chief purchaser of munitions for Israel's military. By 1953, Shimon headed Israel's Ministry of Defense. According to Jonathan Nitzan and Shimshon Bichler, Shimon's control over defense spending greatly benefited the businesses of his brother.

That Swiss-Israel helped prop up Rappaport is significant, as it was effectively a Mossad front in Europe.⁵⁴ Overseeing the bank's daily operations was Yehuda Assia, who was actively on the Mossad payroll. Under his direction, the bank both raised funds for the bank and acted as a conduit for the financing of its international operations. It was also utilized to raise money for the construction of nuclear reactors that played a major role in Israel's covert construction of nuclear weapons. Avner Cohen, in his book *Israel and the Bomb*, writes that Ben-Gurion and Shimon Peres “conducted [the management of funds] outside the official state budget,” and had enlisted the aid of an American-Jewish fundraiser and businessman named Abraham Feinberg to locate private donors.⁵⁵ Feinberg ran American Bank & Trust, a subsidiary of Swiss-Israel.⁵⁶

There are other lines running from Swiss-Israel to the worlds of organized crime and – unsurprisingly – to Helliwell's banking complex. Prior to his

relocation to Geneva to take over the operations of Swiss-Israel, Yehuda Assia spent World War II in Thailand, where he met General Phao Sriyanonda.⁵⁷ During the 1950s, Phao spent a considerable amount of time in Geneva, where he lived with Assia. As mentioned in Chapter 1, Phao was closely connected to Helliwell, and stood at a nexus of American intelligence's complicity in the opium trade during the post-war period.

In 1960, Assia was contacted by Irving Davidson – a powerful lobbyist whose clients included the CIA, the Teamsters, Texas oil giant Clinton Murchison, and the state of Israel – concerning a Bahamian bank called Guarantee Trust Company.⁵⁸ Guarantee Trust was run by a major supporter of Israel named Abe Multer and was one of the offshore entities that handled hot money flows from the Teamsters pension fund and from other organized criminal activities, such as the skim from casinos. The vice chairman of the bank was Leonard Bursten, a former director of Miami National Bank – which, as previously mentioned in Chapter 1, had been founded with the aid of a loan from the Teamster pension fund and had employed the services of Paul Helliwell's law firm.

With these early ties, Rappaport's empire began to expand in all directions, interlocking with shipping and financial interests all over the world. This process began in 1959, with the creation of International Maritime Services and International Maritime Supplies Company Limited. The latter company was closely linked to a shipping concern in the UK called Wilson (London & International) Limited, which was soon joined by a trio of major maritime companies. These were, per Alan Block, “a Dutch company, N.S. Frank & Zoon, N.V.; the American Maritime Supply Service Inc., based in Chicago; and the Italian Maritime Supplies Co. Ltd. Rappaport noted with glee that with three other firms buying into International Maritime ... it would be possible to have a shipping clientele of 161 firms that will cover the entire world.”⁵⁹

In those early years, Rappaport formed what would be a lifelong connection to the Kulukundis family, a Greek shipping clan who had set up shop in the United States and in Great Britain. Michael Kulukundis was the co-organizer of International Maritime Supplies, and court documents show that, as early as 1961, the pair were using the company to run scams and loot the coffers of unsuspecting businesses.⁶⁰ At the same time, the Kulukundis family advanced their own shipping interests through London & Overseas Freighters, which, in time, would

boast an impressive fleet of tankers that played a significant role in the global oil trade. Some of the affairs of the Kulukundis family will be discussed in Chapter 6.

In the early 1960s, Inter Maritime Supplies owned a stake in London & Overseas Freighters. It is worth mentioning that London & Overseas was formed by the Kulukundis family with their cousins, the Mavroleon family. As will be noted in Chapter 15, the Mavroleons were themselves connected to the circles around Jeffrey Epstein and Ghislaine Maxwell. For several years, Ghislaine Maxwell dated Gianfranco Cicogna, whose mother had been married to the patriarch of the Mavroleon family – and original founder of London & Overseas – Basil “Bluey” Mavroleon. Contact information for Bluey Mavroleon and his son, Nicholas Mavroleon (Gianfranco’s half-brother), can be found in Epstein’s black book of contacts.

It wasn’t until 1965 that Rappaport set up the institution that would later stand at the center of his complex network of firms and money conduits: Inter Maritime Bank (IMB). IMB, writes Block, “had A and B shareholders.” The various holders of Class B stock were representatives of banking institutions that were in business with Rappaport. These included Klaus Uilke Polstra, representing Bank M. van Embden, and Rolando Zoppi, representing Weisscredit, a bank in the Swiss Canton of Ticino. Nestled near the border of Swiss and Italy, Weisscredit was identified by the US State Department as a bank utilized by numerous Italians involved with organized crime to hide their money from financial authorities in their home country.⁶¹ Zoppi would wind up with a five-year prison sentence in 1975 when Weisscredit lost some \$150 million of depositors’ money due to “fraud and mismanagement in high-risk speculative operations.”⁶²

Another holder of Class B stock was David Hodara, from the Swiss financial outfit Sofigest. Sofigest would later be involved in the strange affairs of Investors Overseas Services, an international mutual fund and capital flight apparatus with ties to Tibor Rosenbaum and Meyer Lansky. Later, Sofigest would emerge in Brazil, where it was involved in everything from a joint venture with Fiat to frauds perpetuated by the infamous Naji Nahas.

When it came to the holders of Class A stock, things were a bit more limited. The bulk was held by Rappaport himself, albeit filtered through various other companies that he either owned or controlled. The rest were held by E.P. Barry – the OSS veteran who, as mentioned in Chapter 1 was one of the primary figures in

Paul Helliwell's Florida banking network. In fact, at the same time that Barry was involved with HMT/Florida Shares, the holding company for some of Helliwell's banks, he came to hold IMB Class A shares. This link to the world of Helliwell would endure: one of Rappaport's chief financial allies, and an architect of a large number of his ventures, was Helliwell's banking partner Burton Kanter, also an affiliate of the mob.

Over the decades, there has been a slow and steady trickle of news articles in major publications that examine Bruce Rappaport. In 1988, the *New York Times* published on Rappaport entitled "A Secret Emperor of Oil and Shipping."⁶³ The article described how Rappaport had:

[...] developed a reputation for both openness and secrecy. On one hand, Mr. Rappaport – who is said by some associates to be a billionaire – sponsors golf and tennis tournaments and gives huge sums to a host of charities, especially medical and Jewish ones. On the other hand, former and current business associates say Mr. Rappaport is involved in hundreds of companies, registered in remote places like Liberia and Panama, to run his banking, shipping and oil empire.⁶⁴

The appearance of Rappaport in Liberia is particularly interesting. It was there that he had established one of his many Inter Maritime outfits; in this case, it was Inter Maritime Owners Corporation of Monrovia. Liberia was a favorite for owners of shipping companies: besides the low tax rates, the astoundingly lax regulation, and the degree of bank secrecy, the country boasts a robust flags of convenience system, which "allows ship owners to register their vessels in an alternative sovereign to their place of origin."⁶⁵ Liberia's shipping registry system also has some unique characteristics: it was managed not in Liberia itself, but was overseen by International Bank, located in Washington DC. The longtime controller of International Bank, George Olmsted, would end up on the periphery of the BCCI affair, discussed later in Chapter 7.

Rappaport wasn't a lone figure in this network with ties to Liberia; in fact, there is every indication that Liberia was of immense importance to a number of the individuals that have discussed in this chapter. Tibor Rosenbaum, for example, was listed as the managing director of Swiss-Liberian Finance Corporation in 1954. That year, Swiss-Liberian Finance Corporation provided a multi-million dollar line of credit to help capitalize the Bank of Liberia Inc. – a development bank partially controlled by the Liberian government.⁶⁶ Other capital inflows for the Bank of Liberia came from the Bank of Monrovia and the Liberian Trade and

Development Corp (TRADEVCO). The Bank of Monrovia had first been owned by the Firestone Tire & Rubber Company before it was acquired by the First National City Bank, an institution controlled by the Rockefeller family.⁶⁷ TRADEVCO, meanwhile, was controlled by a group of Italian banks.

Tax banking laws and the flags of convenience system certainly helped attract people to Liberia. Another may have been the lucrative diamond trade: during the 1950s, the country became the primary transshipment point for the flow of diamonds from countries like Sierra Leone to diamond cutting hubs.⁶⁸ Many of these hubs were located in Antwerp and in Israel. In Israel, one of the major banks involved in the financing of the diamond cutting industry was Bank Leumi, which opened offices and branches in Liberia early on. The board of Bank Leumi reportedly interlocked with that of Rosenbaum's ICB – while Rosenbaum himself was affiliated with Kupat Am Bank, a subsidiary of Bank Leumi.

Serving as honorary counsel to Liberia in this period was a man named Louis Mortimer Bloomfield. He was a powerful Canadian attorney with an exhaustive roster of connections to all sorts of elite figures and institutions, starting with the law firm he belonged to: Phillips & Vineberg of Montreal. Through its senior co-partner Lazarus Phillips, it was connected to the Royal Bank of Canada. Libbie and Frank Park, in their classic study of the Canadian elite establishment, *The Anatomy of Big Business*, show that this bank was one of the commanding institutions in Canada, and acted as a conduit for the entry of foreign capital originating in the US, the UK and Belgium.⁶⁹

The firm was also closely tied to the Bronfman family. Peter Newman writes in *The Bronfman Dynasty* that “Because of the many family feuds, two of Montreal's best lawyers – Lazarus Phillips and Philip Vineberg – have become ex officio members of the family, charged with arbitrating among its several factions.”⁷⁰ It has been alleged that Bloomfield himself did work on behalf of the Bronfmans. While this is by no means outside the realm of possibility, it is difficult to find evidence to confirm this particular claim. What is known and extensively documented, however, is Bloomfield's ties to a mysterious entity in Rome that was tied to American, Italian, French, and Israeli intelligence networks – as well as to international organized criminal actors and their banks.

MOSSAD GOES TO ROME

In 1967, Gershon Peres, a brother of Shimon Peres, joined the board of Centro Internazionale Commerciale (CMC), the Italian subsidiary of Permindex – a world trade center organization headquartered first in Basel and then in Rome and made famous by New Orleans district attorney Jim Garrison’s investigation into the assassination of John F. Kennedy.⁷¹ Ostensibly, the purpose of Permindex-CMC was to maintain what was effectively a permanent world’s fair – a centralized site where businessmen could display their wares, deals could be made, and important corporations could maintain offices. On the back end, however, Permindex-CMC was tied into various covert networks. What first placed Garrison on the trail of Permindex, for example, was the presence of Clay Shaw, an apparent CIA contract agent, on their board.⁷²

Italian journalist Michele Metta, who recovered a cache of CMC corporate documents, has shown that Permindex-CMC was plugged into the Italian state security apparatus, and also had a curious series of connections to Israel.⁷³ One of CMC’s founders, Georges Mandel (also known as Giorgio Mantello), was affiliated with the Banque pour le Commerce Suisse-Amerique Centrale, which was identified as having “supplied cover employment for [Israeli Intelligence Service] agents.”⁷⁴ Another CMC board member, Alberto Forte, subsequently became managing director of Banque Belgo-Centrade – a subsidiary of the Mossad-linked Swiss-Israel Trade Bank.⁷⁵

Louis Mortimer Bloomfield has often been described as the founder of Permindex, and sometimes as its dominant shareholder. This seems to be an inaccurate picture of his role in the complex, as Bloomfield was Permindex’s attorney. In this capacity, he was responsible for coordinating all the different players involved, who were scattered across multiple continents. He does not appear to have owned stock of his own in Permindex or CMC. Instead, he acted as a proxy for particular interests, effectively hiding their identities. Their stock was held in his name, and he occupied their spots on the board.

With the links between Permindex-CMC and the world of intelligence, it is unsurprising that rumors have circulated for decades that Bloomfield was, during the Second World War, a member of the OSS. There is little to corroborate this claim, though he did serve in the Royal Canadian Army Service Corps, achieving the rank of major in August 1946. Correspondences in his archive show that he was in communication with the British spymaster William Stephenson, who at the time was active in Canadian industry and finance. Bloomfield did hold

membership in a number of elite organizations, including the Most Venerable Order of the Hospital of St. John of Jerusalem – a British chivalric order established by royal charter in the 1880s as something of a Protestant counterpart to the Catholic Sovereign Military Order of Malta (better known as the Knights of Malta). He eventually became both the attorney for and president of the Order's Quebec Council.

Bloomfield was also attached to a number of Zionist organizations. He served as honorary counsel to the World Jewish Congress, and was active in building up the Canadian branches of the Histadrut, Israel's trade union complex.⁷⁶ In addition to organized labor, Bloomfield's concerns involved maritime commerce as well. He was president of the Canadian wing of the Israel Maritime League, set up in the late 1940s to "make the people of Israel 'sea-conscious."⁷⁷ The Israel Maritime League and the Histadrut were tightly connected: along with the Jewish Agency, the three organized Zim Shipping, the major transport concern that was a key supplier of weapons and supplies to Israel in the early days of the state's existence.⁷⁸

Later in life, Bloomfield corresponded with George H.W. Bush, including while Bush was serving as director of the CIA.⁷⁹ The letters indicate that the two first met at a meeting at the Canadian embassy in Beijing in 1975. Bloomfield appears to have had a long-running fascination with China, having traveled there as early as 1966 (if not earlier). After that particular trip, he gave public addresses calling for the normalization of diplomatic relations with the country and for increased trade relations between the East and the West. As Maurice Phillips – the first to explore the contents of Bloomfield's archives – points out, Bloomfield's position on China predated that of President Richard Nixon and Henry Kissinger by a number of years.⁸⁰

Another prominent figure in touch with Bloomfield was Tibor Rosenbaum. Perminde documents show that Rosenbaum and his International Credit Bank were deeply involved with Perminde and CMC. A July 12th, 1961, memo from Bloomfield to Rosenbaum discusses an adjacent project, headed by CMC's founder Georges Mantello, called Marina Reale.⁸¹ Registered in Panama, Marina Reale was a holding company utilized by Perminde's principals to acquire real estate. Just as with Perminde itself, Bloomfield acted as a proxy for shareholders whose names remain unknown. The communication between him and Rosenbaum, however, identifies some of the other parties with interests tied up in

Marina Reale. Among these were Dov Biegun, a leading figure in the World Zionist Organization who became the national secretary for the National Committee for Labor Israel. Much like Bruce Rappaport and Robert Maxwell, Biegun spent World War II in the British Army. According to his obituary, he “served in intelligence operations in France, Holland and Norway.”⁸²

Another investor in Marina Reale – and one who received his shares directly from Mantello – was “Nate Dolin of Cleveland, Ohio.” Dolin achieved notoriety in 1970 when a firm he was connected to, Realty Equities, ran a fraud scheme in conjunction with Rosenbaum’s ICB.⁸³ Interestingly, Dolin had a business relationship with the Lansky-connected mobster Moe Dalitz going back to the 1940s, when they both owned shares of the Cleveland Indians sports team.⁸⁴

There were other big names involved in Permindex-CMC’s real estate deals. Communiqués found in Louis Bloomfield’s archival papers show that his law partner Stanley Vineberg was keeping a close eye on these developments, and perhaps even had a role in these transactions that superseded that of Bloomfield.⁸⁵ These same cables identified a French company called Compagnie Financière as holding a 10% stake in one of the real estate ventures. Compagnie Financière had been set up in 1953 by Francois Pereire, a scion of the famed French banking family, and Edmond de Rothschild, who exerted dominant control over the institution. Today, Compagnie Financière is known as the Edmond de Rothschild Group.

Rothschild was also a business partner of Tibor Rosenbaum: the two had organized the Israel Corporation, “Israel’s largest investment company,” designed to “encourage large-scale private investment in Israel.”⁸⁶ When it was discovered in 1974 that Rosenbaum had bilked the company to the tune of \$60 million dollars, the Israeli government linked up a small handful of the country’s leading banks “to participate in efforts to prevent its liquidation.”⁸⁷ One of these banks was Bank Leumi.

Rothschild himself appears all over Bloomfield’s correspondences, and was clearly intimately involved with Permindex-CMC’s activities. One cable from Bloomfield to Abraham Friedman at the Israel Continental Oil Corporation in Tel-Aviv requested that Friedman discuss matters relevant to the Italian real estate deals with Rothschild. Intriguingly, the *Oil and Petroleum Year Book* identifies Israel Continental Oil as having been set up in Canada in 1952, while Canadian government records show that Louis Bloomfield’s nephew, Bernard Bloomfield –

mentioned earlier as a director of International Credit Bank's subsidiary, Atlas Bank – was the oil producer's president.⁸⁸

According to the *Jewish Telegraph Agency*, a year after Israel Continental Oil was founded, it became a player in a consortium of oil firms looking to drill “near the Dead Sea and in other sections of Israel.”⁸⁹ Other partners in this consortium included Husky Oil Company, which was affiliated with the aforementioned mob-linked Rimrock Tidelands oil company, and New Continental Oil Company, with which Israel Continental Oil set up joint ventures in Canada. The president of New Continental was Frank Kaffel, an organized crime associate and stock manipulator originally from Cleveland, the stomping grounds of Moe Dalitz and CMC investor Nate Dolin.⁹⁰ Federal Bureau of Narcotics documents identified Kaffel as a close associate of “Bayonne Joe” Zicarelli – the aforementioned mobster and businessman who had been involved in the running of arms to Israel.⁹¹

Another Canadian-based oil concern active in the Israel petroleum industry of the early 1960s was Tri-Continental Pipelines, where Edmond de Rothschild, Francois Pereire, and Louis Bloomfield could all be found.⁹² Galina Nikitina, in her political and economic history of the state of Israel, notes that Tri Continental was part of a group that controlled a pipeline from Eilat to Haifa – the basis for the larger “Trans-Israel Pipeline” that linked Israel and Iran – alongside the Miami Group and the Palestine Economic Corporation (PEC).⁹³ The Miami Group, as mentioned above, maintained ties to organized crime interests and was also connected to the family of companies that was partnered with the Israel Continental Oil Corporation. PEC, on the other hand, was a primary conduit for the investment of American capital into nascent Israeli industries. To quote Nikitina:

[...]described as the largest American private investor in Israel, [PEC] was formed in 1926 as an instrument through which American Jews could render material assistance to production enterprises in Palestine. In only the period from 1950 to 1959 its capital increased 70 percent. PEC assets totalled 19,300,000 dollars in 1961. It has numerous daughter companies, banks and agencies, and shares in other companies. Having grown to gigantic proportions, PEC has its tentacles in all the key branches of Israel's economy.

PEC is linked with leading financial and industrial monopolies in the USA, such as the Wall Street bankers Lehman Brothers, Kuhn, Loeb and Company (one of the eight largest financial groups in the USA), the Mellon group of Pittsburgh, the Cabot Lodge group of Boston, and the Hanna group of Cleveland.⁹⁴

This particular network of individuals and institutions is complex and convoluted; yet, what is clear is that there was something of an Israel-Italy-France-Canada axis that was tied directly into hot money networks in the Caribbean, to the flow of capital from the west into Israel itself, and to the outflows of raw materials (like diamonds) from the “third world.” Once this foreign investment – generally from American and Canadian sources – was in Israel, it went to work building up various industries. It appears, then, that the logical successor to the earlier efforts to raise money, supplies, and weapons for the Zionist paramilitary groups in Mandatory Palestine was now all about building up the capacities of the new state.

As for the more narrow case of Perminindex-CMC itself, it is clear how this “world trade center” would have been beneficial for engendering international capital flows and business arrangements of this very nature. At the same time, however, the links between these entities and intelligence services, like the CIA, the Italian special services and Mossad, also suggests a more covert imperative.

Michele Metta, in his book on Perminindex, notes that, in the early 1960s, special arrangements were made between Israel and Italy to support the OAS – the French paramilitary group – in Algeria, in return for Italian oil companies getting access to Algerian crude.⁹⁵ While the geopolitical implications of this arrangement are wide-ranging, it was also intimately connected to CMC. Leading these secret negotiations was former Italian prime minister Fernando Tambroni, whose son-in-law, Micucci Cecchi, sat on the board of CMC.⁹⁶ On the side of the OAS, the negotiations were reportedly handled by the paramilitary leader Jacques Soustelle.⁹⁷

This particular angle emerged during the investigation into the mysterious death of Enrico Mattei, whose plane exploded in October 1962. Mattei was the head of ENI, the dominant oil and gas firm in Italy that supplied, among other things, petroleum to NATO and the US Sixth Fleet. In the early 1960s, however, Mattei had embarked on something of a path different from the status quo of Cold War politics. He sought to sign oil agreements with the Soviet Union, and with Algerian and Egyptian interests who were, at the time, opposed to Israel.

With such a pivot taking place, theories that Mattei’s death was less than accidental have existed for decades and have also led to multiple official inquiries into the incident. Italian journalist Fulvio Bellini turned over information allegedly identifying the real culprits to one of these inquiries headed by the

judicial magistrate Vincenzo Calia. “I think to understand the death of Enrico Mattei,” Bellini told Calia, “you need to follow the trail to Jacques Soustelle. This was the man given the job of doing Operation Mattei with around one hundred thousand dollars from Montreal, through Permindex.”⁹⁸

And what, then, of the connections to organized crime networks? One possibility is that, through its connection with Tibor Rosenbaum’s International Credit Bank, Permindex-CMC was involved with money laundering activities. In one of the earliest exposes of Permindex-CMC, published by investigative journalist Mario Ugazzi in the now-defunct *Paese Sera*, a company called the Italo-American Hotel Corporation (IAHC) was identified as an affiliate of CMC (Metta, meanwhile, describes IAHC as a subsidiary of CMC).⁹⁹ IAHC was dedicated to high-end real estate development in various locations in Rome. One of its big projects was the Hotel du Lac, curiously located next to ENI’s headquarters.¹⁰⁰

Financing for IAHC’s projects came from Banca Nazionale del Lavoro (BNL) – a bank that, as will be discussed in Chapter 7, was tied to notorious banks like BCCI and Banco Ambrosiano and also played a role in the flow of weapons to Iraq in the 1980s. The money that BNL handled, however, came from a variety of other sources in Geneva and Lichtenstein. One of these sources was none other than ICB. While this is to be expected given Rosenbaum’s numerous ties to Permindex-CMC, it does raise questions about the ultimate provenance of this money. Given that ICB was moving the hot money being poured into its correspondent banks into the Caribbean, it is possible that, via these various companies, this money was being put into Italian real estate ventures.

Such conclusions are at best speculative. Yet, what is certain and undeniable is that much of the wartime OSS and CIA as well as Israel’s intelligence services operated in close proximity to, and were effectively indistinguishable from, organized crime. What’s unique in Israel’s case, however, is that such collusion was baked in at the very foundations of, not only its intelligence service, but the origins of the state itself.

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CHAPTER 4

ROY COHN'S "FAVOR BANK"

"THE CITY'S PREEMINENT MANIPULATOR"

Roy Cohn, whose public reputation ranged from "boy wonder" to sleazy mob lawyer over the course of his lifetime, was one of the most influential political operators in the country for the better part of three decades. Not only would he serve as Joseph McCarthy's right-hand man during the height of the Red Scare, he would also help secure electoral victories for prominent politicians in New York and beyond, including for US presidents. Years after his death, Cohn's protégé, New York real estate billionaire Donald Trump, would serve as the 45th president of the United States.

Yet, for someone who was so influential, both his admirers and detractors have declined to dig too deeply into his career and dealings, particularly those that are most unsavory. Part of this may owe to Cohn's apparently contradictory nature – he was an anti-communist crusader that closely collaborated with the FBI as well as a close confidant, business associate, and legal counsel to some of the biggest names in organized crime. Perhaps for that reason, Cohn's story is central when detailing the rise of the networks that are the focus of this book.

Roy Cohn was a man once called New York City's "preeminent manipulator," precisely because he was "a one-man network of contacts that have reached into City Hall, the mob, the press, the Archdiocese, the disco-jet set, the courts and the backrooms of the Bronx and Brooklyn where judges are made and political contributions are arranged."¹ In addition, Cohn's ability to manipulate the press, politics and much more may have been partially due to his ability to wield blackmail in a way similar that practiced by his close associate and friend, J. Edgar Hoover. This particular relationship, aspects of which were discussed in Chapter 2, may explain why, long after Cohn's death in 1986, much of the FBI file on Cohn –

believed to be over 4,000 pages long in total – has still not been made publicly available despite efforts by Cohn biographers and others over the years.²

Cohn's background and the earlier parts of his career serve as a useful window into how the world of "above-board" and "legitimate" business and politics has intermingled with the criminal underworld throughout the decades and how blackmail was critical to Cohn's ability to successfully navigate those murky, grey areas between the legal and the illegal.

AL COHN AND THE NEW YORK MACHINE

Roy Cohn's father, Albert Cohn, was the son of immigrants from Poland, whose limited financial means forced Albert to skip high school. He eventually attended City College, working his way through university, and graduated in 1903. Afterwards, he attended New York Law School, teaching high school classes simultaneously, and became a practicing lawyer in 1908.³ In 1910, Albert Cohn became heavily involved in the Democratic Party clubhouses based in the Bronx, which involved "attending the once-a-week meetings, working the precincts and winning the district leader's favor," according to Roy Cohn biographer Nicholas von Hoffman.⁴ Albert's connections to the Bronx Democrats grew strong enough that he was appointed assistant district attorney for the Bronx by 1917.⁵ At this point, Albert or "Al" Cohn sought to become a judge but lacked the money that was necessary to secure such a position. This was because the party required payments from the men it put on the ballot as a form of fundraising, and the more influential the position, the more money was required. Cohn lacked such wealth but continued to ascend through the ranks of New York's legal scene, becoming chief district attorney in 1923 under Bronx County District Attorney Edward Glennon.

Around the time that Al Cohn had gone as far as he could without having the money required for the judgeship he coveted, he met Dora Marcus, the daughter of a wealthy banking family. According to friends of Al Cohn and members of the Marcus family, the relationship between Cohn and Dora Marcus quickly led to an arranged marriage, as Dora "was the ugly duckling daughter they couldn't marry off."⁶ According to interviews given by members of the Marcus family, which aired in Matt Tyrnauer's 2019 documentary *Where's My Roy Cohn?*, Dora's father Joseph S. Marcus essentially offered Albert Cohn the money and influence necessary to

become a judge in exchange for his marrying Dora.⁷ They married in January 1924, and, a year later, Albert Cohn was appointed Bronx County judge by New York governor Al Smith.⁸ After their marriage, Al and Dora argued about where to live, with Al initially winning, securing their place in the Bronx. Al's desire to stay in the Bronx was motivated by his desire to stay connected to the political connections he had developed, where he handled the party's "Jewish patronage" on behalf of Bronx party boss Ed Flynn.⁹ Al Cohn is regarded as a protégé of Flynn's who came to wield "substantial power in the Democratic Party," according to author Robert Shogan.¹⁰

In 1921, Cohn created the Pontiac Democratic Club at Flynn's behest in order to weaken the political base of a Flynn rival, Patrick Kane.¹¹ The club later became hugely influential in local elections. Years later, Roy Cohn would describe his father as Flynn's "chief lieutenant" during this period while his mother Dora would host annual dinner parties at their home in Flynn's honor. As a judge, Al Cohn was incredibly loyal to Flynn and the Democratic Party. According to historian Christopher Elias, "When the party needed Al to rule a certain way for reasons political or personal, he followed through. When they needed his support for a specific candidate, he gave it. When the son of a friend and fellow Democratic operative killed a young woman in an automobile accident, Al made a late-night visit to the police station and 'straightened it out.'"¹²

Al's service to the party and to Flynn paid off, with New York governor Franklin Delano Roosevelt appointing Cohn to the Bronx Supreme Court in 1929, making him Roosevelt's first judicial appointment.¹³ At the time and for years afterward, Flynn was one of Roosevelt's most senior strategists. Eight years later, Albert Cohn was appointed to the State Supreme Court's Appellate Division.¹⁴ Like many of the networks already explored in this book, the political machine in which Al Cohn was intimately nestled was interwoven with the city's criminal underworld.

Some modern-day mainstream sources trace the origin of organized crime's influence on New York's Democratic Party to 1931 when Lucky Luciano sent two hired guns to intimidate Harry Perry, the co-leader of Manhattan's 2nd Assembly District, demanding he step down in favor of Albert Marinelli.¹⁵ However, the same crime syndicate had cozy ties with labor unions, a key component of the Democratic Party's power base, going back to the 1920s – an arrangement for which mobster Arnold Rothstein is credited.¹⁶

Similarly, Marinelli's ties to the mob also dated back to the 1920s, when he owned a trucking company that Lucky Luciano managed during the Prohibition era. Luciano had been responsible for helping Marinelli become the first Italian-American district leader at Tammany Hall well before the incident with Perry, which speaks to organized crime's earlier influence over New York politics through Tammany. Yet, after Perry stepped aside and ceded his position to Marinelli, the National Crime Syndicate's influence on New York City politics, particularly the Democratic Party, became "brazen," according to decades-old reports in *New York* magazine, as the move gave Marinelli – and by proxy, Luciano – control over who was chosen to serve on grand juries as well as the counting of votes in local elections.¹⁷

The influence of the National Crime Syndicate on top New York politicians was considerable at the time when Albert Cohn was deeply involved in Democratic affairs. For instance, Meyer Lansky is known to have donated to the political campaigns of Al Smith, the governor of New York for much of the 1920s.¹⁸ Smith was a top figure with Tammany Hall, the political powerhouse of New York Democratic politics that controlled Democratic Party nominations and became synonymous with corruption. Smith is regarded as one of the main protégés of Tammany boss Charles M. Murphy, who had worked to improve the organization's reputation until his death in 1924. However, Murphy's success in cleaning up Tammany's public image did not extend long past his death, largely because many of the top names at the organization had remained closely enmeshed with the city's criminal underworld despite his efforts.

During the now-infamous effort of the National Crime Syndicate to rig the Democratic National Convention in 1932 in favor Franklin Delano Roosevelt, it was a tearful Al Smith, who had personally warned Luciano, Lansky, and Costello that Roosevelt would betray them.¹⁹ Smith specifically warned that Roosevelt would break his promise to restrain an official inquiry into criminal activity in New York City, a promise Roosevelt had made to appease organized criminal interests in order to secure his nomination. This anecdote was relayed separately by both Lansky and Luciano.²⁰ Smith's warning, which the crime bosses had ignored, turned out to be true, as Roosevelt allowed the inquiry, led by Judge Samuel Seabury, to advance after his nomination was cemented. The inquiry soon exposed extensive criminal activity being conducted by Tammany politicians, leading several top officials to resign. Jimmy Walker, the Tammany-backed mayor

of New York City and Al Smith's own protégé, not only resigned as mayor but fled to Paris to avoid charges.²¹

Regarding the 1932 convention, Luciano later stated that it was commonly known at the time that his criminal enterprise controlled most of New York City's delegates to the convention, which speaks to their considerable influence over the party's dealings in the city during that period.²² Seabury and Roosevelt's combined determination to clean up the Democratic Party's image in New York, however, saw Tammany's influence wane due to its entrenched association with organized crime becoming public knowledge. The National Crime Syndicate's influence on New York politics nevertheless remained strong well past Tammany's fall from grace.

The elder Cohn remained deeply involved in the Democratic political apparatus during this period and, as mentioned, was specifically close to Edward Flynn, who had tightly controlled the Democratic Party in the Bronx since 1922. Flynn, who was another protégé of Tammany Hall boss Charles Murphy but not a Tammany member himself, became favored by Roosevelt in the wake of the Seabury inquiry, supposedly because Flynn had kept his district free of corruption.²³ An argument can be made, however, that Flynn had merely kept his district and his own reputation free from a public association with corruption, as Flynn later moved to protect the mob-linked politician William O'Dwyer. According to Robert Shogan, O'Dwyer was one of the Cohn family's "famous family friends."²⁴

The rise of William O'Dwyer, not unlike that of Thomas Dewey, was based on his reputation as a crusader against organized crime, including Meyer Lansky's Murder Inc., and specifically his role in the takedown of syndicate boss Louis "Lepke" Buchalter. It has been disputed, however, as to whether the reality of the Buchalter case was the same as what was publicly reported (i.e., ex-cop O'Dwyer bravely taking on the mob) or, rather, the masking of the consolidation of mob power into fewer hands.

As noted by Sally Denton and Roger Morris in *The Money and the Power*, it was Lansky himself who had arranged for Buchalter to be arrested by the FBI and the Federal Bureau of Narcotics in 1937. Of this alliance, Denton and Morris write that the "betrayal [of Buchalter] at once removed a Lansky rival, gratified Hoover and FBN director Harry Anslinger in their mutual obsession with popular image, and further compromised federal law enforcement, which was growing ever more

dependent on informers and double agents for its successes.”²⁵ Both Dewey and O’Dwyer prosecuted Buchalter with great zeal, gaining considerable recognition for themselves in the process.²⁶ The man they took down, however, had already been consigned to death by both his “friends” and the government before Dewey and O’Dwyer were even involved, which casts doubt on the narrative that Buchalter’s prison sentences and eventual death sentence were merely the result of Dewey’s and O’Dwyer’s prosecutorial abilities.

Further doubt regarding the official story of this incident is raised when one considers that both star prosecutors had their own ties to the same syndicate, with Dewey’s ties to Mary Carter Paint/Resorts International having already been noted in Chapter 1. In the case of O’Dwyer, he was meeting with Frank Costello the same year that he secured Buchalter’s death sentence.²⁷ O’Dwyer ran for mayor of New York in 1941 and lost, but he was later elected in 1945, largely on his anticorruption public image. However, an investigation launched by an attorney O’Dwyer had once hired and who was successfully elected to O’Dwyer’s old position as Brooklyn District Attorney, Miles McDonald, brought that image – and O’Dwyer’s career – crashing down. In 1950, McDonald began investigating Harry Gross, who had been running a multi-million-dollar gambling empire in the city. The investigation into Gross grew rapidly with McDonald discovering a series of other related rackets throughout the city. Most of those rackets led back to one man, James Moran – the man who had served as O’Dwyer’s right-hand man when O’Dwyer served as a judge, as a district attorney, and now as the city’s mayor.

Once word got out that McDonald was onto Moran, heat started to be applied from the very top, with O’Dwyer denouncing the man he had once hired and calling his investigation a “witch hunt.”²⁸ Soon afterward, Ed Flynn called President Harry Truman and urgently requested a meeting. No formal record of the meeting exists, but it is believed that the topic was the implications that McDonald’s investigation would have, not just for New York City but for the Democratic Party and Truman himself. Two days later, Truman met with the head of New York’s Democratic Party and a close associate of Flynn’s, Paul Fitzpatrick. He then met with Eleanor Roosevelt, whose influence on the New York Democratic Party was still considerable. According to journalist David Samuels:

What McDonald’s investigation would reveal, Flynn and Fitzpatrick knew, was that Mayor O’Dwyer was the frontman for a system of citywide corruption that was administered by Moran, the mayor’s closest political associate. Worse, they knew – as the public would find out the following August, from the public testimony of a gangster named Irving Sherman – that

O'Dwyer and Moran had been meeting personally with the syndicate boss Frank Costello as far back as 1941. And as a former chairman of the Democratic National Committee, Flynn also knew that the urban political operations that had helped elect Franklin Roosevelt to the presidency four times, and Truman once, were based on a system of unsavory alliances. Putting O'Dwyer on the stand would put the Democratic Party in New York – and elsewhere – on trial. One way to keep O'Dwyer safe from McDonald's grand jury was to get him out of the country.²⁹

This is precisely what happened, as Truman appointed O'Dwyer to be ambassador to Mexico, which allowed O'Dwyer to avoid charges and further scrutiny. Ed Flynn's close ally and accomplice in helping orchestrate this deal to protect O'Dwyer, Paul Fitzpatrick, thanked Truman in a letter: "Your recent announcement of the pending appointment of the Ambassador to Mexico, again proves to me your deep understanding of many problems and your kindness in rendering assistance... May I just say thanks."³⁰

Though O'Dwyer had escaped from McDonald's investigation, he was forced to return to the US from Mexico City to testify before the Kefauver Committee on his alleged dealings with organized crime in March 1951. During his testimony, he did not deny having visited Frank Costello's home in 1941. He also admitted that he had appointed the friends and relatives of powerful mobsters to public offices and became evasive when asked how much he had known about their ties to organized crime at the time. A subsequent report issued by the committee stated that "during Mr. O'Dwyer's term of office as district attorney of Kings County between 1940 and 1942, and his occupancy of the mayoralty from 1946 to 1950, neither he nor his appointees took any effective action against the top echelons of the gambling, narcotics, water-front, murder, or book-making rackets," while his time as mayor had "contributed to the growth of organized crime, racketeering, and gangsterism in New York City."³¹

Less than a year later, O'Dwyer's right-hand man, James Moran, was convicted on twenty-three counts of extortion for his role in the corruption McDonald had exposed. If Flynn was indeed a Bronx political boss who was free of scandal and corruption as some historians claim, it is hard to justify why he would intervene so dramatically – directly involving the White House – in order to protect the corruption that had enabled O'Dwyer. Rather, he stepped in to protect the system of "unsavory alliances" that had given his party its power, including its obvious organized crime ties. There is also the fact that a young Roy Cohn had been considerably involved with and worked in O'Dwyer's election campaign, bragging

that he had been the one who had found dirt on O'Dwyer's Republican challenger.³² The mob connections and the use of "dirt" and blackmail in politics is something that would later define much of Roy Cohn's career and, ultimately, his legacy.

UNCLE BERNIE'S BANK

Though Roy Cohn was undeniably born into privilege given his father's influence and connections, it can easily be argued that much of Albert Cohn's own success and clout had been due to marrying into the Marcus family. Roy Cohn's mother, Dora Marcus, hailed from an elite family in New York's Jewish community that was later mired in controversy and scandal in connection with their Wall Street activities during the Great Depression.

Dorothy "Dora" Marcus was the daughter of Joseph S. Marcus, who had created the Bank of the United States. Marcus, a Russian-Jewish immigrant, started his career in the garment industry before entering the world of banking, first creating the Public Bank of New York in 1906. He disposed of his interest in that bank in 1912 and chartered the Bank of the United States a year later. One of Marcus' reasons for doing so was apparently related to problems at the Public Bank that had resulted from Marcus' hiring of William Koelsch as cashier. Koelsch's presence at the bank caused "friction" among the bank's directors, according to the *New York Times*.³³

Marcus, Koelsch, and a business partner of Marcus' named Saul Singer came together to create the Bank of the United States soon afterward, but they had different men officially file the bank's incorporation. This was allegedly done in order to hide their involvement to avoid alerting Public Bank's leadership that Marcus and Koelsch were the real forces behind their new competitor. Marcus' new bank was the subject of immediate controversy, as his new for-profit enterprise was to be located just a stone's throw from Public Bank, leading Public Bank's leadership to complain that "there was no public necessity for such additional banking facilities in that particular block" of the street.³⁴

In addition, Public Bank leadership objected to the name of Marcus' new bank, arguing that the name "Bank of the United States" sounded too much like some historical government-linked institutions, such as that which had served as a prototype for a central bank during the days of President Andrew Jackson. This,

they argued, could give the false impression of a direct US government connection to Marcus' bank, particularly to the uninformed. This point was made explicit in a letter written on behalf of Public Bank by Samuel I. Frankenstein and sent to the Senate Banking Committee.

Frankenstein, according to a report on the letter published by the *New York Times*, argued that "ignorant foreigners ... would believe that the United States Government was interested in this bank and that it was a branch of the United States Treasury in Washington, and if the bank should fail these poor depositors would bewail the fact that they had entrusted their scant savings to the United States government."³⁵ He added, "It must be evident to any impartial mind that the motive and purpose in selecting this very peculiar and misleading name for a bank to be located in a neighborhood almost exclusively inhabited by foreigners, especially when so many other appropriate names could have been so easily adopted, was not a laudable one. This name was not selected through pure accident."³⁶ TIME would prove Frankenstein very prescient.

Despite these concerns, the Bank of the United States was granted its charter by George C. Van Tuyl Jr., NY State Superintendent of Banks, who subsequently became a vice president and later a director of the bank. The Bank of the United States, as Frankenstein had expected, immediately worked to attract business and deposits from the local Jewish immigrant community. Starting with a modest \$100,000 in working capital, it experienced moderate growth and had a total of five branches by 1925. Given its Jewish ownership and efforts to cater directly to Jews, it became a point of pride for the New York Jewish community, which "eagerly embraced the new bank, opening savings accounts and borrowing money for fledgling businesses," according to historian Beth S. Wenger.³⁷

Legal proceedings were, however, filed against the bank in 1926, requiring an independent examination of the bank's books. The case was dismissed by NY State Supreme Court judge Joseph S. Proskauer, allegedly because the plaintiffs had failed to "make out a case."³⁸ Yet, there are reasons to doubt Proskauer's objectivity in the case, as he was connected to the same political machine as Albert Cohn. For instance, Proskauer had been appointed by New York governor Al Smith, whose ties to organized crime have already been discussed. Proskauer had also served as Smith's key political advisor during campaigns bankrolled by Lansky, which took place while Proskauer served on the NY State Supreme Court and subsequently the Appellate Court. Proskauer was appointed chair of the New

York State Crime Commission in the early 1950s, despite his past conflicts of interest.³⁹

That commission had been created at the behest of Governor Thomas Dewey, who, as mentioned in Chapter 1, had released Lucky Luciano from prison after his involvement in Operation Underworld and who was also closely tied to both John Foster Dulles and Allen Dulles. Allen Dulles was serving as CIA director at the time of the commission's activities and as the Agency's ties to organized crime deepened. Soon after the Crime Commission's work was completed, Dewey's former chief assistant, Paul Lockwood, in 1955 became a top executive at Lewis Rosenstiel's moblinked Schenley Industries, while Dewey himself officially became a business associate of Lansky frontmen in 1958.⁴⁰ Lansky had also previously donated to Dewey's unsuccessful bid for the US presidency in 1944.⁴¹ The Proskauer-led Crime Commission was insignificant in terms of its end results, especially in comparison to the impact the Kefauver Committee had had the year before, when Dewey had been called to testify due to his suspected mob ties.⁴² This suggests that Proskauer, like Albert Cohn, Ed Flynn and others, could be counted on to protect certain influential actors within the system of "unsavory alliances" that was woven throughout the city.

In addition to Proskauer's own apparent conflicts of interest, there is the added fact that Joseph Marcus had promised Albert Cohn a judgeship in exchange for his marrying his daughter Dora, which further reveals the influence of the Marcus family within legal and judicial circles, as well as with the politicians who appointed judges in New York during this period. Albert Cohn had been appointed as judge for Bronx County by Al Smith a year before this case was brought against Marcus' bank, in 1925.⁴³

Joseph Marcus died in 1927, giving his son Bernard K. Marcus – Roy Cohn's "Uncle Bernie" – complete control over the bank's affairs.⁴⁴ Bernard Marcus had already been intimately involved with the bank's leadership since 1919, when his father had turned over active management of the bank to him. After his father's death, Bernard was named president of the bank and went on an aggressive acquisitions-and-mergers spree, resulting in the bank growing from five branches in 1925 to sixty two in 1930.⁴⁵ Two major mergers took place in 1928 followed by two more in 1929, resulting in the Bank of the United States becoming the third-largest bank in New York City by May 1929.⁴⁶ The bank became a member of the Federal Reserve of New York, which was greatly influenced by the Warburg

brothers, Felix and Paul. Paul Warburg was the main architect of the privately owned Federal Reserve banking system and a powerful force at the central bank during its early years.⁴⁷

Due to the Bank of the United States' apparent success, Bernard was hailed at the time as "a financial wizard who could make dividends sprout from virtually nothing."⁴⁸ Yet, it was soon revealed that Bernard Marcus' wizardry was largely the result of fraud and corruption by the Marcuses and Saul Singer, validating the earlier rationale for having the bank investigated, which had been dismissed by Proskauer. In February 1930, just months after the Black Tuesday stock market crash of October 1929, Bernard Marcus assured shareholders that the bank stood on solid ground.⁴⁹ A few months later, the bank began negotiations for its largest merger yet, which would have resulted in their bank managing \$1 billion in deposits. The would-be bank was to have been headed by J. Herbert Case, then head of the Federal Reserve Bank of New York, of which the Marcus-run bank was a member.⁵⁰ In addition, Goldman Sachs was poised to have "a substantial interest" in the new bank, further underscoring that the merger was set to create another Wall Street behemoth.⁵¹ Terms of the merger were reportedly negotiated in November 1929.⁵²

Yet, by December, rumors were proliferating that the Marcus-run bank was insolvent. Nervous investors and depositors, most of whom were Jewish, lined up to withdraw their money on December 10, 1930. By midday, over \$2 million had been withdrawn, and tens of thousands of the bank's estimated four hundred thousand clients had gathered outside the doors of the bank's Bronx branch, leading to the police being called to maintain order. The panic quickly spread to other branches, but – by that time – all of the other branches had closed their doors. A massive sell-off of the bank's stock ensued, plunging it to \$3 a share, whereas it had stood at \$91 the previous year. Bernard Marcus insisted that the bank would reopen following the planned merger. The merger, however, fell through, as clearinghouse banks involved in the deal pulled out after examining the books of the Marcus-run bank.

Superintendent of Banks Joseph Broderick attempted to work with Wall Street's leading bankers to rescue the bank on December 11, 1930, but failed to reach any solution. The governor of New York at the time, Franklin D. Roosevelt, ordered the Bank of the United States closed, which made its failure the largest in

US history at the time. An investigation was launched, and the evidence of fraud quickly piled up.

As the investigation began, it became readily apparent that Bernard Marcus and Saul Singer, the bank's vice president, had engaged in illegal activity, including purchasing the bank's stock with depositor funds in order to drive up the stock price.⁵³ Not only that, but they loaned out over \$37 million under suspicious circumstances, including \$10 million in mostly unsecured loans to bank directors and their companies, as well as \$5.5 million in loans to sixteen insolvent subsidiaries of the bank in the months leading up to its collapse.⁵⁴ Marcus and Singer also raided the bank's reserve to finance their own investments in the real estate market.

Public hearings revealed that two months before the bank shut down, officers at the bank had burned a truckload of documents, more than a thousand bundles of papers of bank records, at an incinerator located at the Beresford Apartments, which was owned by a subsidiary of the Bank of the United States.⁵⁵ Marcus, in a style that would later be exemplified by his nephew Roy Cohn, fought the investigation of his bank bitterly, even going so far as to refuse to testify and to seek the removal of the lead investigator of the case.⁵⁶ Both Marcus and Singer were found guilty of fraud and were sentenced to three years in Sing Sing maximum-security prison, and their appeal was unsuccessful.

According to members of the Marcus family, including Roy's mother Dora, the reason the other banking chieftains of New York had declined to step in to rescue the Bank of the United States had been "anti-Semitism," and editorials appeared in some New York newspapers arguing the same.⁵⁷ Per this theory, the Episcopalian J. P. Morgan, the Anglo-Saxon-dominated New York Clearing House, and the German-Jewish bankers – e.g. the Kuhns, Loebes, and Lehmans – had let the Russian-Jewish bankers fail when they could have saved their bank. Dora Marcus referred to these figures as "a dirty anti-Semitic cabal" that sought to destroy her family due to their Russian-Jewish origins.⁵⁸

Other banks, however, have been allowed to fail throughout US history, and "anti-Semitism" was not blamed for those occurrences. In addition, the German-Jewish banking establishment was in part dominated by another powerful family – the Warburgs – with both Felix and Paul Warburg having married into another German-Jewish banking family, the Loebes. In June 1930, just months before the collapse of the Marcus-owned bank, Albert Cohn – Bernard Marcus' brother-in-

law – was the guest of honor at a luncheon hosted by Felix Warburg, suggesting that this alleged hatred held by the German-Jewish banking establishment for the Russian-Jewish Marcus family did not exist at the time.⁵⁹

It is perhaps more likely that either the fraud of the Bank of the United States was too enormous or that the German-Jewish banking establishment was disgruntled that such a massive fraud had been perpetrated by a Jewish-owned bank against mostly Jewish depositors. After all, the bank sought to target the Jewish immigrant community through deceptive means from its inception and subsequently committed fraud to rob mostly Jewish immigrants of their money. For example, the bank deliberately advertised its services to the Jewish community in Jewish newspapers and magazines less than a year before its failure at a time when its executives had been engaged in fraudulent activity.⁶⁰ In addition, there had been efforts to investigate the bank for fraud earlier, but they had been dismissed with the intervention of Judge Proskauer. That intervention also raises the possibility that powerful interests had been willing to intervene on behalf of the Marcus-owned bank once but would not do so a second time.

Furthermore, Bernard Marcus was pardoned after just twenty-seven months in prison by Herbert Lehman when he was serving as New York governor.⁶¹ Lehman had been one of the judges presiding over Marcus' appeal and was the only one who had argued for the conviction to be overturned.⁶² Lehman, who hailed from the German-Jewish Lehman Brothers banking family, was close to Albert Cohn, who had allegedly lobbied Lehman to grant the pardon.⁶³ If the Lehmans and the rest of the German-Jewish banking establishment had indeed sought to destroy Marcus, it is highly unlikely that Herbert Lehman would have intervened to try to prevent his initial conviction and then intervened again by pardoning Marcus.

The trial and imprisonment of Bernard Marcus had a considerable impact on Roy Cohn, as “Bernie” was his favorite uncle. Roy, like other members of the Marcus family, took the view that the “anti-Semitic cabal” had used Bernard Marcus as a “scapegoat,” leading some of his cousins on the Marcus side to claim that it was this view that led Cohn to “fight the establishment.”⁶⁴ Given other accounts and insights into Roy Cohn's up-bringing, it seems more likely that he just resented the law and felt that it should not apply to him, a sentiment apparently shared by Bernard Marcus, as revealed by his conduct during the

investigation and trial related to his role as the president of the Bank of the United States.

On Roy Cohn's maternal side, it was not only his grandfather and uncle who were influential figures in New York (despite their very public fall from grace in the 1930s). His maternal grandmother, Celia Cohen Marcus, was the sister of Joshua Lionel Cowen (born Cohen), who cofounded Lionel Corporation, a producer of model railroads and toy trains. The origins of the prominent toy company lie in Cowen's work for Acme Electric Light company, where he began registering patents for lamps and motors in 1899.⁶⁵ That same year, Cowen was awarded a \$12,000 contract from the US Navy to design and manufacture fuses to ignite submarine mines.⁶⁶ Cowen used the money to finance the creation of Lionel Corporation in 1900. Though Cowen is best known as the long-time and founding president of Lionel Corporation, he was also a director of the Bank of United States at the time of its demise.⁶⁷

While his nephew was sent to Sing Sing, Cowen managed to get off light through the help of Fred Piderit, the special deputy banking superintendent charged with overseeing the liquidation of the Bank of the United States.⁶⁸ Piderit's son later became a prominent fixture at the New York Federal Reserve.⁶⁹ Cowen ultimately settled for \$5,000 (about \$107,000 in 2022 dollars), despite having personally attended bank directors' meetings during which many of the fraudulent loans had been approved. He testified that he knew nothing of the bank's criminal activities and learned about its many problems from media reports after its closure. Cowen's avoidance of charges in the case further weakens the theory that the prosecution of Bernard Marcus over the bank's collapse was a plot against the Marcus family perpetrated by other Jewish banking families.

Lionel's influence grew and peaked in the early 1950s when it became the world's largest toy manufacturer.⁷⁰ Its glory days faded relatively quickly, and by the end of decade, Cowen and his son Lawrence stepped away from the company, selling their shares to none other than Roy Cohn. Cohn's involvement with and role at the company would subsequently be linked to suspect financial activity and organized crime networks. Friends of Cohn's, including former congressman Neil Gallagher, have alleged that Roy persuaded friends and acquaintances to buy Lionel stock while he privately shorted the firm, resulting in Cohn getting rich while those who had invested at his behest took a financial beating.⁷¹ Cohn also "side-stepped" federal regulations in the late 1950s by borrowing large sums from

US and foreign sources to buy Lionel stock.⁷² At the time, Cohn had already become enmeshed in business interests tied to mob figures such as Moe Dalitz and Tony Salerno.

Regarding other notable claims about Roy Cohn's family tree, it has been alleged by some, including his biographer Nicholas von Hoffman, that his maternal grandmother, Celia Cohen Marcus, was "deranged," suffering from serious mental issues. One of his uncles on his mother's side, Jesse Marcus, was "either mentally retarded or brain-damaged," which the family speculated was due to the misuse of forceps by the doctor who delivered him, while others suspected a congenital condition. Von Hoffman also reported that some members of the Cohn family thought that Roy Cohn's mother needed to be institutionalized, while others thought something similar but believed that being well-to-do made her eccentricities manageable.⁷³

Other members of the Marcus family, including Roy Cohn's cousins, have not made such extreme claims but have said that Dora's neurotic and sociopathic tendencies left an undeniable mark on her son. According to one of his cousins, it all started the day Roy Cohn was born in 1927, with Dora telling Al, "This is my baby. I'm going to bring this child up and you're going to have nothing to say about it."⁷⁴ Though dominated by his mother and having much less contact with his father, Cohn was aware from a young age of their unhappy marriage and was able to play his parents against each other with ease. Bernard Marcus' wife, Libby Marcus, once stated to biographer von Hoffman that Cohn's parents "saw quite differently in ways of discipline and so forth, so Roy was never said no to. He could always find one person on his side, and that's the one he would use." Cohn's Aunt Libby, added, "I don't think there was any [discipline] between Roy and his mother. It was always in a direction of power, influence, recognition, and there was no chance of Roy ever being stymied because he always, always got his way.... It was not a normal relationship."⁷⁵

This permissiveness was, perhaps, the most lasting impact Cohn's mother had on his character. It was also expressed by one of his law partners, who was anonymously cited by von Hoffman as saying, "His doting mother created a person who was totally free of the rules that you and I or most people go by. What will people think, what's the right thing, what does my religion say about this – Roy played by his own set of rules. Whatever he wanted at any given moment was the right thing."⁷⁶

ROY RISING

From a young age, Roy Cohn was known for being adept at “the trade of human calculus, of deal making, swapping, maneuver, and manipulation.”⁷⁷ By the time he was twelve, for example, he was using his father’s political connections to secure men jobs at the post office, collecting a finder’s fee. Those who knew him all agree that he felt more comfortable in the presence of powerful businessmen and New York political power-brokers than with children his own age. Despite being so different from other children, Roy Cohn developed a few close childhood friends, some of whom would dramatically impact his career trajectory as well as his later ability to manipulate the media for political gain and for the gain of his clients.

These childhood pals of Cohn’s included Si Newhouse Jr., who went on to oversee the Conde Nast empire that now includes *Vanity Fair*, *Vogue*, *GQ*, *the New Yorker*, and many other publications; Edwin Weisel Jr., who became assistant attorney general under President Lyndon Johnson and whose father was a prominent lawyer in the movie business; and Generoso (Gene) Pope Jr., who eventually ran the *National Enquirer*. Cohn’s Aunt Libby Marcus stated that Roy “had very few contemporary friends, because even as a little boy, if he had a party there would be two youngsters, Generoso Pope [Jr.] and Eddie Weisel, Jr. – those were his two friends. Every time he had a party, he had these two contemporaries and everybody else was somebody in politics or somebody with power. Older. He didn’t bother too much [with] people his own age.”⁷⁸

Gene, like Roy, had an insatiable interest in politics and, more specifically, the politics of power. He was the favorite son of Generoso Pope Sr., an immigrant who had famously come to the US from Italy essentially penniless and who had risen to the top of New York City’s – and then the nation’s – concrete industry. Pope Sr. was a controversial man at the time due to his admiration and support for Italian fascism and his ties to Benito Mussolini as well as the Vatican and New York’s top mobsters.⁷⁹ Pope Sr. was also close to William O’Dwyer, the mob-linked mayor of New York who was also a friend to the Cohn family. Pope Sr. also had the ear of prominent US politicians, including Democratic presidents Franklin D. Roosevelt and Harry Truman as well as Truman’s Republican challenger and governor of New York, Thomas Dewey.

Regarding the family's mob ties, Pope Sr. was particularly close to Frank Costello, who he had known since his earliest days in New York and who had shaped the trajectory of his business, Colonial Sand and Stone, by securing the most lucrative city contracts for concrete for Pope's company.⁸⁰ The seemingly endless series of sweetheart deals led Colonial to become the largest concrete company in the country and allowed Pope Sr., its head, to become one of the wealthiest, "legitimate" businessmen with intimate organized crime ties.

So close was the tie that Costello – who was the real-life inspiration for Vito Corleone, the main character of the famous Mario Puzo novel *The Godfather* – was chosen to be Gene Pope Jr.'s actual godfather and served as his guide for years. Gene, after a brief stint working in psychological operations for the CIA, got a loan from Costello to construct his own media empire around the *National Enquirer*. Gene Pope Jr.'s son, Paul Pope, described Costello's influence on his family as "like a guardian angel, his power felt but unseen."⁸¹

The mafioso-style "deals" that brought the Pope family to prominence also became their *modus operandi*. Through his control of the city's concrete industry and the local Italian immigrant voting bloc through his essential monopoly on Italian-language newspapers in New York, Pope was a force that major politicians, and any ambitious politician, could not afford to ignore. He operated through an elaborate system of quid pro quo that was later adopted by Roy Cohn, who called his own version of this system his "favor bank."⁸² As Gene Pope Jr. later said of both his and his father's roles in New York – and even national – politics: "We made deals. That's how judges got made, DAs, things like that. That's when you did all your talking. I mean I did everything from fixing parking tickets to making judges."⁸³

Cohn, later on in life, reminisced about his closeness to the Pope family, stating that "virtually every Saturday night, we would go out to dinner or have dinner at 1040 Fifth and then Mr. and Mrs. Pope, Gene and I would go see a new Broadway show."⁸⁴ According to Gene Pope Jr. and Cohn, Gene Pope Sr. served as a "mentor" to Cohn, whom he admired for his "magnetic personality." Cohn later said that he "learned an awful lot about practical politics" from Pope Sr., including the politics of the "favor bank," and that the mob-linked businessman "had more to do with my incipient political career than any other single person."⁸⁵

Pope Sr. certainly aided Cohn's rise in the world of lawfare, having pulled strings to secure the appointment of Irving Saypol as US Attorney for the

Southern District of New York (SDNY), where Cohn subsequently served as assistant attorney. According to Cohn, as cited by his biographer Nicholas von Hoffman, Saypol's appointment as US Attorney was "thanks to the influence of an odoriferous triumvirate" of Pope Sr., Carmine de Sapio of Tammany Hall, and Frank Costello.⁸⁶ Saypol's focus on prosecuting Communists led to Cohn's now infamous role in the trial of Julius and Ethel Rosenberg and, shortly thereafter, the McCarthy hearings.

It was Roy Cohn's oddly cozy relationship with J. Edgar Hoover, described in Chapter 2, that was the deciding factor in Cohn's appointment as Joe McCarthy's chief counsel during the controversial anti-Communist hearings. The position had nearly gone to Robert F. Kennedy, who was a lifelong rival and bitter enemy of Cohn's – with Kennedy attempting to nail Cohn on more than one occasion when he was Attorney General during his brother's presidency. Though Cohn was ruthless and seemingly untouchable as McCarthy's counsel, having played a pivotal role in destroying many careers and lives during the parallel "Red" and "Lavender" scares, his antics in relation to his work on the committee eventually led to his downfall after he attempted to blackmail the Army in return for preferential treatment for committee consultant and his rumored lover, David Schine. Notably, shortly before Schine became involved with Cohn and McCarthy, his sister, Renee Schine, married Lester Crown, the future Mega Group member and son of the "Supernob"-linked Henry Crown discussed in Chapter 1.⁸⁷

While Cohn's failed power play with the Army was his most well-known attempt to use blackmail during this period, he was also known to have used blackmail of various sorts to target diplomats, such as Charles Thayer, the US consul general in Munich, Germany, after Thayer's brother-in-law, Charles Bohlen, was nominated for an ambassadorship by Eisenhower. Both Thayer, but especially Bohlen, were hated by the "McCarthyite right" despite there being no solid evidence of communist affiliations in either case.⁸⁸ Cohn had learned that, during a stint in Mexico, Thayer had produced a son with a Mexican woman whom he had briefly married and then divorced. Cohn threatened to inform Thayer's aged mother of this long-past affair by shoeorning it into the public confirmation hearings of Charles Bohlen, who had been nominated to serve as US ambassador to the Soviet Union. Thayer, fearing that the news would greatly distress his elderly mother, chose to resign from the State Department.⁸⁹

Cohn also likely used blackmail obtained by other means, given that he had already become involved with the Rosenstiel-linked sexual-blackmail operation during this period. As discussed in chapter 2, this operation was allegedly tied to the anti-Communist “hunt” of the period, and its apparent target, homosexual men, were also being “hunted” due to so-called lavender scare. Ironically, one of the main motives behind the lavender scare was the concern that closeted homosexuals were vulnerable to blackmail. Though the idea was that Communists would use this information to subvert homosexuals in the US government, the evidence suggests that it was this specific anti-Communist group with which Cohn was directly affiliated, who were more adept at blackmailing these men. This group was also subversive, given that their top men, homosexuals such as Hoover and Cohn, were entangled with and compromised by organized crime. After all, it had been Hoover’s FBI and the Catholic Church, dominated by Cohn’s pal Cardinal Spellman, that had originally backed and legitimized McCarthy and his now infamous witch hunt.⁹⁰

Like Hoover, Cardinal Spellman, the archbishop of New York from 1939 until his death in 1967, was incredibly powerful. As Gene Pope Jr., Roy Cohn’s lifelong friend, later recalled: “You couldn’t get a job in New York without Spellman’s okay. ... Before anybody had a Chinaman’s chance, it had to be cleared by Spellman. ... He controlled everything with an iron fist, he controlled the legislature, he controlled the city council. He controlled everything.”⁹¹ Spellman was very much a control freak, having been known to interpret “any sign of opposition to his will as a sign of Communist subversion.”⁹² Also like Hoover, Spellman’s power was likely the main reason why he was able to keep the facts about his homosexual life under wraps. Spellman’s double life not only allegedly involved the “blue suite” parties at the Plaza hotel, but also included private sex parties at his mansion. Even Spellman biographer John Cooney had to acknowledge Spellman’s private life, writing, “In New York’s clerical circles ... Spellman’s sex life was a source of profound embarrassment. ... There were stories about his seducing altar boys and choir boys. He had his favorites among handsome young priests and was known to have lovers outside the clergy.”⁹³

One interesting anecdote shared by Cooney relates to a choir boy who had a relationship with Spellman and who was particularly vocal about it. A man named C. A. Tripp, who later became a sex researcher for the controversial Alfred C. Kinsey, stumbled on this relationship by accident after he met the choir boy, who

was bragging about his trysts with Spellman. Tripp was stunned that the powerful Cardinal was not more discreet about his dealings. Tripp asked the boy to ask Spellman why he was not worried that news would get out and harm his reputation. The boy returned several days later and responded: “The archbishop says, ‘Who would ever believe *that*?’”⁹⁴

It seems that Spellman was confident that his powerful position would shield him from any real scrutiny, allowing him to carry on his sex life as he saw fit. As Rod Dreher of the *American Conservative* wrote in a 2019 article that detailed various anecdotes about Spellman’s double life: “Cardinal Spellman was confident that he would never be outed, and that if someone tried, no one would believe it. And they wouldn’t have, until today.”⁹⁵ As previously noted, Spellman was alleged to have been seen at the “blue suite” parties at the Plaza hotel.

While Spellman and Hoover apparently had similar, and potentially connected, private lives that carried the risk of exposure, it seems that only the latter was blackmailed. Such blackmail was not only wielded by organized crime interests to protect their rackets from FBI meddling, but also by American intelligence agencies. According to David Talbot in *The Devil’s Chessboard*, McCarthy’s efforts to target CIA analyst and CIA director Allen Dulles’ ally William McBundy in mid-1953 led Dulles to put the squeeze on Hoover, who (despite having expressed doubts about McCarthy’s campaign at this time) continued to feed the Wisconsin senator and Roy Cohn “a stream of damaging information on his [Hoover’s] Washington enemies.”⁹⁶

Dulles, himself the subject of a thick dossier kept in Hoover’s office that documented his adulterous trysts, made sure the CIA maintained the blackmail on Hoover, including that which had been shared between OSS veterans, most likely James Jesus Angleton, and Meyer Lansky years earlier. As Talbot notes, “The CIA counterintelligence chief [J. J. Angleton] was rumored to occasionally show off photographic evidence of Hoover’s intimate relationship with FBI deputy Clyde Tolson, including a photo of Hoover orally pleasuring his longtime aide and companion,” while one of Allen Dulles’ mistresses was known to refer to Hoover as “the Virgin Mary in pants.”⁹⁷

Dulles had also compiled a lengthy dossier on Joe McCarthy’s sex life, which included allegations of homosexuality. Talbot details those allegations:

The senator who relentlessly hunted down homosexuals in government [i.e., McCarthy] was widely rumored to haunt the ‘bird circuit’ near Grand Central Station as well as gay hideaways

in Milwaukee. Drew Pearson got wind of the stories but was never able to get enough proof to run with them. But the less discriminating Hank Greenspun, editor and publisher of the *Las Vegas Sun*, who was locked in an ugly war of words with McCarthy, let the allegations fly. Greenspun had been given access to the Pearson files, and he had picked up his own McCarthy stories involving young hotel bellboys and elevator operators during the senator's gambling trips to Vegas. "Joe McCarthy is a bachelor of 43 years," wrote Greenspun. "He seldom dates girls and if he does, he laughingly describes it as window dressing.... It is common talk among homosexuals who rendezvous at the White Horse Inn [in Milwaukee] that Senator Joe McCarthy has often engaged in homosexual activities."⁹⁸

In the world of Beltway blackmail, these allegations of McCarthy's homosexuality were dismissed by those in Hoover's inner circle, as Hoover had also compiled his own set of secret files on McCarthy's sex life, should he ever need it. Instead, Hoover's secret files were alleged to contain a series of disturbing stories of McCarthy drunkenly groping young girls, which was allegedly so frequent that they had become "common knowledge" around the capital.⁹⁹ Talbot quotes Walter Trohan, Washington bureau chief of the *Chicago Tribune*, who witnessed McCarthy molest one such girl, as saying, "He just couldn't keep his hands off young girls. Why the Communist opposition didn't plant a minor on him and raise the cry of statutory rape, I don't know."¹⁰⁰

Yet, as previously discussed, it appears that the anti-Communist forces that surrounded McCarthy, as opposed to the "Communist opposition," was the side that most readily engaged in such operations, and it is entirely possible that McCarthy could have been targeted and entrapped by some of his ostensible allies, given that he wielded considerable power and his indiscretions were said to have been widely known in those circles.

For Dulles' part, he didn't need to "plant a minor" on McCarthy, as the compendium of stories of his actions alone was enough to give the CIA director leverage over the senator. As a result, Talbot states, "there was an explosive sexual subtext to the CIA's power struggle with McCarthy, one that was largely hidden from the public but would eventually erupt in the Senate hearings that brought him down."¹⁰¹ Though it is debatable as to whether McCarthy's struggle with Dulles provoked his undoing, their scuffle did mark his first major failure and was a turning point in his anti-Communist campaign. It would be the relationship between Roy Cohn and David Schine, the chief consultant to McCarthy's committee who has been described by one Cold War historian as Roy Cohn's "dumb blonde," that became the deciding factor behind both McCarthy's and Cohn's fall from grace.¹⁰² Though some Cohn biographers have cast doubt on the

claims of a romantic relationship between Cohn and Schine, other historians of the period treat it as fact. There is really no way of knowing one way or the other, aside from a series of anecdotes that have been the subject of speculation for, at this point, several decades.

For instance, during Cohn's and Schine's infamous European tour, the German press reported on the two men's "flirtatious antics in a hotel lobby" while also describing how the pair had left "their hotel room in a shambles after a vigorous round of horseplay."¹⁰³ Von Hoffman, who dismisses a homosexual relationship between Cohn and Schine in his book *Citizen Cohn*, nevertheless notes some eyebrow-raising stories. One such story that had been reported in *TIME* revolved around how Schine and Cohn "would fly down to Washington from New York on Monday, take adjoining rooms at the Statler Hotel for the week, then fly back on Friday night for a weekend of nightclubbing." On one occasion, the Statler did not have adjoining rooms for the two men, instead only having two single rooms that were not connected. It was Schine, as opposed to Cohn, who then provoked "quite a hassle in the lobby" as he "roared his disapproval."¹⁰⁴

At the very least, even if there was no sexual relationship, the evidence points to Cohn having been enamored with Schine to the point that he was willing to aim the full force of the McCarthy machine squarely at the Army after Schine, who had been drafted in 1953, was due to be shipped overseas. Cohn's reported response to the news was, "We'll wreck the Army.... The Army will be ruined ... if you pull a dirty, lousy, stinking, filthy, shitty double cross like that."¹⁰⁵ The targeting of the Army did lead to ruin, just not the Army's.

Eventually, and with the full approval of the Eisenhower administration, the Army responded by compiling "the Schine report," which revealed all of the ways that Cohn and McCarthy had sought to blackmail the Army to secure special privileges and favors on Schine's behalf. This led to the now-infamous Army-McCarthy hearings in 1954, which ultimately ended McCarthy's reign and humiliated Cohn to such an extent that it would overshadow him for the rest of his career, long after he left Washington. The intensity of the controversy would also provoke the dissolution of the close relationship between Cohn and Schine. What is undeniable about the whole affair is that it reveals how blackmail, particularly sexual blackmail, had become a major, even if largely invisible, force in American politics.

COHN UNDER FIRE

After the end of McCarthyism, Roy Cohn returned to New York and, thanks to Judge David Peck, joined the Saxe, Bacon & O'Shea law firm in 1957. Peck, a close friend of Roy's father, was also very closely associated with Thomas Dewey and, prior to and after his judgeship, was a lawyer for Sullivan & Cromwell, the Wall Street firm long run by the Dulles brothers.¹⁰⁶ The firm, later renamed Saxe, Bacon & Bolan, came to be dominated by Cohn, for better or for worse. One lawyer who worked there in the early days alongside Cohn has accused him of being the driving force behind the deterioration of its reputation, which declined rapidly in the 1960s.¹⁰⁷ Yet, despite the firm's decline in professional reputation, Roy was making quite a bit of money during this same period, as well as a name for himself.

What could have been good times for Roy Cohn were marred by his ongoing feud with the Kennedys, namely Robert F. Kennedy. "I knew when Bobby Kennedy was lurking nearby, nothing good could happen to me," Cohn was known to have said.¹⁰⁸ He was particularly concerned after learning of John F. Kennedy's plans to run for president, as it would likely mean his "mortal enemy" would be appointed to a powerful position in a future administration. Cohn had done all he could to keep the Kennedys from power by vigorously supporting Lyndon Johnson in the Democratic primary.¹⁰⁹ This involved him lobbying Carmine de Sapio of New York's Tammany Hall to back Johnson.

Yet, the Kennedys were not so easily thwarted, and once Robert Kennedy became Attorney General, the feud became even more acrimonious and particularly dangerous for Cohn. Cohn sought refuge in his powerful connections, which now included even more overt ties to major figures in organized crime. Indeed, the same year that John Kennedy won the presidential election, in 1960, Cohn was the guest of honor at a New Year's Eve party hosted by Moe Dalitz, the Ohio-based gangster who was a close associate of Meyer Lansky and a key figure in the Jewish mob. This same year, Cohn had also begun engaging in illegal financial schemes involving Lionel, his uncle's company.¹¹⁰ Cohn's control over Lionel had been arranged with the help of Los Angeles accountant Eli Boyer, who – along with Cohn – had invested in a project alongside Dalitz and his associates.¹¹¹

Cohn initially attempted to smooth things over with Kennedy, writing a letter claiming he “harbored no ill will” toward him, a gesture that was ignored.¹¹² Former congressman Cornelius “Neil” Gallagher, who had met and befriended Roy while representing him in a legal case, later remembered that “Roy was very set back at the fact that Bobby was now named as Attorney General. He was, to put it mildly, very disturbed.... Roy felt, and rightfully so, that they were coming after him. And in fact there was a Get-Roy-Cohn team put together and a Get-Jimmy-Hoffa team put together.”¹¹³

The creation of the “Get-Roy-Cohn” team by the Robert Kennedy-led Justice Department was attested to by Robert Arum, then Assistant US Attorney in New York, while many others have noted the obvious personal hatred that helped fuel Kennedy’s efforts to get Cohn. The combined hatred for Cohn shared by Robert Kennedy and Robert Morgenthau, then the US Attorney in New York, resulted in Cohn being taken to court three times over the next few years. He managed to avoid being found guilty in all three cases, thanks to pure luck in at least one instance.

The first case came in 1964, when a grand jury indictment charged Cohn with obstruction of justice for having tried to prevent the indictment of four men in a stock-swindle scheme involving a company called United Dye, as well as perjury for having lied that he had done so. The case focused considerable attention on Cohn’s dealings with Moe Dalitz and his associates, particularly those involved in the Desert Inn (discussed in more detail later in this chapter).

During the trial, the allegation was made that Cohn had called Dalitz in June 1962, demanding that the mobster return immediately from a vacation in Europe in order to assist Cohn in intimidating men tied to the United Dye swindle so they would lie under oath to the grand jury investigating the scheme. It also emerged during the case that Cohn, Dalitz, Eli Boyer, and stock swindler Sam Garfield (a close friend of Dalitz’s and a central figure in the United Dye scandal) had all been original investors, and thus business associates, in the Sunrise hospital, as had Desert Inn manager Allard Roen, another figure in the United Dye case. Roen was previously discussed in connection with Burton Kanter and the “supermob” in chapter 1. Media reports on the case also noted that Cohn, as previously mentioned, had been the guest of honor at Dalitz’s New Year’s Eve party in 1960.¹¹⁴

Other aspects of the United Dye case, which were ignored or merely glanced over during the trial, are critical for establishing Cohn's ties not just to organized crime during this period but also to organized criminal activity that was intimately enmeshed with a series of CIA assets and other figures of interest in the context of this book. The United Dye web and its organized crime-intelligence links are explored later in this chapter. For now, the focus will be on Cohn and how he fared against the Kennedy-led Justice Department.

Cohn's defense in the case was based on his assertion that the "two Bobbies" – Kennedy and Morgenthau – were after him because of personal vendettas.¹¹⁵ In the case of Kennedy, it was because Cohn had beat him out to be counsel to Joe McCarthy; for Morgenthau, it was because Cohn had helped target his father, the former treasury secretary, during the McCarthy hearings.¹¹⁶ Though Cohn had the formidable media empires of the Newhouse family and the Hearst Corporation at his back, his ties to Hoover and Cardinal Spellman also proved useful in this particular legal battle. Spellman's ties to Cohn, writes von Hoffman, were so well known throughout New York that it "enabl[ed] him to put the connection to use in his lawyerly tricks" and served as "Roy's insurance that there would be some political constraints on what Bobby [Kennedy] might do" in his quest to send Cohn to prison, in large part because of the Kennedys' own Catholic connections.¹¹⁷ Hoover was of more immediate assistance to Cohn at this time, with a lawyer who worked alongside Cohn at Saxe, Bacon & O'Shea claiming that Hoover "gave Roy the government's case, not directly but from FBI agents and witnesses."¹¹⁸

Yet, despite all this help, things were not going Cohn's way in the trial, with a single juror holding out for conviction. It later emerged that Cohn and his legal team had done everything they could to have this juror, an African American woman, replaced prior to deliberation, as they assumed that she would surely vote to convict. Unfortunately for this woman juror, her father was killed in a car accident during deliberation, and she was excused from the jury. The judge reluctantly ruled a mistrial as a result of her dismissal.¹¹⁹

When the case was retried, it resulted in acquittal. One of the main reasons for this shift was that Cohn's defense lawyer – Frank Raichle – had caught Sam Garfield, a key government witness, in a lie related to his denial that the government had offered him leniency for his role in the United Dye stock swindle if he testified against Cohn. The optics helped Cohn's "vendetta" defense.¹²⁰ The

second trial Cohn faced, the Fifth Avenue Coach Lines case, saw him charged with “bribery, conspiracy, extortion and blackmail for allegedly bribing a city appraiser to help his client, Fifth Avenue Coach, snare a higher award in a pending condemnation trial.”¹²¹ This trial had a very different trajectory than the United Dye case, particularly when Cohn’s defense attorney Joseph Brill had a heart attack in the middle of the case. Brill’s heart attack was suspected by some as having been a ploy so that Cohn could serve as his own defense lawyer as the trial drew to a close. While it is debatable if such suspicions were warranted, Cohn becoming his own defense attorney allowed him to offer his own testimony without being cross-examined. It also allowed him to offer “an eloquent seven-hour summation, ending with a protestation of [Cohn’s] love for America.”¹²² That performance saw tears stream down the cheeks of both Cohn and the jurors, who then acquitted Cohn.

The third trial was also related to the Fifth Avenue Coach Lines case and saw Cohn accused of bribery, conspiracy, and filing false reports to the Securities and Exchange Commission. The government’s case against Cohn in this instance involved deposits that Cohn had arranged with the money Fifth Avenue Coach received as a result of the condemnation award. One of those two deposits arranged by Cohn, which the government asserted “provoked considerable controversy,” was a deposit of five hundred thousand dollars in Geoffrey’s Bank in Belgium, which was made the same day that Fifth Coach received the award. One hundred thousand of those funds were then sent to Cohn and deposited in his personal bank account the next day.

Cohn testified that the money was a payment he was owed by A. Newman, “a friend of Cohn’s with whom he had certain business dealings” and who was an officer of Geoffrey’s Bank.¹²³ The other “mysterious” deposit made by Cohn was “never fully explained,” according to the judge who oversaw the case, despite having been a key point of focus during the trial.¹²⁴ Cohn was acquitted when the government’s strategy of offering former business associates of Cohn leniency for testifying against him backfired yet again. Nevertheless, the acquittal came with caveats, as the court did find that “Cohn benefitted from the use of Fifth’s money to pay the loans made to him by” other directors and that he engaged in a “cover up” of the involvement of two company directors in suspect financial schemes.¹²⁵

The appearance of “A. Newman,” or Arno Newman, in this case is worth noting as Newman, who used the last name “Nejman” in Belgium, and his family

bank, named for Arno's son Geoffrey, were later tied to illegal arms deals with Israeli intelligence in the 1980s, during roughly the same period as the Iran-Contra affair (see Chapter 7). Some of these deals, gone awry, bankrupted Geoffrey's Bank by 1981, but no legal consequences for the bankruptcy ever befell the Newman/Nejman family.

A key figure in the Mossad-linked smuggling of weapons through Belgium at this time was David Benelie, a Belgian-Israeli dual citizen and an official business partner of the Nejman family. It later emerged that Benelie's real last name was Azulay and that he was the brother of Avner Azulay, who worked closely with Marc Rich, a Mossad-connected commodity speculator and later fugitive. Belgian investigative reporter Willy Van Damme has claimed that both Azulay brothers worked for Mossad.¹²⁶

While these were the three cases brought against Cohn by the "two Bobbies," they were not Cohn's only trials during the period, as he was also indicted for violating banking laws on more than one occasion. However, the conduct of the two Bobbies, particularly that of Robert Morgenthau, in their quest to nail Cohn, ultimately resulted in a flip of the narrative in which Cohn – once seen as an attack dog in McCarthy's witch hunt – now became viewed as a victim of a witch hunt himself. There is some truth to that view, as Cohn's mail had been illegally intercepted during his 1964 trial, and stories that painted Cohn in a negative light were leaked to the press by the government in a clear bid to sway jurors.

Yet, one of the motivating factors behind Kennedy's and Morgenthau's efforts to "get" Cohn, that he was a crooked lawyer with organized crime ties who felt himself to be above the law, was also true. Nevertheless, despite their best efforts, none of the cases stuck, and their failure granted Cohn "an aura of invincibility, respectability, and even sympathy."¹²⁷ Though he had garnered some public sympathy, that does not mean that Cohn did not try to get even with his arch nemeses, particularly Bobby Kennedy.

VENDETTA BEGETS VENDETTA

One of the many things that Roy Cohn and J. Edgar Hoover shared was having Robert Kennedy as an enemy. Hoover not only subverted the Kennedy-led effort to "get" Roy Cohn by passing Cohn the government's case against him on at least one occasion, he also looked for ways to bring Kennedy

down. This was not motivated by Kennedy's efforts to indict Cohn but instead by his efforts as Attorney General to rein in Hoover and bring down the organized crime networks that had first blackmailed Hoover and later formed an "unsavory alliance" with him.¹²⁸ According to von Hoffman, regarding Hoover's strategy:

Hurting Kennedy demanded some ingenuity, for the target was clean on money, far cleaner on sex than his brother, in short not an easy one to bring down. One approach might be to embarrass him with his liberal constituency, to depict him as a ruthless Attorney General indifferent to the Bill of Rights and individual liberty. To put the plan into effect, Roy was needed as a membrane of protection for the Director; others were needed, including Congressman Gallagher who was making a reputation for himself in the House as a civil libertarian, a legislator committed to preventing the government from turning itself, by aid of computers, lie detectors and advanced electronics, into a free-world version of Big Brother.¹²⁹

According to Cornelius "Neil" Gallagher, Cohn called him up and asked him if he would meet with "a friend of ours" who wanted to talk "about some real substantive abuses that are going on in the United States" that could form the basis for a series of Congressional hearings. This "friend" was Sid Zagri, chief lobbyist for the Teamsters Union. At the time that Robert Kennedy instructed his Justice Department to target Cohn he had also had his sights set on the organized crime-linked head of the Teamsters Union, Jimmy Hoffa, meaning that the Teamsters had their own score to settle with the Attorney General.

The meeting with Zagri went forward. Zagri had brought with him a trove of documents that were "aimed at Bobby Kennedy and the strike force concept, the IRS, the uses that Kennedy was making of them," according to Gallagher. Zagri said that he wanted Gallagher to host hearings on the material. When Gallagher asked how he had acquired these "dangerous" documents, Zagri said, "Don't worry about it."¹³⁰ In Gallagher's version of what happened, he gave a noncommittal response to Zagri about the possibility of hearings. Zagri responded, stating that he had been promised by Cohn that Gallagher would do the hearings. The meeting went downhill from there and ended when Gallagher angrily ejected Zagri from his office.

Cohn called Gallagher the next day, telling him, "You made a big mistake," to which Gallagher responded that he had not wanted to commit because he was unsure of the documents' authenticity. Cohn then revealed that the documents were authentic, as they had come from the FBI, adding, "They all come from Mr. Hoover and Mr. Deke DeLoach [one of the two top assistants to the director]. Mr. Hoover will consider it a very personal favor if you chair these hearings. He's sick

and tired of the bullshit of Bobby Kennedy.”¹³¹ Gallagher responded that he wanted to stay out of the brewing battle between Kennedy and Hoover, stating, “I don’t agree with what Bobby’s doing; I think it’s terrible. I don’t agree with what Hoover’s doing; it’s even worse.” Cohn promised that if Gallagher did host the hearings both Hoover and Teamster boss Jimmy Hoffa would shower him with favors and aid his reelection efforts. Gallagher was still unwilling to step into the ring. Cohn warned him, “You’re going to be sorry... I know how they [the FBI] work... If you’re not their friend, you’re their enemy.”¹³²

Cohn would repeated the same thing to Gallagher a second time. This next occasion saw Gallagher receive a letter prepared for his signature that demanded that the attorney general at the time, Nick Katzenbach, appear before a Congressional committee with the authorizations for the (illegal) bugging of civil rights activist Martin Luther King Jr. Gallagher asked who had produced this letter for him to sign, since he had never dictated it to anyone. His secretary responded that it had been Roy Cohn. Cohn, when contacted by Gallagher, asserted that Hoover had dictated the letter because “he’s sick and tired of Bobby Kennedy proclaiming himself the great liberal when he himself signed the authorizations of his bugging.”¹³³ Gallagher declined to do the director’s bidding once more, to which Cohn again replied, “You’re going to be sorry... I told you before, if you’re not their friend, you’re their enemy. They’re gonna get you.”¹³⁴

Hoover made good on his threat, and, in 1968, he leaked a story to *LIFE* magazine that tied Gallagher to mobster Joe Zicarelli in the middle of Gallagher’s reelection campaign. The story relied on transcripts of taped conversations allegedly between Gallagher and Zicarelli, whose organized criminal activities and role in arms smuggling was discussed in the previous chapter. The FBI later denied the authenticity of these recordings, though some have posited that the tapes might have been authentic, with the FBI only denying their validity to avoid admitting they had illegally wiretapped Gallagher. Given that Gallagher had long been friendly with Cohn, the Zicarelli tie is not outside the realm of possibility, as Zicarelli was an alleged business associate of Lewis Rosenstiel, who was close to Cohn as well as Hoover.

However, the story in *LIFE* is a bit odd for a few reasons. For instance, it failed to establish any benefit to Gallagher from his alleged dealings with the Mafia. It did claim that Gallagher had asked for the Mafia’s help in disposing of a dead body, yet Gallagher was not accused of killing him, and the person appeared to have

died of natural causes as there were no indications of foul play. The article provided no explanation as to why Gallagher would not have just called a doctor or the police if the man had died of natural causes on his property. The article also asserted that Gallagher's criticisms of the FBI's and the Justice Department's wiretaps were mainly motivated by his purported "alliance" with these Mafia figures. Considering that the FBI itself was later revealed to have been the source of the accusations detailed in the *LIFE* article, as well as Hoover's own conflicts of interest relating to organized crime, the claims about Gallagher in this article are best taken with a grain of salt.¹³⁵

After publication of the *LIFE* story, Gallagher claimed he was again threatened by Hoover, with Roy Cohn again serving as the conduit. Gallagher was told that he had to resign or an even more sensational story would be published, this one involving a man allegedly dying in his bed after fornicating with his wife and with Gallagher again asking for Mafia help in disposing of the body. Gallagher was told by both Roy Cohn and a mutual friend of theirs, Neil Walsh, that Hoover was going to have the story published in *LIFE* unless Gallagher resigned from Congress in the next ten days. According to Cohn, Hoover wanted Gallagher out of Congress because he was "too dangerous" for them, as he had not agreed to Hoover's demands now on two occasions. Walsh summed up the situation by telling Gallagher, "You're not their friend, so you're finished."¹³⁶ Needless to say, Gallagher did not take kindly to the threats and delivered a speech on the House floor, exposing Hoover's threats and claiming that the FBI had leaked false information to *LIFE* in a plot against him. Gallagher won reelection despite the FBI director's efforts, but he was indicted in 1972 for perjury and tax evasion.¹³⁷

Regarding Hoover's attempt to blackmail him, Gallagher later stated:

"The Faustian contracts that were daily made by important parts of the United States media on these kinds of deals, without any recourse as to what the hell they were really building up, has become part and parcel of why we don't have a goddamn presidential candidate around anymore. ... You know it's okay to talk about these things, but information is controlled and the bastards [i. e., men like Hoover] have the information, and they use guys like Roy as the interlocutors."¹³⁸

Von Hoffman notes that Gallagher's statement here has "special meaning" given Cohn's subsequent role in similar political power plays, such as those that doomed the vice presidential candidacies of Thomas Eagleton in 1972 and Geraldine Ferraro in 1984.¹³⁹ The weaponization of the media, however, was but

one of the methods employed by Cohn and allies such as Hoover in their elaborate “favor bank” system.

COHN AND CORBALLY

Roy Cohn served Hoover politically through various means, including by acting as his intermediary in political battles and other power struggles. Cohn and Hoover understood the power of blackmail quite intimately, with both allegedly having been blackmailed themselves, leading to their roles in the Plaza hotel “blue suite” parties. Not only is there evidence of Cohn and Hoover participating in sexual-blackmail rackets alongside Lewis Rosenstiel and (in Hoover’s case) Sherman Kaminsky, but there is also evidence of Cohn and Hoover having ties to another sexual-blackmail scandal of the 1960s, one which took place in the United Kingdom and is remembered today as “the Profumo Affair.” The key link between Hoover, Cohn, and the Profumo Affair is a man named Thomas Corbally, who used Cohn as a conduit to pass inside information on the scandal to Hoover’s FBI as it was unfolding.

Corbally came from a family of private investigators, and his family’s detective agency had close ties to organized crime, particularly Meyer Lansky and his immediate network. These ties were extensive enough that the Corbally family used their detective agency to benefit organized crime interests, which included spying on federal agents in the 1920s and 1930s. As a young man, Thomas Corbally served in World War II in the OSS according to Anthony Summers and Stephen Dorril, though this is disputed by others such as author Steven Snider, who calls the claim a “Corbally embellishment.”¹⁴⁰ Corbally does appear to have served in intelligence during the war but in military intelligence via the Army Counterintelligence Corps. He subsequently served in the War Department Detachment, a group whose name has been used interchangeably with the Department of the Army Detachment. The latter was a name used as cover by the CIA in Europe in the immediate post-war period.¹⁴¹

In the 1950s, Corbally became a jet-setting private detective who courted the rich and famous, particularly in London and New York. During this period, he met and befriended Roy Cohn, and the two remained close, with Cohn serving as Corbally’s attorney over the years. In the 1960s, Corbally began living in London, sharing an apartment with William Mellon Hitchcock of the wealthy Mellon

family, who was previously mentioned in Chapter 1. Mellon Hitchcock was the former in-law of David Bruce, an OSS station chief and close ally of William Casey. During the time Corbally and Mellon Hitchcock shared an apartment in London, Bruce was US ambassador to the United Kingdom.

While living together, Mellon Hitchcock and Corbally developed a reputation for throwing “wild parties” or “orgies” for the elite.¹⁴² At the same time, Corbally was courting organized crime networks in the United Kingdom, becoming close to Irish gangster Johnny Francis, who later facilitated the entry of Philadelphia mob boss Angelo Bruno into various businesses in London. Those interests included the Colony Sports Club, where Meyer Lansky associate and Washington, DC-based mobster Joe Nesline held a significant stake.

Both Bruno and Francis worked closely with Ronnie and Reggie Kray, twin brothers and nightclub owners who ran the London-based organized crime gang known as “The Firm” for over a decade. As Stephen Snider and Douglas Thompson have both noted, the Kray brothers “were known to have supplied ‘rent boys’ [teenage boys] to Lord Boothby [Conservative MP and former Churchill aide] during” the time they were associated with Johnny Francis.¹⁴³ Declassified MI5 documents reveal that British intelligence was aware of the Boothby-Kray association that included “sex parties” and “rent boys” at the time these events took place, with those documents also referring to both Boothby and Ronnie Kray as “‘hunters’ of young men.”¹⁴⁴

Corbally was not only plugged into the more powerful crime networks in the UK, but he was also a member of the Clermont Club, an elite group of gamblers in 1960s London. Many of Clermont’s members became extremely powerful during the government of Margaret Thatcher. Several members also later developed close ties to Robert Maxwell, Ghislaine Maxwell’s father, and the global arms trade. The Clermont Club was opened by John Aspinall in London’s Mayfair district in 1962. Aspinall gave £3,000 to Corbally shortly after he opened the exclusive casino. While he publicly claimed the payment was to settle an old gambling debt with the detective, others associated with the club claimed it was meant as tribute to the organized crime networks that, by that time, were deeply connected to Corbally.

The Clermont Club, as noted in Adam Curtis’ documentary series *The Mayfair Set*, acted as a catalyst for the formation of a power nexus around a series of powerful businessmen and politicians who were incredibly influential during

Margaret Thatcher's government during the 1980s.¹⁴⁵ At the center of this nexus were figures such as David Stirling, Sir James Goldsmith, and Roland Walter Rowland. Goldsmith later employed Thomas Corbally directly. Lord Boothby was also a member of the Clermont Club.

Stirling and Rowland, in particular, had significant ties to the global arms trade as well as relationships with Saudi weapons dealer Adnan Khashoggi, who later became a client of Roy Cohn as well as Jeffrey Epstein around the same time, as well as a key figure in the Iran-Contra affair. Both Stirling and Rowland also had their own associations with the Iran-Contra operation. Roland Walter Rowland, better known as "Tiny" Rowland, was also a very close associate of Robert Maxwell, as was fellow Clermont Club member and corporate raider James Goldsmith. Goldsmith not only had ties to Maxwell, but also to white collar crime-linked figures including Charles Keating, Michael Milken, and, later, Jeffrey Epstein. Both Keating and Milken were directly connected to the savings and loan scandal of the 1980s that, according to Pete Brewton and others, was largely the result of a collaboration between the CIA and organized crime. The Goldsmith-Epstein connection is revisited in Chapter 11. Another figure at the Clermont Club was Jack Dellal, whose family business later backed Christine Maxwell's homeland-security-focused software venture, Chiliad (see Chapter 21).

In the context of Corbally and the Profumo affair, another very important member of the Clermont Club was a man named Stephen Ward. Ward was an osteopath, who became intimately acquainted with top figures in Britain's aristocracy through W. Averell Harriman. Harriman was the former governor of New York whose Wall Street firm, Brown Brothers Harriman & Co., had been financially entangled with assets of Nazi Germany well after World War II had begun. Harriman's bank employed George H.W. Bush's father Prescott Bush and his maternal grandfather father George Herbert Walker. At the time he was promoting Ward, Harriman was an "Ambassador at Large" of the Kennedy State Department.¹⁴⁶

Ward's friends among the British elite included the Churchills and photographer of the royal family Sterling Henry Nahum.¹⁴⁷ Nahum was particularly close to Lord Louis Mountbatten, Prince Philip's uncle and mentor to Prince Charles.¹⁴⁸ Nahum, Ward, and Lord Mountbatten were attendees of the so-called Thursday Club, which Nahum is said to have founded. Other attendees at the Thursday get-togethers included Prince Philip and the Kray twins.¹⁴⁹ Many of

the attendees of the Thursday Club dinners were involved in sex parties, such as those hosted by Corbally and Mellon Hitchcock. Nahum was also a regular host of such parties at his apartment in Piccadilly, some of which featured “girls dressed only in Masonic aprons.”¹⁵⁰ Ward regularly attended Nahum’s sexually explicit get-togethers as well as analogous events hosted by elite members of British society.

Ward’s “talents” were quickly recognized by British intelligence outfit MI6, which had a “reputation for targeting visiting dignitaries in the UK with sexual blackmail operations and recognized Ward’s potential in this regard,” according to Steven Snider.¹⁵¹ Ward was first approached by MI6 agent Harold Tracey in 1952 and Tracey cultivated him for years with the help of a close confidant of Ward’s, Warwick Charlton. Tracey regularly passed MI6-derived money to Ward via Charlton, but MI6 has since claimed that they never made “operational use” of Ward, despite their known interest and funding.¹⁵²

During the early 1960s, when Corbally and the Clermont Club were becoming established in London, a British politician named John Profumo, who was then serving as the UK’s Secretary of State for War, met Christine Keeler. Keeler was a nineteen-year-old model who lived with Stephen Ward, and she began having an affair with Profumo shortly after they met. Keeler was simultaneously having an affair with Eugene Ivanov, a Soviet military attaché and GRU agent in London. Ward allowed Keeler and Ivanov to use his apartment over the course of their affair, and Ivanov had his own ties to Ward, having sought to use Ward as a back channel between the Soviet Union and the UK during the 1962 Cuban Missile Crisis. MI5 began to have concerns that Ivanov was “working” Ward, and Keeler later asserted that Ward was a British and Soviet double agent. Incidentally, Ward was also close to the Astor family and rented a cottage from them. The Astor family’s estate at Cliveden was the site of Profumo and Keeler’s first meeting, which led to their subsequent affair.

The scandal began only after Keeler, for reasons that are still unclear, told Labour MP John Lewis that she was having affairs with both Ivanov and Profumo. Lewis subsequently informed Profumo’s political enemy, Labour MP George Wigg. Wigg, like Ward, was an asset of British intelligence at the time. Between her testimony to Lewis and via him to Wigg, Keeler also told her story to the British press, causing a scandal to erupt around Profumo and leading not only to his resignation but to the breakdown of Harold Macmillan’s Conservative government. As an aside, Macmillan’s wife was allegedly in a long-term adulterous

relationship with the aforementioned Lord Boothby, who was a member of the Clermont Club along with Stephen Ward and tied to the same organized-crime networks as Corbally.

According to Phillip Knightley and Caroline Kennedy in *An Affair of State*, as cited by Steven Snider, it was David Bruce – William Mellon Hitchcock’s former in-law and former OSS station chief – who involved Corbally directly in the Profumo affair.¹⁵³ According to the authors, Bruce was asked by Macmillan to uncover the truth surrounding Profumo’s relationship with Keeler, and Bruce turned to Corbally for information due to Corbally’s relationship with Ward, his profession as a private detective, and his close friendship with Mellon Hitchcock. Snider also notes a different account of these events is offered by Anthony Summers and Stephen Dorril in their book *The Secret Worlds of Stephen Ward*. Summers and Dorril assert that it was Ward himself who “dropped in” on Corbally and Mellon Hitchcock, where he confessed everything to them and begged them for help in preventing Keeler’s story from going to press.¹⁵⁴

Whatever the details, Ward, Corbally, and Mellon Hitchcock ultimately met with David Bruce’s assistant Alfred Wells, and Ward told Wells how the incidents at the heart of the Profumo affair had transpired. At least a month prior to that meeting and apparently before Keeler had revealed the affair to John Lewis, both Corbally and Mellon Hitchcock had known about Profumo and Keeler via Ward. Bruce’s role in these meetings with Wells seems odd, as he sat on this inside information about the affair despite its security implications for the US State Department and the Anglo-American establishment.

Hoover’s FBI got the inside scoop from Corbally and began investigating other women of interest in Stephen Ward’s circle while the Profumo affair was just beginning. Corbally kept the FBI informed of developments in the scandal through Roy Cohn, Corbally’s longtime friend and attorney. In the public release of the FBI case files on the affair, nicknamed the “Bowtie dossier,” the information that Cohn gave to the FBI is entirely censored, as is a seventeen-page interview the FBI had with Corbally.¹⁵⁵ One of the reasons for these extensive redactions likely owes to the ties between the other women associated with Stephen Ward and efforts to sexually blackmail John F. Kennedy. Peter Dale Scott discusses this subject in *Deep Politics and the Death of JFK*, drawing partially on the work of Anthony Summers in *Official and Confidential*:

[Meyer] Lansky had by the 1930s acquired compromising evidence of Hoover's homosexual activities. In the 1950s, Meyer Lansky, and other mob figures such as Sam Giancana, supplied women to John F. Kennedy, some of whom were logged into Hoover's growing files of dirt on the young senator. In the 1960s this deep political equilibrium was threatened by Robert Kennedy's war on organized crime, which alienated Hoover. Feeling increasingly threatened, especially after the Kennedys began to collect their own files on Hoover, both Hoover and the mob began to escalate their collection of Kennedy sexual dirt. At first Hoover gained White House influence by protecting the Kennedys against mob blackmail, but in 1963 Hoover, desperate, began to leak some of his own dirt on Kennedy to the public.

Hoover's sexual dirt on the Kennedys began to surface in late June 1963, after the President's "peace speech" at American University with its appeal, "Let us reexamine our attitude toward the Cold War." On June 20, the United States and the Soviet Union signed an agreement establishing a "hot line" between the Kremlin and the White House.

A week later, there was a flurry of veiled hints linking the President to the Profumo story, such as the Drew Pearson-Jack Anderson column for June 29: "Britishers who read American criticisms of Profumo throw back the question 'What high American official was involved with Marilyn Monroe?'"

On the same day, in a front-page story, the Hearst paper in New York, the *Journal-American*, linked the Christine Keeler-Stephen Ward sex ring itself to a "high U.S. aide," one of the biggest names in American politics. Back in 1960, after his election but before his inauguration, the President had slept with two members of the ring, including Mariella Novotny (a former stripper in London's Club Pigalle).¹⁵⁶

Mariella Novotny, born Stella Marie Capes, met Stephen Ward through her job as a stripper at the Mayfair nightclub The Black Sheep. The owner of that club, Horace Dibben, was a close friend of Ward's who also had an interest in sex parties. Dibben's sex parties were alleged to have a notably occult element, with allegations of "black magic and men in masks" as well as "ritual sadomasochism" based around a master/slave dynamic. Novotny was directly involved in Dibben's occult-themed sex parties, which reportedly attracted prominent individuals in Harold Macmillan's government as VIP guests as well as Stephen Ward.¹⁵⁷

Novotny was subsequently whisked away from London to New York, where she began working as an upscale prostitute, servicing a lengthy list of powerful men out of four different apartments just months after she arrived. She had been brought to New York through her affair with Harry Alan Towers, a British television producer, and both were charged with operating a sexual-blackmail ring in New York that specifically targeted UN diplomats and other men of influence. John F. Kennedy was also reportedly one of her "clients."

Before she fled the US in 1961, Novotny left her address book, replete with the names and contact information of America's rich and powerful, with the FBI. For "mysterious reasons," the FBI dropped its case against Novotny and Towers

and chose to destroy Novotny's address book as well as their files on both Novotny and Towers.¹⁵⁸

The other woman linked to both Stephen Ward and efforts to sexually blackmail John F. Kennedy was Suzy Chang, a former nurse turned model who moved to London at nineteen. How Chang met Ward is still unknown, though Chang later described Ward as "a good, good, good friend" whom she had met sometime in the early 1950s.¹⁵⁹ Chang was associated with Ward's close friend and Thursday Club founder Sterling Henry Nahum and lived at the Nell Gwyne House in London, where another woman working with Ward also lived. William Mellon Hitchcock, Corbally's London roommate, later referred to Chang as "one of Stephen's girls," and Chang later confirmed that she knew Corbally as well.¹⁶⁰

Novotny is the source of the claim that Chang had sex with John F. Kennedy, which is possible given that Chang was in the US in both 1960 and 1961. Chang acknowledged knowing Kennedy but denied having sex with him. According to Snider, she reportedly denied the affair with "less vigor" as time went by, however.¹⁶¹ Another noteworthy event that, according to Snider, was more indicative of "shadowy purposes" was Chang's mother hiring the law firm of former OSS chief William Donovan to secure Suzy Chang a visa to the US in 1962.¹⁶² The year 1962 was a critical year for John Kennedy, and it also happened to be the year that the Profumo affair first surfaced.

The first stories on the Profumo affair emerged in the midst of the Cuban Missile Crisis, which may explain why Keeler decided to go public with her story and create a scandal around her lover, costing him his career and setting in motion the destruction of the entire Macmillan government. As previously mentioned, Ivanov had attempted to use Ward as a back channel during the crisis. Not only that, but Ivanov and Ward were also working with Permanent Undersecretary of the British Foreign Office, Harold Caccia, to arrange a summit conference in England to resolve the crisis. The precise timing of the Profumo affair ensured that Ivanov would be rapidly recalled to Moscow, thus scuttling plans for the summit.

In addition, as Peter Dale Scott points out, the reports attempting to link President Kennedy to the Profumo affair only emerged after Kennedy's June 1963 "peace speech." That speech deeply unsettled the anti-Communist network that included Hoover, Cohn, and others, and stories attempting to tie Kennedy to Profumo's scandal were published by the Hearst *Journal-American*. The paper's editor, Guy Richards, was very much involved in this anti-Communist network

and had “excellent intelligence contacts,” according to Peter Dale Scott, citing Anthony Summers.¹⁶³ Summers also noted that the story was published shortly after Richards brought an anti-Communist friend of Keeler’s, Michael Eddowes, to the United States.

In addition, Roy Cohn was a longtime close personal friend of Richard Berlin, the top manager of the Hearst newspaper conglomerate, which owned the *Journal-American*.¹⁶⁴ Cohn was notorious for placing stories in Hearst newspapers, as well as publications controlled by his other close friends, such as Si Newhouse, for the benefit of his clients and his network.

The Profumo affair was probably Corbally’s most notable tie to a sex-blackmail ring, but it was hardly his only such connection. Years later, Corbally was deeply connected to the so-called Hollywood madam, Heidi Fleiss, as well as a VIP S & M scene in the Hamptons. Corbally claimed, in the case of the latter, to have started that ring, which he said he had “imported” from the UK.¹⁶⁵ He was also said to possess numerous “pictures of various individuals engaged in some rather strange sexual practices that were staples of these parties.”¹⁶⁶ Another important association of Corbally’s, though not tied necessarily to sexual blackmail, was his connection to Jules Kroll of Kroll and Associates, with many early Kroll employees crediting Corbally for the firm’s initial success. Kroll and Associates, long known as the “CIA of Wall Street” and believed by French intelligence to have been an actual front for the CIA, makes a few, yet critically important appearances in the last days of Robert Maxwell and other events related to Maxwell’s posthumous legacy in the US, which are discussed in more detail in Chapter 15.

THE UNITED DYE WEB

Another interesting figure in Corbally’s close orbit worth exploring is his mentor, John G. “Steve” Broady. Broady was a private investigator who had more than a few run-ins with the law, including for his role in the wiretapping of then mayor of New York William O’Dwyer on behalf of Broady’s longtime employer Clendenin Ryan.¹⁶⁷ Ryan was not only Broady’s principal sponsor, but also the main financial backer of the International Services of Information Foundation, a private intelligence outfit that had been formed by Ulius Amoss, a veteran of the OSS. Amoss was known, after his service in the OSS, for investing

in companies embedded in the country's growing military-industrial complex, some of which were alleged to be CIA fronts for money laundering.¹⁶⁸ Another prominent figure linked to the foundation was Charles Willoughby, Douglas MacArthur's former intelligence chief, who was a trustee.

Clendenin Ryan's son, Clendenin Ryan Jr., was close to a man named Douglas Caddy, who led an anti-Communist group called Young Americans for Freedom (YAF). Clendenin Ryan Jr. and Caddy were roommates at Georgetown University, and the former was "tangentially involved in founding YAF."¹⁶⁹ Another key member of YAF was former CIA officer, *National Review* founder, and close friend of Roy Cohn, William F. Buckley. Caddy's ties to the George Town Club, "established in 1966 for the purpose of bringing together leaders who had an impact on the United States, and the world," via another of his college roommates, Tongsun Park, and the sex blackmail rings that surrounded both that club and the Watergate scandal are discussed in the next chapter.¹⁷⁰

Another associate of Broady's was Peter Crosby, whose brother – James Crosby – was the chairman of Resorts International (formerly Mary Carter Paint) in the Bahamas. Top investors in Resorts International included the Moody family company American National Insurance Company (ANICO) and Delafield & Delafield. ANICO and the Moody family, specifically Roy Cohn's close friend Shearn Moody Jr., are mentioned in future chapters. Delafield & Delafield is worth noting as it was William Mellon Hitchcock's employer.¹⁷¹

Peter Crosby was a stock manipulator and associate of organized crime figures who made an appearance in the financial webs surrounding the United Dye stock swindle, the aftermath of which resulted in the indictment of Roy Cohn in the early 1960s. During their "adventures" together in the 1970s, Crosby and Broady were arrested in 1973, though only Crosby went to prison. According to the late journalist Gary Webb, Broady evaded conviction because of his past work for the CIA, an association Broady denied but that was attested to by Crosby associates. Webb, citing reports in the *Kentucky Post*, also noted that the papers confiscated from Crosby and Broady at the time of their arrest showed that the two men dealt "with many of the same men believed by investigators to be part of a nationwide network of confidence men and organized crime figures."¹⁷² Crosby certainly seems to have been part of such a network.

Before his 1973 arrest, for example, he was involved in shady financial dealings with William McCarthy, brother of Texas oil tycoon Glenn McCarthy.

Those dealings centered around American Montana Oil & Gas, a dummy corporation through which McCarthy aimed to seize properties then controlled by Ajax Oil Company. Other companies were involved in McCarthy's Ajax takeover plan, including Sundown Oil Company, which counted Paul Roland Jones as a director. Jones was a known figure in Chicago's organized crime scene who had relocated to Texas in 1947 and was implicated in narcotics trafficking.¹⁷³ He also, incidentally, had connections to Jack Ruby (born Jacob Rubenstein), the gangster who is now best known for killing Lee Harvey Oswald after the assassination of John F. Kennedy. Ruby also had connections to the Moody family of ANICO. Crosby and McCarthy entered into an arrangement with Satiris "Sonny" Fassoulis as part of this elaborate scheme. Fassoulis also had a business relationship with a man named Alexander Guterma and the Bon Ami company, which played a critical role in the United Dye swindle.

Guterma was a Russian national who came to the United States in the 1950s, arriving first in California before relocating to Florida. There he launched Shawano Corporation and began acquiring other companies by trading Shawano stock. He soon made his way to Las Vegas, where "he found the Vegas mob at the Desert Inn eager to unload the hotel."¹⁷⁴ Guterma "then traded Shawano stock for the little Isle d'Capri Hotel, Bay Harbor Islands, forming the nucleus of United Hotels Inc., which was to dump the Desert Inn on the public if need be."¹⁷⁵ The Desert Inn was very much a focus of Cohn's trial related to United Dye. As previously mentioned, the Desert Inn's manager, Allard Roen, was also in the employ of mobster Moe Dalitz and was a key figure in the United Dye trial. So was Sam Garfield – a lifelong friend of Dalitz.

The government asserted in its case against Cohn that Eli Boyer, the accountant who helped Cohn take control of Lionel Corporation, had been used by Cohn to pipeline threats to Roen to keep him from giving truthful testimony to the grand jury investigating United Dye. Boyer confirmed this in his testimony. In addition, Boyer, Roen, Garfield, Dalitz, and Cohn had all been the original investors together in a venture called Sunrise hospital.¹⁷⁶ In June 1955, Guterma and Sam Garfield as well as Irving Pasternak teamed up to acquire the Franklin County Coal Corporation. That same month, Guterma became an associate of Virgil Dardi, who was then a director at United Dye and subsequently arranged to sell Guterma a large bloc of shares in the company. Guterma then distributed that stock between himself, Garfield, Pasternak, and others. By that September,

Guterma had become chairman of the United Dye board, with Dardi serving as its president.¹⁷⁷

The following year, Guterma took control of a manufacturing company called F. L. Jacobs. The intention of Guterma and his associates was to “loot and divert for their own purposes the assets of F. L. Jacobs and to use its credit as collateral for loans, the proceeds of which were diverted to Guterma’s own use and benefit.”¹⁷⁸ Soon after, Dardi informed Guterma that the Bon Ami company had 63,000 shares for sale; they then arranged for the purchase of those shares by United Dye via a loan from F. L. Jacobs. Guterma later testified that they had taken control of Bon Ami to “enable Garfield and Pasternak to satisfy the \$519,000 obligation owed by them to United Dye.” To support Guterma’s testimony in the United Dye case, the government “introduced evidence of various ‘loan’ transactions involving Garfield and Pasternak and, as directors of Bon Ami, Guterma and Dardi,” many of which involved United Dye.¹⁷⁹

When the decision was made to use the United Dye grand jury to “get Cohn,” Garfield and Pasternak evaded being sentenced in exchange for their testimony against Cohn and other accomplices. As previously mentioned, their deals to obtain immunity, which were not publicly acknowledged, helped convince a jury to acquit Cohn during the retrial (i. e., the second trial that followed the initial mistrial) of the United Dye case. Guterma had already been found guilty and was serving a four-year prison sentence for having looted millions from F. L. Jacobs when Cohn’s case went to trial. He was sentenced in 1961.

Before Guterma was caught and the United Dye swindle unraveled, Guterma and Dardi used Bon Ami company to establish ties with some interesting figures as they obtained a controlling stake in the company. In 1957, Guterma and Dardi entered into negotiations with an entertainment executive named Matthew Fox in which they sought to purchase \$5 million worth of spot time for TV commercials for Bon Ami.¹⁸⁰ Bon Ami loaned Fox \$115,000, and Fox arranged for Guild Films to supply Bon Ami spot time if Fox defaulted on the loan, which he did.

Fox was much more than a television/movie executive, however, as he had led a CIA front in Indonesia, the American-Indonesian Corporation, until the early 1950s.¹⁸¹ In that capacity, Fox had controlled extensive rights to develop Indonesia’s natural resources and also controlled all Indonesian government buying and selling in the United States.¹⁸² He was also involved in covertly

supporting the CIA-backed prime minister of the country, Mohammed Hatta, at the behest of agency intermediaries.¹⁸³

That same year, 1957, Guterma entered into negotiations with Sonny Fassoulis, leading to Fassoulis' acquisition of over 100,000 shares of Bon Ami stock. At the time, 25,000 of these shares were owned by another Guterma-controlled company, the Chatham Corporation. Fassoulis did not have the money for the purchase, however, and sold film rights held by a company he controlled, Icthyan Associates, to Bon Ami to cover the cost. The so-called Icthyan package was intended to "enable Bon Ami to obtain television spot time by transferring the 'Icthyan Package' to Guild Films as credit against the purchase price of a large quantity of television spot time."¹⁸⁴

Well before Fassoulis and Fox entered the scene as it related to Bon Ami, they appeared to have already been involved in a shadowy financial network that involved Virgil Dardi. In 1953, Fox was the chairman of a company called Pola-Lite, and Fassoulis was its president. Pola-Lite was actually the subsidiary for an intelligence-linked company named Commerce International Corporation that Fassoulis ran.¹⁸⁵ Around the same time, in 1954, it was reported that Matthew Fox was president of C & C Television corporation, a subsidiary of C & C Super Corporation, where Virgil Dardi served as a director. This connects Fassoulis, Fox, and Dardi together years before Guterma and Dardi became involved in the events surrounding the United Dye situation.

Around the same time the United Dye scandal erupted, in the early 1960s, an investigation was launched into the David, Josephine and Winfield Baird Foundation and the Lansing Foundation, both of which were controlled by New York businessman David Baird. The Baird Foundation was listed as owning 24.5 percent of the C & C Television Corporation that Matthew Fox ran, and the foundation also owned significant rights to several other C & C subsidiaries. The Baird Foundation's clients included several organized crime associates, such as Lansky front man Louis Chesler; real estate magnate William Zeckendorf; and Lawrence Wien, another real estate magnate who was a partner in the Dalitz-linked Desert Inn that was tied to the United Dye case. As mentioned in Chapter 1, Wien had bought the Empire State Building from "Supermob" figure Henry Crown.

Other clients of the Baird Foundation included Allen & Co., which later became closely involved with Les Wexner's "mentor" Max Fisher, as well as the

director of Maurice L. Rothschild, Nathan Cummings. Cummings was a director of Bon Ami company and was personally involved in selling the controlling stake of that company to United Dye when it was controlled by Guterma and Dardi.¹⁸⁶ Cummings subsequently departed Bon Ami, which opened spots for Guterma and Dardi on its board.

As for David Baird himself, he and Charles Allen of Allen & Co. were known to have dealings with Guterma, even after the Las Vegas mob, specifically the Desert Inn crowd tied to Moe Dalitz, “had exhausted its use” of Guterma in the aftermath of United Dye’s unraveling.¹⁸⁷ In addition, Louis Mortimer Bloomfield, attorney for Permindex and whose law firm was deeply enmeshed with the Bronfman family, wrote to Carlo d’Amelio of Permindex’s Italian subsidiary in 1961, describing the interest that Permindex had cultivated among American businessmen, specifically David Baird, in their affairs and projects.¹⁸⁸

Another interesting thread concerning David Baird is related to his client and the *de facto* banker for the Baird Foundation, Serge Semenenko. Semenenko was the vice president of First National Bank of Boston, whose executives were close to the CIA. The Baird Foundation itself was later revealed to be an asset of the CIA’s International Organizations Division and, between 1961 and 1964, received \$456,800 of agency funds in “pass throughs” that were piped into CIA programs in the Middle East and Africa.¹⁸⁹

In addition to the direct CIA connection, there is also some level of connection between Baird and Meshulam Riklis. As mentioned in Chapter 2, Riklis took over not only Lewis Rosenstiel’s business empire but purchased his blackmail-ready townhouse at around the same time.

Jonathan Marshall, in his article “Wall Street, the Supermob and the CIA,” notes:

Not long after Semenenko left First National, at the height of the 1960s merger mania, he began wheeling and dealing with Baird over the fate of Stanley Warner Corp., a leading theater owner that Baird had advised on financial matters since 1956. The first public hint of their dealings came in November 1967, when New York City newspapers touted Baird’s philanthropy by reporting that he was chairing the annual Celebrity Ball of the Variety Club of New York in honor of Democratic Rep. Emmanuel Celler. Vice chairmen for the ball were Semenenko, Stanley Warner Corp. Chairman S. H. Fabian, and Meshulam Riklis, the young, Odessa-born chairman of Glen Alden Corp., a fast-growing conglomerate that was angling to acquire Stanley Warner.”¹⁹⁰

Marshall goes onto reveal that Celler, once the chairman of the House Judiciary Committee, was a “notable friend” of Lewis Rosenstiel. He also notes that David Baird received a \$3 million finder’s fee for his role in arranging sale of Stanley Warner stock to Riklis’ Glen Alden Corporation. Shortly thereafter, Riklis, via Glen Alden, took control of Rosenstiel’s Schenley Industries. Incidentally, another Baird associate, Charles Allen of Allen and Co., had previously considered acquiring Schenley before Riklis succeeded in doing so.

Ultimately, this series of serpentine financial connections reveals a dense web linking several organized crime figures, their intermediaries, organized crime-linked businessmen, and intelligence agencies. Some key figures in this network, as mentioned in this and previous chapters, engaged in various forms of blackmail and power plays to ensure the continued growth of both their legal and illegal financial interests. As we shall see, this incestuous web of crime, intrigue, and covert action that was tightly interwoven throughout major events of the 1960s would continue its expansion, largely unimpeded and employing many of the same tactics, throughout the decades that followed.

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CHAPTER 5

SHADES OF GRAY

THE PR MAN

Today, the Koreagate scandal of the 1970s is largely forgotten, despite the lurid headlines it inspired at the time. Shadowy intelligence operatives, slush funds, kickbacks, complicated schemes to buy political loyalty, and rumors of sex and blackmail were just some of the themes that swirled around Koreagate and the man at its center, Tongsun Park.

As noted in the previous chapter, Park had studied at Georgetown University, where he developed close ties to certain groups of young conservative activists. While there, he was also recruited by the KCIA, the Korean intelligence apparatus. After graduating, Park became a well to-do businessman in the DC area as well as a social gadfly, forming connections with congressmen, senators, and staffers on both sides of the political aisle.

What became known as Koreagate was said to have begun when Chung Il Kwon, South Korea's prime minister, tasked the head of the KCIA, Kim Hyong-uk, with devising an operation to influence political opinion in the United States. The resulting scheme entailed the services of Park, who was then brokering rice sales contracts from the US to South Korea under the auspices of the government's Food for Peace program. Working with Congressman Richard T. Hanna – who represented California, one of America's largest rice-producing states – Park utilized the commissions on these sales to peddle influence. He called upon his impressive network of contacts, who were interwoven throughout the offices of powerful Washington businesses and institutions, as well as the private clubs and backrooms of the capital, to carry out his series of kickbacks and bribes.

Appearing on the periphery of Koreagate – at least as far as the official investigation was concerned – was one of Park's close associates, the powerful

lobbyist and Public Relations executive Robert Keith Gray. Across the course of his lengthy and impressive career, Gray was adept at the art of influence peddling. The breadth of his associates ran from Korean CIA operatives such as Park to US CIA agents such as Edwin P. Wilson and soon-to-be CIA director William Casey. Among his other close associates and/or clients were Adnan Khashoggi, Robert Maxwell, the Teamsters, and BCCI (the Bank of Credit and Commerce International), among many others. It all added up to Gray acting as a key node in a shadowy network that was becoming increasingly aligned, and integrated, with the halls of power. Gray's name would often bubble up alongside numerous scandals, with Koreagate being just one. Others would include Watergate, the largely forgotten pageboy scandal of 1982, and the Iran-Contra affair.

Gray hailed from Hastings, a moderately sized industrial town nestled in the Nebraskan countryside, about two and half hours west of Omaha. Early on, he showed an interest in politics and was an avid participant in his high school debate club. After his graduation in 1939, he and several members of his debate club attended Carleton College in Minnesota; his chosen area of study was political science. A year later, with World War II looming on the horizon, the US Navy launched its V-7 program, which was a rapid-training course for naval officers. V-7 worked closely with universities across the United States, and Gray quickly enlisted.

The next couple of years were a whirlwind for Gray. He attended the Navy Supply Corps Midshipmen Officer's School in Newport, Rhode Island, and found time to take business management courses at Harvard. This threefold educational path – politics, business, and adjacency to the military – became defining characteristics of the rest of his long and storied career. Yet, it would be some time before he was able to make a name for himself.

After the war he bounced back to Hastings, where he worked at the naval depot that had been built there. He spent his free time building social capital: he taught business courses at Hastings College and joined many of the city's organizations and social clubs (including the local Masonic lodge).¹

During this second period in Hastings, Gray became acquainted with Fred Seaton, owner of the *Hastings Tribune* and a powerful figure in Nebraskan politics. Gray then served as a state senator before serving as President Eisenhower's assistant secretary of state for legislative affairs. He brought few things with him to the capital – among them Seaton's contact information. Seaton managed to find

Gray a position in the vast complexes of the post-war bureaucracy. He went to work in the Pentagon, serving as a special assistant to Assistant Secretary of the Navy Albert Pratt.

Gray received a promotion in May 1956, which propelled him higher in the strata of power within the Eisenhower administration. He became a special assistant to the White House, acting as deputy to Seaton. Yet, as Susan Trento points out in *The Power House*, there may have been more to this position than meets the eye. He had been designated as an “excepted appointment,” which means that, in lieu of a standard promotion, he had “been simply detailed to the White House from the Navy.”²

If Gray was still technically working for the Navy while at the White House, it is likely that his new position involved intelligence and security concerns. His primary task was to sift through reams of data in connection with Washington job seekers. “Gray,” Trento writes, “was controlling the flow of information about everyone looking for patronage, or political jobs, at a federal level.”³ A significant amount of this information was marked “highly confidential,” which gave Gray an inside track on government power.

Soon, he was working under Sherman Adams, Eisenhower’s chief of staff. Adams was an early Rockefeller Republican and a master bureaucrat. He was known for regulating access to the president: nobody, it was said, could speak to Eisenhower without Adams’ approval. He made up an inner core of Eisenhower cronies that included Floyd Odlum and George Allen – powerful, politically connected businessmen whose interests existed in immediate proximity to the emergent “military industrial complex,” as Eisenhower would later call it, as well as the increasingly brazen intersection of intelligence and business interests. This was the world that Gray was easing his way into under the tutelage of Adams.

After the untimely departure of Adams under the cloud of scandal, Gray gained a new mentor – Richard Nixon. This was Gray’s introduction into an expanded network of contacts that shaped the trajectory of the rest of his life. In 1960, he went to work on the ill-fated Nixon presidential campaign, perhaps encountering for the first time his future friend William Casey. He also became associated with Clark Clifford in this period; Clifford, a Democratic Party insider and archetypal cold warrior, was one of DC’s elite attorneys and had an extensive Rolodex.

Decades later, Clifford was among the numerous US political and business figures implicated in the BCCI scandal, the subject of chapter 7. Beginning in the early 1980s, Clifford served as chairman of the board of First American Bankshares, a major DC-based bank that had fallen under the secret control of BCCI via their takeover of the bank's parent company. As Edward Jay Epstein has pointed out, First American was a bank used by numerous congressmen and other political figures – control of the bank created possible blackmail opportunities.⁴ Shortly after Clifford took control of First American, Gray joined the bank's board of directors.⁵

Following John F. Kennedy's defeat of Nixon in 1960, Gray left government service for a position at Hill & Knowlton (H & K), a major public relations and lobbying firm that had been launched in the 1920s by John Hill and Donald Knowlton. While H & K would become synonymous with the inner conflicts and flashy affairs of the DC Beltway – with clients including everyone from presidential hopefuls to BCCI – in the early days, it was a Cleveland-based company with a particular focus on the local steel industry and the banks that financed it.⁶

In the aftermath of World War II, H & K became a major promoter of the aviation industries that were then benefitting from the fusion of American heavy industry and the US military. John Hill, for example, was a member of the Air Power League, a pressure group formed by a large coterie of businessmen and military officers with the goal of educating the public about aviation and raising support for the construction of “greater airport facilities and air training programs.”⁷ The league was closely aligned with the Aviation Industries Association (AIA), the major aviation trade association that H & K had taken on as a client. Such connections firmly ensconced H & K within the military-industrial complex, as the *Encyclopedia of Public Relations* makes clear:

“The [Aviation Industries Association] sought a steady diet of military appropriations for its member companies, and it promoted air safety, travel, and other aspects of civil aviation. After the war ended, military contracts took a nosedive, so the agency focused on convincing the federal government to audit the nation's air policies and its readiness for another war. When both Congress and President Harry S. Truman set up commissions to review air policy, Hill & Knowlton helped industry officials prepare their testimony and publicize the board's findings. Joining with the American Legion, the AIA sponsored a campaign, “Air Power is Peace Power,” beginning in 1947.”⁸

H & K was also linked, it seems, to the CIA. Robert Crowley, a longtime operator within the Agency's Directorate of Operations, stated that the firm's "overseas offices were perfect 'cover' for the ever-expanding CIA."⁹ Crowley would have been in a position to know: he acted as the CIA's "liaison" to the business world, which entailed the use of existing businesses as covers for agents abroad and the creation of proprietary firms to act as fronts.¹⁰ Crowley may even have helped bring a young George H.W. Bush into the CIA's fold, as Bush's Zapata Petroleum served as an Agency front for various Caribbean operations during Crowley's time as an Agency liaison.¹¹ Gray himself was likely tied directly to these efforts. When Edwin Wilson checked with the CIA's Office of Security prior to adding Gray to the board of a CIA front called Consultants International, "he discovered that Gray had already been cleared by the spy agency – that Gray had previous clearances."¹²

INSIDE THE GEORGE TOWN CLUB

During the 1960s Gray became aligned with a powerful bloc of interests known as the China Lobby. An early Cold War equivalent of today's Israel Lobby, the China Lobby represented the Nationalist Chinese – the Kuomintang (KMT) – and their supporters in Washington. The China Lobby called for US support for Chiang Kai-Shek's government in Taiwan against the Chinese Communists led by Mao Zedong. In its most extreme form, this support entailed militarized intervention in mainland China and elsewhere in Southeast Asia. As scholars such as Peter Dale Scott have shown, many of these activities set in motion a complex chain of events that later cascaded into the Vietnam War.¹³

One of the strongest actors in the China Lobby was Anna Chennault, who cultivated contacts with countless politicians, businessmen, military figures, and intelligence officers. She held positions on the boards of numerous companies and acted as an advisor to various US presidents. She also served as a diplomatic channel to the leaders not only in Taiwan but in South Korea, the Philippines, Japan, and elsewhere. Gray was particularly close to Chennault, though the exact details of how the two first met are unknown.

Anna Chennault's husband had been Claire Chennault, the leader of the First American Volunteer Group – better known as the "Flying Tigers" – during World War II. With ranks drawn from the US military, the Flying Tigers trained at bases

maintained in Burma before flying to China to fight Japanese forces alongside the KMT. From the late 1930s, Claire Chennault had served as a military advisor to Chiang Kai-Shek and his brother-in-law, the powerful T. V. Soong.

As previously detailed in Chapter 1, Claire Chennault was a very well-connected man and this included ties to the Roosevelt administration. After the war, the Chennaults became the core members of the China Lobby and, in those early years, managed an impressive airlift of “American relief supplies in China.”¹⁴ Central to this effort had been the creation of a new airline called Civil Air Transport (CAT). As previously noted, CAT would later morph into the CIA airline Air America, which would subsequently become the infamous Southern Air Transport.

There were also other airline companies in this mix. As was also noted in Chapter 1, an air freighter called Flying Tiger Lines was set up by a coterie of Claire Chennault’s former pilots, and Anna Chennault joined the company as its vice president of international affairs. Evidence suggests that Flying Tiger Lines was also utilized by the CIA, and its board of directors included individuals linked to organized crime.¹⁵ At the same time, Anna acted as a consultant to numerous large aviation concerns, including Pan American, whose interests directly intermingled with those of the CIA’s CAT/Air America complex.¹⁶ At any rate, Flying Tiger Lines remained squarely in the fold of the China Lobby and its numerous allies. “Over the years,” writes Susan Trento, “Flying Tiger ... would evolve into World Airways, and Gray would become a board member.”¹⁷

Gray’s early political mentor, the future president Richard Nixon, was also an ally of the China Lobby. Many journalists and academics have identified Nixon as being a “member” of the lobby, but a 1992 academic paper suggests that his involvement with them was more pragmatic than ideological.¹⁸ He fostered good relations with Chiang Kai-Shek and T. V. Soong, which spilled over into business arrangements during the 1960s, when Nixon temporarily left politics for private law. One of his biggest clients was Pepsi, the Taiwanese interests of which were firmly held by members of Soong’s family.¹⁹

All of this provides a backdrop to the creation of the George Town Club in March 1966. Its main organizers included Gray, Park, and Chennault, along with Henry Preston Pitts, Lawrence Merthan, and General Graves B. Erskine. The Club was officially established “for the purpose of bringing together leaders who had an impact on the United States, and the world, through their work in various

business, professional, civic, social and political milieus.”²⁰ Pitts and Merthan, according to the *Washington Post*, worked alongside Gray at H & K at the time of the club’s founding.²¹ By the time the Koreagate hearings began in the late 1970s, Pitts had left H & K and gone to work for the US Information Agency, the once covert body set up during the Eisenhower administration to direct “public diplomacy” and Cold War propaganda.²²

Erskine had a lengthy career in the world of intelligence and covert operations. In 1950, he ran the military wing of the Survey Mission to Southeast Asia, which brought him into close contact with the anti-Communist interests that were aligned with the domestic China Lobby. Working closely with representatives of Nationalist China, he developed a military strategy to support KMT fighters in Burma and their allies in Thailand. This was the birth of Operation Paper, which marshaled the resources of CIA operatives such as the mob-linked banker and OSS veteran Paul Helliwell.²³ Arms flowed to Thailand and Burma aboard ships chartered by Sea Supply, a front company organized by Helliwell, while others were procured through the shadowy World Commerce Corporation. Peter Dale Scott has argued that Operation Paper was a key point in the development of US intelligence complicity in the global drug trade – at the very least, it marked a major instance of intelligence’s indirect support for drug traffickers.²⁴

In 1953, Erskine became the director of Special Operations at the Department of Defense. This put him in charge of an obscure office within the Pentagon that served as the liaison between the armed forces and the CIA. Here, Erskine oversaw an ever-increasing number of covert operations and special wars dotting the globe. Operating under Erskine was the infamous Edward Lansdale, America’s architect of guerrilla warfare and psychological operations in the post-war era. When Erskine suffered a heart attack in 1957 and took a protracted leave from the Special Operations office, Lansdale stepped in and ran it in his stead.

The intersection of the George Town Club’s membership with China Lobby interests and skilled operators in the world of covert intelligence was apparently unending. The manager of the club, for example, was Norman Larsen. Larsen had previously worked in the Washington offices of the Life Line Foundation, one of the charitable bodies owned by Texas oilman and financier of right-wing causes, H. L. Hunt.²⁵ Other recipients of Hunt’s largess included *Foreign Intelligence*

Digest, a private intelligence magazine organized and edited by Douglas MacArthur's former intelligence chief, Charles Willoughby.

While Willoughby operated far from the environs of the George Town Club, numerous authors have highlighted his linkages to the wider China Lobby network. David Clayton, for example, writes that the lobby “was intrinsically tied to advocates of [a foreign policy of] rollback ... and to MacArthur, through his intelligence chief General Charles Willoughby,” while Harvey Klehr writes that Willoughby was a “China Lobby ally.”²⁶ And Peter Dale Scott writes that “others who used [Joseph] McCarthy to settle old scores included the Chinese Nationalists of the China Lobby, their spokesman Alfred Kohlberg, and General MacArthur's Prussian-born intelligence chief in Japan, General Charles Willoughby.”²⁷ The expansive nature of this network can also be illustrated by Norman Larsen's membership in the International Youth Federation for Freedom, a “non-profit anti-Communist group” that appears to have had some working relationship with the CIA.²⁸ The International Youth Federation for Freedom was founded by none other than Tongsun Park, along with his close friend and college roommate Douglas Caddy.

Park, in his Koreagate testimony, makes passing reference to Caddy, noting that Caddy – who would appear later in the course of the Watergate scandal by serving briefly as E. Howard Hunt's attorney – had been the executive director of the Young Americans for Freedom. As noted in the previous chapter, Young Americans for Freedom had been organized by former CIA officer, close friend of Roy Cohn, and *National Review* founder William F. Buckley and counted Charles Willoughby on its advisory board.

When Park mentioned Caddy in his testimony, it was during a line of questioning concerning a man who later figured heavily in the clandestine espionage activities of Robert Maxwell: Senator John Tower. Tower, who was also a member of the George Town Club, had been particularly close to Park. “I was a friend of the [Tower] family,” Park stated, before noting Tower's involvement in “helping Young Americans for Freedom, which was founded by one of my closest friends.”²⁹ The “closest friend” alluded to here was Caddy.

A State Department telegram concerning the George Town Club reports that, for the first six years of its existence, the club had operated in the red. Nevertheless, it managed to stay afloat, apparently through the intercession of its owners. The governing board was “divided ... equally between the Democratic

and Republican parties.” The telegram goes on to state that, at the time, Clark W. Thompson had been serving as chairman of the club’s board. Thompson was the quintessential moderate Texas Democrat, having served for some three decades as one of the state’s representatives. Working both sides was Thompson’s forte. For instance, when it came to the issue of school desegregation, he broke with most of his colleagues who opposed it, while he also voted against the Civil Rights Acts of 1957 and 1960.

A careful examination of Thompson’s affiliations reveals links to the worlds of organized crime and intelligence. Thompson was married to the daughter of William Lewis Moody Jr., a key player in the world of Texas finance and insurance. Moody’s flagship firm was American National Insurance Company (ANICO), founded in Galveston, Texas, in 1905. The Moodys were briefly mentioned in the last chapter as Moody’s grandson, Shearn Moody Jr., was a close friend and client of Roy Cohn. According to a mutual friend of Cohn’s and Moody’s, the “eccentric” Moody supplied Cohn with “many little boys of the night,” which he also he did for other specific guests who visited his Texas ranch.³⁰

Thompson had served on the board and as ANICO’s treasurer during the 1920s but departed when he entered politics. At the same time that he was serving as chairman of the George Town Club, he had rekindled ties to the conglomerate and was listed as its official lobbyist.³¹ Morris Shenker, best known as Jimmy Hoffa’s attorney, was also ANICO’s attorney for a time and he helped bring the insurance firm into the mob-dominated world of Las Vegas hotels and casinos. As Sally Denton and Roger Morris write, “ANICO ... funneled untold millions into Las Vegas gambling interests, including \$13 million to Shenker himself ... and, most significantly, to Parvin-Dohrmann – the company that owned the Stardust, Aladdin, and Fremont.”³² It certainly helped that E. Parry Thomas, the man credited with establishing the Las Vegas strip, was closely aligned with Marriner and George Eccles, the offspring of a prominent Mormon banking and construction family (e. g., Marriner served as President Roosevelt’s Federal Reserve chief). George Eccles maintained a spot on the board of ANICO and nurtured ties to a number of ventures that were, at the very least, adjacent to organized crime.³³

George Eccles was also affiliated with American Bankers Life Assurance Company, located in Miami, Florida, where the CIA’s Paul Helliwell served as its general counsel. Furthermore, the offices of American Bankers Life were used by

Helliwell as headquarters for the Agency's SEA Supply operation.³⁴ In addition to this important CIA linkage, American Bankers Life also connected to Miami National Bank. As discussed in Chapter 1, Miami National "was identified in 1969 as having served between 1963 and 1967 as a conduit through which 'hot' syndicate money was exported by Meyer Lansky's couriers and 'laundered' through the interlocking Exchange and Investment Bank in Geneva."³⁵

Clearly, the George Town Club was nestled within a wider network of entities and institutions that were very sensitive to Washington backroom politics, organized crime, and the CIA. Perhaps that is why, as reported in numerous accounts, the CIA became concerned that one of the main figures behind the club was Tongsun Park, a known asset of the Korean CIA. While the KCIA and the CIA were cooperating entities, the KCIA did engage in activities – such as those that later blossomed into the Koreagate scandal – that were seen as compromising US political figures and also seen as potentially disruptive for US geopolitical interests. As a result, the CIA dispatched an agent to monitor the club's comings and goings. That individual was Edwin P. Wilson, a man who would become known as a "rogue" agent roughly a decade later, after he was linked to various terrorist and assassination plots.

A sizable portion of Wilson's early career in the CIA entailed operating undercover as a staffer for the American Federation of Labor and the Congress of Industrial Organizations (AFL-CIO), the large union combine known as a proponent of "business unionism." Since the Agency's inception, the Agency and the AFL-CIO had worked closely together, with the union providing cover for agents and operations, while the CIA often subsidized the activities of the AFL-CIO's foreign wings.³⁶ Wilson worked in the office of Paul Hall, the head of the AFL-CIO's Maritime Trades Department, which covered unions involved in shipping-related trades and industries. This was the beginning of Wilson's long-running involvement in maritime activities.

After leaving the AFL-CIO, his work for the CIA involved the management of proprietary firms, many of which operated in the world of shipping, freight forwarding, and logistics. One of the first of these was Maritime Consultants, which had been set up in Washington, DC with CIA funds. According to Joseph Trento, "within months he was chartering barges to Vietnam, arranging cover in commercial businesses for CIA agents, and setting up businesses around the world. Using his maritime cover, Wilson did detailed surveys of nearly every port

in Africa and the Pacific.”³⁷ One wonders if Wilson’s involvement with the George Town Club had less to do with monitoring the activities of Gray, Park, and Chennault and more to do with managing the complexities of these covert maritime operations. It is certainly possible, given Gray’s own past with the Navy. In addition, Wilson’s business in Vietnam would have gained considerably from contacts with Anna Chennault, who was closely connected to the government and elsewhere in Southeast Asia. At any rate, the arrival of Wilson at the George Town Club marked the beginning of a long association between him and Gray.

There were, for example, their trips to Taiwan, where each had business interests – interests that, in all likelihood, were interrelated. Wilson gained lucrative contracts from the Nationalist Chinese military, while Gray signed on the Taiwanese government as a client. The account was entrusted to George Murphy, an actor who became a US Senator representing California, but, at the time, was an H & K employee. Curiously, Gray routed the work through a separate company that he set up specifically for these purposes, called GM (presumably for Gray-Murphy). Susan Trento writes that “according to Wilson, Gray set up ... GM to handle the Taiwanese account. Since Anna Chennault trusted Murphy, Gray put the senator in charge of GM.”³⁸ Murphy, unsurprisingly, was a member of the George Town Club.

Some of Wilson and Gray’s joint activities dovetailed with those of the CIA. Gray was a board member of Consultants International, a firm that Wilson managed from offices adjacent to those of H & K on K Street in the capital. Gray later disavowed knowing Wilson and stated that he had been added to the board of Consultants International without Gray’s knowledge. Gray’s account is hard to believe and many of those embedded in this network, including H & K employees and Wilson himself, have pushed back against Gray’s interpretation of events. At any rate, Consultants International was not simply a consultancy firm. It was also an Agency proprietary firm, set up as a successor to Wilson’s earlier CIA front company, Maritime Consulting.³⁹

There are plenty of hints and suggestions that Gray, Wilson, Park, and the byzantine web of China Lobby activists and intelligence operatives that circulated around the George Town Club were involved in more than just social networking and the creation of lobbying groups. Eavesdropping and blackmail seem to have been part of the club’s covert mandate. Future Reagan national security advisor Richard Allen – who would have known Gray through the involvement of each in

the Heritage Foundation – suggested when interviewed by Susan Trento that the club was bugged.⁴⁰ Jim Hougan, in his classic *Secret Agenda*, points to even darker possibilities. He writes that he was informed in a letter from Frank Terpil, Wilson’s longtime partner, that Wilson had used the club to collect dirt on prominent Washington politicians and businessmen by using it as a place to “arrange trysts for the politically powerful.”⁴¹ He quotes from the letter:

Historically, one of Wilson’s Agency jobs was to subvert members of both houses [of Congress] by any means necessary.... Certain people could be easily coerced by living out their sexual fantasies in the flesh.... A remembrance of these occasions [was] permanently recorded via selected cameras, I’m sure for historical purposes only. The technicians in charge of filming [were] TSD personnel. The unwitting porno stars advanced in their political careers, some of [whom] may still be in office. You may now realize the total ineffectiveness of the “Watchdog Committees” assigned to oversee clandestine operations.⁴²

Former Nebraska state senator John DeCamp, in his work on the Franklin scandal (the subject of chapter 10), alleges that Gray was the “closest friend in Washington” of Harold Andersen, the publisher of the *Omaha World Herald* who was alleged to have played a role in that scandal, which dealt with a politically-connected, nationwide pedophile ring.⁴³ DeCamp also notes that Andersen was one of the key Nebraskans who was closely tied to the man at the center of Franklin scandal, Larry King, who was also actively aided by George H.W. Bush in rehabilitating his post-scandal image.⁴⁴

DeCamp, who attempted to expose government efforts to sweep the scandal under the rug in *The Franklin Cover-Up*, also asserted that Gray himself was “reportedly a specialist in homosexual blackmail operations for the CIA.” DeCamp also wrote that the sexual-blackmail operations in which Gray’s associate Edwin Wilson was intimately involved were “apparently continuing the work of a reported collaborator of Gray from the 1950s – McCarthy committee counsel Roy Cohn.”⁴⁵ Cohn and Gray reportedly knew each other, but the exact nature of their relationship is difficult to discern. They were, however, most certainly intimately acquainted during Ronald Reagan’s 1980 presidential campaign, when both men worked closely with William Casey, who was the campaign’s manager and subsequently Reagan’s CIA director. Shortly after the campaign, Cohn, Gray and Jeffrey Epstein would all take on arms dealer Adnan Khashoggi as a client at the dawn of the Iran-Contra affair.

THE CIA'S BLONDE GHOST

Edwin Wilson ostensibly left the CIA in 1971 under incredibly murky circumstances, though the most common story involves his commercial cover being blown by a Soviet asset. Per the media narrative that was spun during the course of the manhunt for Wilson and his subsequent imprisonment, Wilson is said to have cut ties with the Agency and become a covert private operator for hire – a “rogue.” Yet, evidence released not only during his trial but well after its conclusion shows that Wilson remained in close contact with a cadre of CIA officers and officials whose activities, as the 1970s wore on and the Agency was battered by reformists’ efforts, took on increasingly strange and frightening forms. This circle was centered around the man known as the “blonde ghost,” Theodore “Ted” Shackley.⁴⁶

Shackley, like Wilson, came from a background somewhat different from the usual CIA leadership, which tended to cultivate its upper ranks from the posh world of white-shoe law firms and high finance. He instead hailed from Florida and began his career in the Army; his recruitment into the CIA came after a stint in the Army Counterintelligence Corps. By 1953, he was working under William Harvey at the West Berlin CIA station. Here, Shackley operated at the very frontier of the Cold War: the West Berlin station’s activities were carried out under the shadow of the Berlin Wall, and the city was a veritable melting pot of espionage intrigue. While working under Harvey, Shackley may have gotten a taste for the more “exotic” aspects of CIA work. After he returned to the States, Harvey managed a CIA assassination team – with many of its members having been mob hitmen recruited into Agency service under the auspices of the ZR/RIFLE program.

Harvey’s assassination activities were woven into Operation Mongoose, the joint CIA-Army covert war against Castro’s Cuba. The central hub of the CIA’s side of the anti-Castro operations was the Miami station, code-named JM/WAVE. Tucked away in an unassuming building on the extended campus of the University of Miami, the station “employed from 300 to 700 agents and 2,000 to as many as 6,000 Cubans.”⁴⁷ In 1962 – right as the CIA’s Cuban project was spiraling toward its violent apex – Shackley became JM/WAVE’s station chief. Joseph Trento asserts that, in this period, Shackley was mentored in the fine of art of covert financial activities by Paul Helliwell: “Helliwell showed Shackley ... the

importance of income from Agency fronts. According to numerous case offices who worked at JM/WAVE, Helliwell helped Shackley make certain that fronts like Zenith Technical Enterprises were the perfect cover for JM/WAVE.”⁴⁸

These allegations are partially corroborated by other sources. The *Washington Post*, for instance, reported in 1980 that Helliwell “was instrumental in helping to direct a network of CIA undercover operations and ‘proprietary.’”⁴⁹ Curiously, one of the only declassified CIA documents to mention Helliwell is a list of files removed from internal circulation in order to avoid turning them over to Watergate investigators.⁵⁰ Almost all of the other files in the list deal directly with the CIA’s support of anti-Castro Cuban exiles.

JM/WAVE was where Shackley formed close relationships that would shape the rest of his long career, both inside the Agency and out. Chief among Shackley’s alliances that were forged via JM/WAVE was with Thomas Clines, who later emerged as a key player in the Iran-Contra conspiracy. Clines served as Shackley’s deputy, even after both men stepped beyond the confines of the CIA itself. There was also a score of Cuban exiles: the notorious Felix Rodriguez (known for his involvement in the death of Marxist revolutionary Che Guevara and his own role in Iran-Contra), Rafael Quintero, and Ricardo Chavez. Many of these individuals followed Shackley overseas in 1966, when the “blonde ghost” was made the CIA station head in Vientiane, Laos. It was a perfect spot for a crew that was increasingly adept at “wetworks” (i.e. assassinations) and black operations. This particular station oversaw the Agency’s participation in the secret war being waged within Laos and Cambodia.

Vientiane, during this period, was the epicenter of a major illicit trade in contraband, gold, and raw opium, most of it destined for Saigon.⁵¹ Laos boasted a handful of prominent opium merchants with deep ties to the country’s political and military establishment. One of these merchants, Ouane Rattikone, had previously commanded the Laotian army, and his drug trafficking operations saw extensive collaboration with Nguyen Cao Ky, the high-ranking commander of the South Vietnamese Air Force. Not only were Ky and his men moving raw opium from Laos on their planes, but Ky was also working closely with the CIA in their secret war efforts such as Operation Haylift, which dropped saboteurs deep into the jungles of North Vietnam.⁵² The raw opium was refined into heroin and then moved into Hong Kong, where it was readied for global export.

This circuit was of immense interest to American organized crime figures. In 1965, Meyer Lansky's financial agent John Pullman flew to Hong Kong, reportedly to investigate the burgeoning wartime trade. Several years later, Florida mob boss Santo Trafficante arrived in Hong Kong and soon made his way to Saigon. "Soon after Trafficante's visit to Hong Kong," writes Alfred McCoy, "a Filipino courier ring started delivering Hong Kong heroin to Mafia distributors in the United States. US Bureau of Narcotics intelligence reports in the early 1970s indicated that another courier ring was bringing Hong Kong heroin into the United States through the Caribbean, Trafficante's territory."⁵³

The presence of Trafficante is telling. He had been an active supporter of the anti-Castro operations, and after the Agency wound down its JM/WAVE activities, many Cuban exiles trained by the CIA as part of that program went to work trafficking drugs for Trafficante. Was Shackley involved in some way with Trafficante's arrival in Southeast Asia? It is possible, as there are plenty of apocryphal stories about Shackley personally introducing Trafficante to Vang Pao, a Laotian heroin warlord, during a 1968 trip to Saigon. While the details of those stories cannot be confirmed, Vang Pao would have had to have known of Shackley, as he commanded the Hmong troops that were being backed and trained by the CIA in Laos.

According to McCoy, the CIA's logistical networks allowed Vang Pao to increase the efficacy of the Laos-South Vietnam opium trade:

Air logistics for the opium trade were further improved in 1967 when the CIA and USAID ... gave Vang Pao financial assistance in forming his own private airline, Xieng Khouang Air Transport. The company's president, Lo Kham Thy, said the airline was formed in late 1967 when two C-47s were acquired from Air America and Continental Air Services. The company's schedule was limited to shuttle flights between Long Tieng and Vientiane that carried relief supplies and an occasional handful of passengers. Financial control was shared by Vang Pao, his brother, his cousin, and his father-in-law... Reliable Hmong sources reported that Xieng Khouang Air Transport was the airline used to carry opium and heroin between Long Tieng and Vientiane.⁵⁴

This was the crucial context for the formation of a group that would later be known as Shackley's "private CIA." On hand in Laos was Thomas Clines, and there they soon became acquainted with another future Iran-Contra co-conspirator – Richard Secord. An Air Force pilot, Secord had been detailed to the CIA's Laotian station and he personally knew many of those involved in the traffic of opium via the airways, including the aforementioned Air Marshal Ky.⁵⁵

Another figure, who would also later play a key role in the Iran-Contra affair and who also worked with Shackley in Laos was Major John K. Singlaub. Singlaub had served alongside Paul Helliwell in the OSS.

Playing an active role in logistical support for the Agency's secret war was Edwin Wilson. Much of this involved a close working relationship with the head of the Southeast Asian division of the CIA's Air America, James Cunningham, who also ultimately answered to Shackley.⁵⁶ Though Wilson was not stationed in Southeast Asia, he frequently made trips between Washington and Vientiane. There can be little doubt that these jaunts of his were of immense interest to Gray, Park, Chennault, and other members of the China Lobby who populated Wilson's inner stateside circle. The China Lobby, after all, was wired into the world of intelligence and had stumped for the escalation of conflict in Southeast Asia, an escalation that finally erupted into the Vietnam War.

In 1968, Shackley took over the Saigon CIA station, which gave him operational oversight of a vast gamut of operations – including, for a period, the infamous Phoenix Program. The Phoenix Program, while financed by the CIA, operated under the auspices of CORDS (Civil Operations and Revolutionary Development Support). Overseeing CORDS was the CIA's old Southeast Asian hand and bureaucratic mastermind, William Colby. Rumors among the military's in-country brass abounded that Shackley exerted influence over Colby through sexual blackmail. Clearly, Shackley and Wilson, alleged to have been carrying out similar activities at the George Town Club, were quite similar in this regard:

Colby, then married to his first wife, returned to Vietnam without his family from a stint back in Langley. According to retired US Army Colonel Tullius Accompra, who served in Vietnam, Colby had a girlfriend, a Vietnamese senator's wife. Shackley's colleagues soon realized that Shackley was keeping a book on the private lives of all of his superiors in Vietnam, including Colby and military officers such as General Creighton Abrams, who, according to Accompra, was involved with a Vietnamese woman. If pressed upon an undesirable topic by a colleague, Shackley would warn him off by mentioning any personal entanglements. As John Sherwood put it: "He was good at letting you know he knew, that he had something on you, that he had an edge."⁵⁷

Shackley remained in Saigon until May 1972, when he took over as head of the CIA's Western Hemisphere Division. Since Cuba fell under the rubric of this division, it was something of a return for Shackley to his earlier haunts. Yet, by this point, the anti-Castro operations had largely fallen by the wayside. There was still operational support for Cuban exile groups, many of which were factionalizing

into militant terrorist groups such as Coordination of United Revolutionary Organizations (CORU). The Agency's eyes were darting farther south, toward Southern Cone countries like Chile, where socialist leader Salvador Allende had come to power. From his perch at the top of the Western Hemisphere Division, Shackley was on the bureaucratic frontline for the 1973 coup that brought Augusto Pinochet to power in Chile and the parade of dirty wars that ripped across South America.

Even before Shackley left Saigon, his network of contacts was busy making arrangements. Thomas Clines – who would soon be embroiled in the Agency's ventures in Chile – had left Saigon in 1970 and rotated back stateside to spend time at the Naval War College. Joining him there was Richard Secord. Secord, in this period, completed his War College thesis, which had been directed by the "CIA advisor to the president," Clarence Huntley. The prescient title of his thesis was "Unconventional Warfare/Covert Operations as an Instrument of US Foreign Policy."

Throughout 1971, Clines kept in touch with Edwin Wilson, who was now allegedly operating outside of the CIA's purview. It was at that point that Clines brought Wilson into the realm of naval intelligence by way of a secretive unit known as Task Force 157.

TASK FORCE 157

The groundwork for what became Task Force 157 (TF-157) was laid in 1965 by a memo drafted by President Johnson's secretary of the navy, Paul Nitze. Titled "Instructions for the coordination and control of the Navy's clandestine intelligence collection program," Nitze's program for a naval human intelligence (HUMINT) gathering apparatus had originated with plans made by Admiral Rufus Taylor.⁵⁸ Taylor had served in the Office of Naval Intelligence (ONI) as well as the National Security Agency (NSA). In 1966, as this new Navy unit was being prepared for action, he took up a post as deputy director of the Defense Intelligence Agency (DIA). Later that same year, he became deputy of director of the CIA, serving under Richard Helms.

The first iteration of the Navy's HUMINT unit, established in 1966, was the Naval Field Operations Support Group. Author Michael McClintock suggests that the original template for the unit was Task Force 98, a Navy program that

supported the Southeast Asian paramilitary activities carried out by Ed Lansdale and Lucien Conein.⁵⁹ By July 1966, the Support Group was given the mandate to establish “a worldwide intelligence collection organization while preserving non-intelligence attributability of collection operations.”⁶⁰ Internal Navy communiqués and information sharing identified the Support Group by name; soon, to help obscure the organization’s activities, it was granted the code-name “Task Force 157.”

TF-157’s primary focus was “intelligence information on Communist Bloc Naval and shipping information.”⁶¹ Subunits were devised and located across the world; many of these were located in ports, adjacent to shipping channels and choke points for maritime traffic, and even out at sea. Just as the CIA deployed commercial covers for their operations, TF-157 set up front companies to charter ships and maintain offices. Listening posts were established, and TF-157 worked closely with the military and the CIA in developing improved navigational maps for the support of military activities. TF-157 even maintained its own international communication system based on encryption technology inherited from the NSA, which was code-named the “Weather Channel.”⁶²

TF-157’s operational autonomy was only partial. It answered to both the Office of Naval Intelligence and the CIA. Though, between the two, the Agency apparently had an edge for nabbing the various projects that TF-157 developed. When it came to organizing the networks of proprietary companies, it was again to the CIA that TF-157 turned. “Ed Wilson is the man you need,” the CIA told the task force.⁶³ Wilson, meanwhile, learned of TF-157 from Thomas Clines, presumably with Ted Shackley lurking not far in the background.⁶⁴ Soon enough Wilson was on the TF-157 payroll, making an annual salary of \$32,000. Despite his official salary, Wilson quickly became a multimillionaire.

This was because TF-157 allowed him to keep earnings from the commercial fronts he set up, which he operated as legitimate businesses. Two of the new front companies were World Marine Inc. and Maryland Maritime Co. They were registered in DC and were run from the same offices as Consultants International – the same company where Robert Keith Gray sat on the board of directors.⁶⁵ There was also Aroundworld Shipping & Charting, based in Houston, Texas, where Wilson spent a considerable amount of time. Whether Aroundworld was tied to TF-157 like World Marine and Maryland Maritime or a CIA-adjacent firm like Consultants International is unknown, but it later played a key role in the

activities of Shackley's "private CIA." As Wilson was settling into his new position, TF-157 was becoming embroiled in one of the major foreign policy shifts of the Cold War era. Nixon and Kissinger, as part of a broader geopolitical push for detente – a relaxing of tensions with the Soviet Union and China, alongside curbing the nuclear arms race – were pushing for an opening with China. The initiative was treated with the utmost secrecy: while Alexander Haig was involved in the efforts, the Joint Chiefs of Staff and the CIA were largely boxed out. For Kissinger, the success of these China-focused efforts would require the diplomatic channels and corridors of information to be airtight.

Kissinger appealed to Admiral Thomas H. Moorer, then serving as chairman of the Joint Chiefs of Staff. Moorer had previously been the chief of Naval Operations and thus had had operational involvement with TF-157. Moorer arranged for Kissinger to use the Weather Channel to send encrypted messages and arrange the necessary diplomatic back channels for this impending geopolitical shift. What Kissinger did not seem to realize was that Moorer opposed Kissinger's bureaucratic wrangling and Nixon's overarching imperative of circumventing the usual bastions of political power. Moorer also strongly opposed the initiative itself and was allied with elements of the pro-KMT China Lobby.

THE RADFORD-MOORER AFFAIR

Yeoman Charles Radford barely knew Jack Anderson, the famed muckraking journalist. He was actually more familiar with Anderson's parents, whom he had met during a posting in India in 1970. Radford had been raised Mormon, a faith he shared with the Andersons, and this seems to have kindled a casual friendship between the young naval officer and the older couple. In 1970, Radford briefly crossed paths with Jack Anderson himself, having been invited by his parents to a family reunion. It seemed innocuous enough.

The second time Radford met Anderson was over a year later, in December 1971. Anderson, out of the blue, had contacted Radford and invited him to dinner at the Empress, a Chinese restaurant in which he owned a stake. Radford later told Jim Hougan that the reason he took Anderson up on his offer was "because he was Jack Anderson. He was famous."⁶⁶ The dinner took place on a Sunday evening. The following day, Anderson ran in his newspaper column – renowned for the

journalist's intrepid pursuit of insider sources in the fast-paced world of DC – an article that contained explosive revelations.

Anderson's column brushed right up against the most sensitive undertaking then being carried out by President Nixon – Henry Kissinger's secret diplomatic negotiations with China. One primary channel being used by Kissinger was Pakistan, which had historically maintained close geopolitical relations with China. Pakistan's president Yahya Khan was especially close to Beijing and had garnered extensive military aid from China in the face of Pakistan's rising hostilities with India. China, likewise, had reason to oppose India. Tensions with the Soviet Union had been escalating steadily since the Sino-Soviet split, and Moscow had thrown its weight behind India. The chessboard was full, and Nixon and Kissinger were stepping carefully into a complex and potentially dangerous position.

Pakistan's conflict with India greatly complicated matters for the administration: outwardly, it took a position of neutrality. In 1971, when martial law was imposed in East Pakistan by President Khan, the White House made an announcement: "The United States does not support or condone this military action." Behind closed doors, however, it was a very different story. Nixon and Kissinger had embarked on a covert path of "tilting" toward Pakistan. President Khan was assured that the administration would "not do anything to complicate the situation ... or embarrass him."⁶⁷

What was unfolding was a truly remarkable series of events. Nixon's rise to the Oval Office had been dependent on the support of the domestic China Lobby, and he personally maintained close relations with the KMT's top leadership. The Kissinger-led initiative toward China undermined all of that. In the course of his ongoing negotiations with China, Kissinger was tacitly abandoning the hawkish iterations of a pro-Taiwanese foreign policy. The administration, he said, wasn't looking for a "two Chinas" solution or a "one China, one Taiwan" solution."⁶⁸ There was also talk of committing the US military to an exit strategy from Vietnam and a reduction of the US troop presence in the Middle East.

The diplomatic channels of these negotiations were fragile, complex, and, most of all, *secret*. Nixon and Kissinger strove to keep the agenda hidden. The CIA, the State Department, the Joint Chiefs, the China Lobby itself – and even Soviet interests – were recognized as threats to the long-term plan. But Anderson, in his column, nearly scuttled it all. In a single article, he revealed that, despite the

carefully calculated public position of neutrality, the “tilt” toward Pakistan was well underway. It threatened to reveal the diplomatic back channel while also putting a question into people’s minds: Why, exactly, was the US tilting toward Pakistan?

Journalist Clark Mollenhoff – who served as special counsel to Nixon in 1969 – summed up the implications of Anderson’s reporting in a column published on January 22, 1972. “Kissinger’s role in the India-Pakistan policy seems to be faulty,” he wrote, before adding that “there is a question of why the administration was secretly advocating a ‘tilt for Pakistan’ when India was able to prove far quicker its overwhelming military superiority.”⁶⁹ Mollenhoff then sketched out what he saw as the “bigger picture,” implicating Nixon and Kissinger’s drive toward extreme bureaucratic compartmentalization:

At both the State and Defense departments, there is hope that President Nixon will view these errors as evidence that some changes are needed in the National Security Council’s method of operations. Both departments point out that this isn’t the first time the National Security Council decisions haven’t been supported by a realistic appraisal of the facts.”⁷⁰

Within the corridors of power, Anderson’s revelations of the “tilt” strategy set off a firestorm. It was quickly determined that the journalist must have had access to at least three memos – memos that were highly secret and had only been issued to a handful of people. Those people were Kissinger himself, Alexander Haig, Admiral Robert O. Welander (the military assistant for national security affairs to the chairman of the Joint Chiefs of Staff, Admiral Moorer), and Welander’s assistant, Yeoman Charles Radford. Welander eliminated himself from suspicion for the leak, as well as Kissinger and Haig. The culprit had to have been Radford; yet, what happened next only increased the strangeness of the case.

Radford, who had acted as a document courier and aide to members of the Joint Chiefs of Staff and the National Security Council, was subjected to a polygraph test by a Pentagon interrogation specialist.⁷¹ When it came to questions concerning the theft of confidential memoranda from diplomatic pouches and burn bags, the yeoman became agitated. “The cause of his concern was a very sensitive operation,” writes Colodny, which Radford “could not discuss without the direct approval of Admiral Welander.”⁷² Welander had initially kicked off the investigation into Radford. With allegations of a secret operation surfacing, however, he moved quickly to try to squash the investigation before it went any

further. The attempt did not succeed, and Radford ended up revealing his role in a military-led espionage ring.

The yeoman had pilfered confidential files and made copies of “uncounted documents – just thousands, thousands of documents.”⁷³ He made notes on reports of Kissinger’s meeting with Chinese premier Zhou Enlai and other sensitive documents related to the “China initiative.” These were then turned over to people working for the Joint Chiefs of Staff, who used them to learn the inner workings of the Nixon-Kissinger strategy, bypassing the carefully constructed blockages on the flow of information within the top tiers of the US government.

Radford would turn the documents over to Admiral Welander who, in turn, gave them to Admiral Moorer. According to Radford, his contribution “put Admiral Moorer in a very powerful position [to] anticipate what Kissinger was going to do and say” in National Security Council meetings.⁷⁴ Welander later hinted that Alexander Haig was involved in the ring as well. There was little doubt, he suggested, that Haig had known of Radford’s meddling with the diplomatic pouches – and Haig himself had, at times, assigned Radford to accompany Kissinger on diplomatic trips.

According to Radford, the whole operation was designed to thwart a wide-ranging conspiracy that was taking root at the highest levels of the foreign policy establishment. At the center of the conspiracy was Kissinger himself, here appearing as an alleged agent of the Rockefeller family and the institution where the Rockefellers carried so much weight, the Council on Foreign Relations. “The purpose of this alleged conspiracy,” writes Jim Hougan, “was to win the Soviets’ cooperation in guaranteeing the Rockefellers’ ‘continued domination’ over the world’s currencies – in exchange for which, Radford insists, Kissinger was to construct a foreign policy that would ensure eventual Soviet hegemony and a one-world government.”⁷⁵ The source of his knowledge about this conspiracy, Radford said, was Welander and Moorer.

The accusations being made by Radford echo those being made by the John Birch Society and other groups and actors operating in that same milieu – many of which were also intimately connected to the KMT-China Lobby. (The aforementioned Charles Willoughby, for example, made this world his primary haunt.) Many of the accusations made by John Birch Society affiliates – that Kissinger himself was a Soviet mole – appeared later in the 1970s, with Frank Capell’s *Henry Kissinger: Soviet Agent* and Gary Allen’s *Kissinger: The Secret Side of*

the Secretary of State. (Capell, in the 1960s, had worked for Willoughby's *Foreign Intelligence Digest*.) What makes this important is that Moorer himself had maintained extensive ties to the John Birch Society and related groups. These ideas intensified in the later part of the 1970s and the 1980s, when he became affiliated with the American Security Council, the preferred outpost of military hawks who laid the intellectual groundwork for the so-called Reagan revolution.

There are two puzzling loose threads that are evident when considering the Radford-Moorer affair. The first is that, due to Kissinger's use of the TF-157 Weather Channel, Moorer and the Joint Chiefs were already privy to much of the information concerning the China initiative. Likewise, through Edwin Wilson's arrival at TF-157, there is the distinct possibility that the CIA was also listening in and perhaps, as well, Wilson's KMT-China Lobby friends. It is through the China Lobby, and the incestuous networks of defense hawks, military operatives, and Washington fixers that these two sides met. Was this network the original source of Moorer and Welander's manipulation of Radford?

The second loose thread is that Radford, while admitting to pilfering thousands of pages of sensitive documentation, fervently denied having leaked the documents to Jack Anderson. He disavowed a close association with the journalist, noting that they had only met a handful of times and were distant acquaintances at best. If it is true that Radford had not leaked the documents, who did and for what ends?

A likely answer is that Welander or Moorer or somebody working on behalf of them was responsible for the leak. With the information gained from both the access to the TF-157 channels and through Radford's pilfering, they had an inside look at the "tilt" strategy and its position within a wide-ranging geopolitical calculus that threatened to shift the entire thrust of the Cold War. Perhaps by hanging their asset Radford out to dry they had hoped to derail Kissinger's process through a calculated leak to Anderson. But what about Anderson himself? His appearance with Radford at the Empress would then suggest that he was at least partially complicit in this plot.

Surprisingly, Anderson boasted longstanding ties to the China Lobby. He seemed particularly close to Anna Chennault: the two had been cofounders of the Chinese Refugee Relief Organization, a pro-KMT humanitarian agency that maintained offices at 1612 K Street. This office was just down the street from Robert Keith Gray's H & K and the offices of Wilson's TF-157 fronts. When the

organization was operational, Chennault played the role of president and Anderson served as its secretary.

There is also the fact that a column of Anderson's had been used to hint at John F. Kennedy's connection to the Stephen Ward-connected sex ring that sparked the Profumo Affair. As mentioned in the last chapter, Anderson had co-written in the column "Britishers who read American criticisms of Profumo throw back the question 'What high American official was involved with Marilyn Monroe?'" Which was apparently part of a Hoover-connected effort to use sex blackmail obtained from the broader networks woven throughout the Profumo Affair against Kennedy. This suggests that Anderson's column had, on certain occasions, been weaponized by powerful political factions well before this particular column in the early 1970s.

It is also worth noting that, in the post-Watergate era, Anderson held accounts at – and stock in – Diplomat National Bank in DC, where Anna Chennault sat on the board of directors. The bank was used as a conduit for the Korean CIA and the closely related Unification Church, which – like Anderson – held bank stock.⁷⁶ Never one to be far from the action, Tongsun Park "told American friends that he was behind the bank and that [bank chairman Charles] Kim was his agent."⁷⁷ This wasn't the only suspect bank that Anderson was connected to. During the 1960s, he owned "complimentary shares" of the District of Columbia National Bank, which had been organized by Democratic Party fixer Bobby Baker and Ed Levinson, a notorious organized crime insider.⁷⁸ Joining Anderson at this bank was Arthur Arundel. Arundel – who had served under Edward Lansdale in Southeast Asia – was the son of Pepsi lobbyist Russell Arundel. As mentioned earlier, Pepsi itself was closely tied to the China Lobby and to the KMT itself.

Even the restaurant used to implicate Radford can be found within this matrix. Anderson, as mentioned, had a stake in the establishment – yet so did Anna Chennault. These connections between Anderson and the China Lobby, curiously enough, are known thanks to a dossier on the journalist compiled by the White House "plumbers." Soon enough the "plumbers" would be making history, and Anderson would be there too. There is every indication that he, like so many others in this bizarre world, had foreknowledge of the events that were about to take place, which would later be remembered simply as "Watergate."

BLACK BAGS AND INSIDE JOBS

In April 1972, Jack Anderson received a dossier from William Haddad with information on plans being concocted by the “November group” – “President Nixon’s personal advertising agency” – to burglarize the Democratic National Committee (DNC) headquarters at the Watergate and other schemes: surveillance, dirty tricks, and the like.⁷⁹ Anderson, for reasons that still remain vague, appears to have effectively suppressed this information, and he later mischaracterized the information that Haddad had provided to him.

Others who were provided information by Haddad took it a little more seriously. A month before Anderson was brought into the fold, Haddad had alerted the DNC’s head, Larry O’Brien, who in turn put Haddad in touch with the DNC director of communications John Stewart.⁸⁰ In late April, Stewart, Haddad, and Haddad’s source, a private investigator named A. J. Woolston-Smith, met in New York City to discuss the accusations. This was roughly a month prior to the first of the break-ins at the Watergate complex.

William Haddad and A. J. Woolston-Smith were by no means strangers to intrigue. Haddad was a longtime political insider within the Democratic establishment and had been particularly close to the Kennedy family. He held various bureaucratic positions, married a Roosevelt daughter, and made a name for himself as a muckraker. It was through the latter role that he became close to Woolston-Smith, whom he employed from time to time. Woolston-Smith had previously worked for Robert Maheu’s private detective firm and worked with the CIA on its resettlement programs for Cuban exiles. Maheu himself was no stranger to the CIA’s secret wars on Cuba – a background shared by countless individuals interwoven in the Watergate saga – and some investigators have compiled considerable evidence implicating him in the 1968 assassination of Robert F. Kennedy.⁸¹

Woolston-Smith likely came upon the information concerning the DNC via convoluted networks that snaked across the often incestuous world of private investigators and security firms. As Jim Hougan details, “Woolston-Smith’s secretary, Toni Shimon, was the daughter of a Runyonesque former Washington police detective named Joseph Shimon. A convicted wiretapper in his own right, Shimon was the partner of one John Lenn in a detective agency named Allied Investigators Inc. One of the investigators with whom Shimon and Lenn were allied on a part-time basis was Louis James Russell.”⁸²

Russell supplied tips to Jack Anderson and, in late 1971, was employed by General Security Services. This was the company hired by the DNC to run security at their Watergate offices, and they would have been the ones tasked with handling the information Haddad had provided. Shortly after Haddad notified the DNC of Woolston-Smith's information, Russell resigned from General Security Services and went to work for McCord Associates, the security consulting firm owned by "former" CIA operative James McCord. At that time, McCord was serving as the head of security for the Committee for the Re-election of the President (CRP), the fundraising body for President Nixon's re-election campaign. Russell, too, worked part-time for CRP.

McCord was one of the White House "plumbers," the team put together to plug, prevent, and investigate information leaks, which were endemic in the highly paranoid world of 1970s Washington, DC. Operating alongside him was former FBI agent G. Gordon Liddy and E. Howard Hunt, another CIA veteran. Yet another CIA man in "the plumbers" was Frank Sturgis, who had served alongside Hunt in the Agency's anti-Castro operations. When McCord and Sturgis were arrested in the Watergate DNC offices in July 1972, they were accompanied by a group of CIA-trained Cuban exiles: Virgilio Gonzales, Bernard Baker, and Eugenio Martinez.

There are a few things about McCord's background that are worth mentioning. After a time in the FBI, he joined the CIA, taking a position within the CIA's Office of Security – the in-house body that monitored the internal security of the Agency, ran counterintelligence operations, and provided cover or support for some of the CIA's most sensitive operations. Specifically, McCord was assigned to the Security Research Staff within the Office of Security. There, he honed the craft of electronic eavesdropping, surveillance, and "audio countermeasure programs" to protect sensitive CIA stations and outposts in Europe.⁸³ These were all of the sorts of techniques that were brought to bear in the course of the Watergate burglary. They also raise some important questions – for example, if McCord was an adept at these sorts of affairs, why were the burglaries so remarkably sloppy?

McCord had also served as deputy to Paul Gaynor, the longtime head of the Security Research Staff and a powerful figure within the CIA as a whole. From his commanding place within the Office of Security, Gaynor played an essential role in some of the CIA's darkest projects, such as Project ARTICHOKE – a "special

interrogation” program that, with its focus on hypnosis, sensory deprivation, chemical substances, and “psychological harassment” that was the immediate forerunner of the notorious MK-ULTRA program.⁸⁴ The groundwork for ARTICHOKE had been laid by an earlier project, BLUEBIRD, described in CIA files as experiments involving “drugs and hypnosis.”⁸⁵ Jim Hougan writes that Gaynor was reputed to have maintained an extensive array of files on US citizens, with a particular focus on sexual proclivities; these files were known around the Agency as the “fag files.”⁸⁶ These allegations can be found among the statements made in the 1975 official report of the Rockefeller Commission, an entire section of which is dedicated to the file systems maintained by the CIA’s Directorate of Operations. One telling passage of the report reads:

Miscellaneous files maintained by the Office of Security includes lists of individuals with known or suspected foreign intelligence connections, files associated with handling defectors (some of whom may now be US citizens), lists of individuals from whom crank calls have been received by the Agency, and lists of persons previously charged with security violations. The Office of Security formerly maintained extensive computer lists of approximately 300,000 persons who had been arrested for offenses related to homosexuality, but these lists were destroyed in 1973.⁸⁷

Gaynor’s proclivity for dirt collecting – particularly of the sexual variety – brought him into contact with Roy Blick, the head of the Washington Metropolitan Police’s so-called morals squad until he was forced into retirement in the mid-1960s. The morals squad, which today would be called the vice squad, conducted a series of anti-homosexual campaigns under Blick’s leadership. According to author Anna Lvovsky, Blick had a penchant for targeting politicians and other people of influence across the Beltway.⁸⁸

His crusading zeal to target homosexuals in the area frequently became the butt of jokes for those in the know. E. Bennett Williams, a DC attorney who appeared in the periphery of the Watergate affair, liked to perform a short routine for the denizens of the after-hours Atlas Club. He would “imitate Blick standing at the urinal for hours, hoping, praying that a ‘queer’ [Blick’s preferred terminology] would come along and grab his penis – so he could make a morals arrest, of course.”⁸⁹

Like Gaynor, Blick kept rigorous logs on numerous private citizens. These were recorded on index cards that were stacked high in a safe in Blick’s office. According to Lvovsky, “when he left the department, he threatened to keep the

key.”⁹⁰ During the CIA’s own information-collection program on homosexuals and other “deviants,” police forces across the country were marshaled into the effort, freely turning over their files and working hand in glove with the Agency. Yet, when it came to Roy Blick, who was stationed in the nation’s capital, cooperation with the CIA went beyond just file sharing. Numerous declassified files show Blick working closely with the CIA. For example, he made his own contacts at the British embassy available to William Harvey as part of the counterintelligence operation against the Kim Philby spy ring.

The CIA’s largest domestic espionage operation, which saw the full cooperation of various police departments and other law enforcement agencies with the Agency, was called Operation CHAOS. It had been initiated during the Johnson years to monitor the growing civil rights and antiwar movements. James Jesus Angleton, the ultraparanoic CIA counterintelligence chief, was the driving force behind CHAOS’ inception. Multiple subprograms were created, each tasked with different operational imperatives, and adjacent programs were rallied for support. One such program was called MERRIMAC, which “involved CIA infiltration of antiwar/peace groups in the Washington, DC area in order to gather ... information on the organizations, their members, sources of funds, and plans.”⁹¹

MERRIMAC provided much of the information it harvested to CHAOS. MERRIMAC was run from the CIA’s Office of Security. As Shane O’Sullivan points out, McCord was then working as chief of the office’s Physical Security Division, which would have brought him into direct cooperation with MERRIMAC and CHAOS.⁹² Interestingly, E. Howard Hunt appears to have been delivering “sealed envelopes and packages,” believed to contain information on the White House “plumbers,” to Richard Ober – one of the top CIA officials, then overseeing Operation CHAOS.⁹³ O’Sullivan draws other parallels between McCord’s post-CIA security firm, McCord Associates, and the CIA’s proprietary firms that were involved in MERRIMAC, CHAOS, and more general counterintelligence concerns.

Chief among these was Anderson Security, set up in 1962 to provide support for the Office of Security. Even after MERRIMAC was supposedly terminated in 1968, Anderson Security was, as late as 1971, managing infiltration and espionage of dissident groups in the capital on behalf of the Office of Security.⁹⁴ Intriguingly, Hunt seems to have crossed paths with Anderson Security at the same time that

he was delivering files to Ober, and he brought them on to carry out security sweeps of the CRP offices.⁹⁵ All of this is highly suggestive that lurking within the “plumbers” unit was an apparatus connected to long-running CIA information-collection operations and security matters. The background of James McCord in the Office of Security certainly makes this possible as does Hunt’s involvement with Ober and Anderson Security. McCord and Hunt, however, claimed not to have met until their mutual involvement with CRP.

There are reasons to doubt this. Hunt, for example, had been active in the CIA’s anti-Castro operations. There he had worked alongside David Atlee Phillips, the eventual chief of the CIA’s Western Hemisphere Division, which encompassed the Caribbean and Latin America. In January 1961, McCord was temporarily detailed to Phillips to run a counterintelligence operation against the Fair Play for Cuba Committee, a pro-Castro activist group.⁹⁶

The possibility that McCord and Hunt knew each other because of having operated in the same web of overlapping CIA operations in the 1950s, raises other questions. Why were the “plumbers” being stocked with CIA agents, and why was Hunt turning over information to the CIA? Interestingly, these moves were being made at a time when Richard Nixon – rightfully suspicious of the Agency – was seeking to blunt its power. Early plans were made to exclude Richard Helms, the director of the CIA, from National Security Council meetings.⁹⁷ While the administration ultimately backed away from these efforts, the administration had nonetheless engaged in consistent bureaucratic wrangling that induced all sorts of headaches for the CIA. Part of the reason for this, Kissinger later noted, was that Nixon “brought to the presidency ... a belief that the CIA was a ‘refuge of Ivy League intellectuals opposed to him.’”⁹⁸

Regardless of whatever else was going on in this dense fog of palace intrigue, the house of cards collapsed on June 17 when police officers arrested McCord, Sturgis, Baker, Martinez, and Gonzalez in the Watergate offices of the DNC. Martinez was found with a key, which he reportedly attempted to conceal by swallowing it.⁹⁹ The leader of the arresting officers was Carl Shoffler, a detective in the DC police’s Criminal Intelligence Division. Shoffler, incidentally, had been nicknamed “Little Blick” by his fellow officers, presumably for having interests and activities that resembled those of the infamous Captain Roy Blick.¹⁰⁰ It was soon revealed that a previous break-in had taken place, that bugs had been planted in

the offices of the DNC, and that McCord had set up a listening post in a rented room in the Howard Johnson Motor Lodge across the street.

The morning after the break-in, the deputy chairman of the DNC, Sam Gregg, called the organization's general counsel, a well-known Washington lawyer named Joseph Califano Jr. Gregg told Califano about the break-in and mentioned that there was photographic equipment in the offices. Califano advised Gregg that the DNC should closely cooperate with the DC police. Califano then hung up the phone and promptly called another of his other top clients. He later said, "I picked up the phone and called Howard Simons who was the managing editor of the *Post*, who was on duty that weekend, and told him there'd been a break-in at the DNC. We didn't know who it was, but it looked suspicious."¹⁰¹

That the DNC and the *Washington Post*, soon to be written into history for its coverage of the Watergate affair, had the same general counsel is a surprising coincidence – but it's Califano's deeper history, and the close relations that he had forged in the previous decade, that stretch credulity. At the beginning of the 1960s, he worked for the white-shoe law firm Dewey Ballantine – the "Dewey" being Thomas Dewey – before he was tapped to serve as the special counsel to the Department of Defense's general counsel. A year later, Califano was promoted to become special assistant to US Secretary of the Army, Cyrus Vance. It was during this period that Vance had delved into the world of the CIA and the Army's secret wars.

While serving as assistant to Vance, Califano was deployed to the numerous coordinating bodies that brought the CIA and Army together for covert operations against Castro's Cuba. Internal CIA memoranda and the more recently declassified "Califano papers" illustrate that his involvement with Operation Mongoose would have brought him into contact with a wide-ranging cast of characters, including Edward Lansdale and Ted Shackley. After Mongoose came to a close, Califano was assigned to its successor, the Interdepartmental Coordinating Committee of Cuban Affairs. He worked closely with the Joint Chiefs of Staff, as evidenced by memoranda Califano sent to them outlining "special actions."¹⁰² Califano had his own assistant who worked alongside him through the numerous iterations of the anti-Castro coordinating committees – a young Alexander Haig. Haig later summarized the nature of some of their activities for historian Gus Russo:

I was part of it, as deputy to Joe Califano and military assistant to General Vance. We were conducting two raids a week at the height of that program against mainland Cuba. People were being killed, sugar mills were being blown up, bridges were demolished. We were using fast boats and mother ships and the United States Army was supporting and training these forces. This was after the Missile Crisis, when the Cuban Coordinating Committee was set up [in 1963]. Cy Vance, the Secretary of the Army, was [presiding] over the State Department, the CIA, and the National Security Council. I was intimately involved.¹⁰³

As late as January 1964, Haig was working with Califano when the lawyer became the Department of Defense's "Executive Agent for Cuban Affairs."¹⁰⁴ His mandate in this position was broad and took place during the general winding down of the Agency's heavy focus on Cuba. He was involved in the management and resettlement of Cuban refugees and helped find homes and employment for scores of CIA-trained exile fighters. This likely would have brought both Califano and Haig into contact with the future private investigator A. J. Woolston-Smith – the same Woolston-Smith who had curious foreknowledge of the Watergate break-ins through his connections to Lou Russell.

And what of the *Washington Post* itself, whose intrepid journalists Bob Woodward and Carl Bernstein so famously broke the case? Originally, Woodward and Bernstein had worked separately, pursuing leads into the murky world of "former" CIA agents and shadowy security units like the plumbers. At the behest of the journal's leadership – including Howard Simons, who had been contacted by Califano on the morning after the break-in – the two journalists began to pool their resources and contacts.

At least, this is the official story. The networks of sources that Woodward and Bernstein cultivated suggests that other dynamics were in play. There was, for example, Robert Bennett, the owner of the public relations firm Robert R. Mullen & Company. Bennett "said ... that he [had] been feeding stories to Bob Woodward of the *Washington Post* with the understanding that there would be no attribution ... to Bennett."¹⁰⁵ Mullen & Company was also the firm that E. Howard Hunt had gone to work for at the suggestion of CIA director Richard Helms following Hunt's questionable retirement from the CIA. In addition, the firm itself was closely aligned with the CIA. An undated Agency summary, drafted sometime during the Watergate affair, noted that "Robert R. Mullen and Company has been utilized by the [CIA's] Central Cover Staff since 1963. ... Mr. Mullen has provided sensitive cover support overseas for Agency employees and he was instrumental in the formation of the Cuban Freedom Committee."¹⁰⁶ The

Cuban Freedom Committee was similar to CIA projects like Radio Free Europe and broadcast anti-Castro propaganda to Cuba. In addition, Robert R. Mullen & Company's attorney was Edward Bennett Williams, a partner in the same law firm as Joseph Califano. As an aside, among Williams' clients was Robert Vesco, whose frighteningly intricate history – and peripheral role in Watergate – are discussed in the next chapter.

And what about Woodward himself? Carefully removed from the official Watergate narrative is Woodward's stint, immediately prior to his career as a journalist, in the military. After attending Yale, Woodward had gone into the Navy, where he spent "four years of sea duty as a communications officer."¹⁰⁷ He served under two superiors who would go on to land important positions at the Pentagon. The first of these was Rear Admiral Francis Fitzpatrick, who became the "assistant chief of naval operations for communications and cryptology."¹⁰⁸ The second was Admiral Welander – the top assistant to Moorer and associate of Haig who, as discussed, was a central player in the Radford-Moorer espionage ring. In August 1969, Woodward, still an enterprising young naval officer, arrived in Washington, DC. Because of his expertise in communication systems, the military gave him a post at the Pentagon, where he worked in direct proximity to Fitzpatrick and Welander. As Len Colodny writes:

Woodward was tasked with overseeing approximately thirty sailors who manned the terminals, teletypes, and classified coding machines at the naval communication center through which all Navy traffic flowed, from routine orders to top-secret messages. It was a sensitive position that afforded Woodward access to more than one hundred communication channels, among them, according to Admiral Fitzpatrick, the top-secret SR-1 channel through which the Navy sent and received its most important messages."¹⁰⁹

We have already encountered SR-1 under its colloquial name of the Weather Channel, the secret communication system utilized by Task Force 157. Woodward, in other words, was directly linked to the cable traffic of this ultrasecret unit, which became connected in one direction to Edwin Wilson, Robert Keith Gray, and the China Lobby complex and in the other direction to the Joint Chiefs of Staff and the Nixon administration's internal power struggles over East Asian policy and overarching bureaucratic organization. Furthermore, in this position, Woodward would have answered directly to Admiral Thomas Moorer, who not only made SR-1 available to Kissinger but who had also sought to undermine Kissinger's efforts in the China initiative.

According to Colodny's sources, which included Admiral Moorer himself, Woodward also acted as a "briefer," meaning he collected information from a variety of sources for assimilation and subsequent presentation to his commanding officers. Moorer was not the only military official who would have received Woodward's briefings. "On his briefing assignment," writes Colodny, "Woodward was often sent across the river from the Pentagon to the basement of the White House, where he would enter the offices of the National Security Council. There, Woodward would act as briefer to Alexander Haig."¹¹⁰

This suppressed connection between Woodward and Haig led Colodny to suggest that Haig was, in fact, the infamous Deep Throat, the mysterious informant who provided Woodward and Bernstein with vital bits and pieces of information. The more recent claims made by Mark Felt, a veteran FBI official, to have been the real Deep Throat has disturbed the Haig thesis. Felt was certainly in a position to have known a lot. His posts at the FBI had included, for example, overseeing the COINTELPRO operations before he became assistant director of the Bureau in 1972. He also had a personal animus against the administration, which had passed over him in appointing a new director after J. Edgar Hoover's death. But, as Colodny's co-author Robert Gettlin has pointed out, certain essential pieces of information that Woodward attributes to Deep Throat simply could not have been known by Felt at that place and time.¹¹¹ As a result, it has been posited that Deep Throat was likely a composite of multiple informants.

CALLS GIRLS AND MOBSTERS

The Watergate scandal was one of the great political imbroglios of the latter half of the twentieth century. It collapsed an entire administration, set off a decade of power plays, reform efforts, and bureaucratic changes. It contributed, along with the deeply unpopular Vietnam War and subsequent revelations of government skullduggery, to an overwhelming air of distrust on the part of the American people toward their rulers. Yet, what remains remarkable, despite all of this, is that the rationale for the break-ins has never been satisfactorily explained.

There are an array of competing explanations and interpretations, even from the burglars themselves. According to James McCord, the reason they broke in was to place listening devices in Larry O'Brien's offices. E. Howard Hunt, meanwhile, suggested that the team had been dispatched to the Watergate to

unearth evidence of illicit campaign contributions being made to the DNC by Fidel Castro. However, as Jim Hougan has untiringly pointed out time and again, there is no evidence to substantiate either claim.¹¹² The FBI never found evidence of the purported bugs – which would not have worked anyway. As Hougan writes, “O’Brien’s office was part of the interior suite at the DNC and ... was shielded from McCord’s ‘listening post’ in the motel across the street from the Watergate.”¹¹³

As for the Castro claims, evidence has never surfaced that the leader of Cuba was funneling money to Democratic politicians, and it is highly unlikely that this is what McCord, Hunt, and company were rummaging for. The most likely repositories for information of this sort – the offices of the DNC treasurer, for example – were left untouched over the course of the break-ins.

There is also the issue of unexplained evidence, the most important of which may be the mysterious key in the possession of Eugenio Martinez. At the time of the burglars’ arrest, the lock that matched the key was not discovered. Yet, in the subsequent investigation, it was found that the key fit the lock of the office of Maxine Wells, the secretary to R. Spencer Oliver, whose phone had been tapped. Hougan states that, according to arresting officer Carl Shoffler, photographic equipment “was clamped to the top” of Well’s desk.¹¹⁴ Len Colodny asks: “Why would a Watergate burglar have a key to Wells’ desk in his possession, and what items of interest to a Watergate burglar were maintained in Wells’ locked desk drawer?”¹¹⁵

Intimations that something strange had been afoot involving Oliver’s secretaries was reported early on in *Nightmare* by veteran journalist Anthony Lukas. Alfred Baldwin, a former FBI agent hired by McCord to monitor calls being made from Oliver’s phone at the nearby listening post, stated that the secretaries were actively using the phone when Oliver, who was frequently away from the office for long stretches of time, was not present. “Some of these conversations,” Lukas writes, citing Baldwin, “were ‘explicitly intimate.’”¹¹⁶ Lukas adds that “so spicy were some of the conversations that they have given rise to confirmed reports that the telephone was being used for some sort of call-girl service catering to congressmen and other prominent Washingtonians.”¹¹⁷ Here, Lukas is being deceptive, as the allegations concerning the potential of a Watergate-connected call girl service do not arise on the basis of the phone calls alone. There was, in fact, evidence that several rings were being operated at the

nearby Colombian Plaza Apartments, adjacent to both the Watergate and to the motel where McCord's listening post was located. These rings were overseen "by at least two madams, Lil Lori and Helen Henderson"; another woman involved was identified by Hougan as "Tess."¹¹⁸ He writes:

Besides their location at the Colombian Plaza Apartments, the prostitutes had at least two things in common. The first was the homogeneity of their clients. With few exceptions, they were professional men – lobbyists, lawyers, stockbrokers, physicians, congressional aides, and real estate developers. They were among the movers and shakers of the capital, and included at least one US senator, an astronaut, a Saudi prince, a clutch of US and KCIA intelligence agents, and a host of prominent Democrats.... According to a 1971 police intelligence report... "The Watergate Hotel ... was a prime source of their business."¹¹⁹

To make matters more complicated, Lou Russell – linked to McCord and other figures nebulously circling around the Watergate affair – was closely acquainted with the proprietors of the call girl ring. Writes Hougan: "According to Russell's friends ... Russell chose to idle away his leisure time in the apartments at the Colombia Plaza. He was a friend to many of the girls, a sometime customer, a free-lance bouncer, and a source of referrals."¹²⁰ Russell may, however, have been playing an even more important role at those apartments. Phillip Bailey, a figure of incredible importance to the deeper context of the Watergate saga, encountered Russell there with a set up that included recording equipment, cameras, and two-way mirrors to record the girls' clients.¹²¹

Who was Phillip Bailey, and why was he so important to these unfolding events? Bailey was a DC lawyer with a predilection for the dark side of life. He presented himself as a well-connected player, an operative in the capital's nighttime world. However, the reality was a bit different – he was, to quote Phil Stanford, a "fledgling lawyer at the bottom of the D.C. legal food chain."¹²² A graduate of the local Catholic University of America law school, his self-declared role model was Bobby Baker – the notoriously crooked political fixer of the Democratic establishment of the 1950s and 1960s. Baker himself operated within a constellation of Texas-based businessmen and organized crime figures. It is possible that, after setting his sights on that type of milieu, Bailey decided to begin his ascent into these networks. His preferred clientele included "petty criminals, drug dealers, and prostitutes."¹²³

In *Secret Agenda*, Bailey is described as being close to the call girl Jim Hougan dubbed "Tess," which was not her real name.¹²⁴ Len Colodny, in *Silent Coup*,

identifies Bailey's consort in the call girl ring as Cathy Dieter. To make matters more confusing, Dieter was not the girl's real name either. She was actually Erika "Heidi" Rikan, "a woman who between 1965 and 1966 had performed as a stripper at Washington's Blue Mirror Club in the notorious 14th Street District."¹²⁵ Rikan, like Bailey, was well connected. Her best friend was Maureen Biner, who at the time was dating John Dean, the Nixon administration's White House counsel.¹²⁶ Dean and Biner later married, and she changed her name to Maureen Dean.

Rikan and Biner had known each other for many years at this point. For a brief period in the late 1960s, Biner was married to George Owen, scout for the Dallas Cowboys. Owen had the inside track to the top Texas power players; his personal friends included the oil heir Clint Murchison Jr.; Bedford Wynne, the offspring of a prominent Dallas family with numerous interests, including oil, real estate, industry, insurance, and law; Bobby Baker; and Gordon McLendon, a prominent radio man and occasional intelligence asset. McLendon's close associates included, interestingly enough, Jack Ruby, the mobster famous for killing Lee Harvey Oswald, and David Atlee Phillips, the CIA officer connected to both E. Howard Hunt and James McCord.¹²⁷ Maureen writes in her autobiography of an extended trip to Lake Tahoe "with a good and new friend I had met through George, Heidi Rikan."¹²⁸

What's interesting here is that, through their mutual relationship with George Owen and the high flyers of Dallas, Texas, Maureen and Rikan were moving into a circle that overlapped considerably with organized crime interests. McLendon's friend Jack Ruby was himself an insider and participant in the Dallas criminal underworld. The Murchison oil and construction interests, meanwhile, deployed as lobbyist Irving Davidson, who also was lobbyist for the CIA, the FBI, Israel, and crime bosses such as Carlos Marcello.¹²⁹ The Murchisons also maintained their own ties to Marcello.¹³⁰ Rikan continued to maintain her ties to this side of Texas, even after her move to DC. Phil Stanford reports that within her contact book were Wynne, McLendon, Murchison, and others.¹³¹ The roster of names helps to further illustrate the convergence of Texas business interests and organized crime: one of the names, for example, was Fred Black Jr. Black was a close friend and business partner of the controversial Bobby Baker – and also an intimate of Moe Dalitz, Johnny Roselli, and Clifford Jones, the mob-linked lieutenant governor of Nevada.¹³² Jones was also an alleged confidant of Meyer

Lansky, representing his interests in several Vegas casinos. It might be important, then, that Black – who maintained an apartment in the Watergate – also owned stakes in several Caribbean casinos owned by Jones.

Another name that appeared in Rikan's contact book was Ben Barnes, a Texas real estate major who had served as the state's lieutenant governor between 1968 and 1973. Among Barnes' close circle of contacts was Herman Beebe, and the two, by the 1980s, were linked to a string of collapsed savings and loans – many of which bore the fingerprints of organized crime and intelligence agencies in their demise. Yet, even in the 1960s and 1970s, Beebe was making the rounds. The network of banks and real estate ventures that would lay the groundwork for his later escapades were tightly interwoven with the criminal enterprises of Carlos Marcello.¹³³

Just as Rikan maintained her Texas connections after moving to Washington, she also continued her own personal ties to powerful organized crime figures. At the time that she was involved with Phillip Bailey and active in the ring operating across from the Watergate, she was also reportedly the girlfriend of the mob boss of Washington, DC, Joe Nesline.¹³⁴

Born in Washington, DC, in September 1913, Nesline was first arrested in 1931 for “violation of illegal whiskey laws.”¹³⁵ Over the years, he raked up an immense number of encounters with the law – primarily arrests for his persistent involvement in illicit gambling activities. Nesline's early gambling operations were operated from numerous establishments such as the Spartan Club. Many of his ventures were carried out in partnership with Charles “Charlie the Blade” Tourine. The pair were arrested on June 13, 1963, in a gambling parlor the two had organized in Maryland.

One 1962 FBI report identified Tourine as the “collection man” for Nesline. Nesline and Tourine's gambling interests intertwined with those of Dino Cellini, Meyer Lansky's top casino operator in the Caribbean. Nesline, for example, maintained a stake in the Colony Club in London, which was operated for a time by Dino Cellini.¹³⁶ Much earlier, in pre-revolutionary Cuba, Nesline had worked at the Tropicana Club in Havana, where Cellini was acting as manager. At this time, Tourine was managing the nearby Capri. In the wake of Castro's 1959 revolution, Cellini, Tourine, Meyer Lansky's brother Jake, and Florida mob boss Santo Trafficante were imprisoned together in a camp called the Trescornia.¹³⁷ In addition, in the early 1960s, Nesline and Tourine co-owned a posh Miami beach

house. In 1964, this property was inhabited by Alvin Malnik, a Mafia financier who was something of a protégé of Lansky's.¹³⁸ Malnik, in this same period, was plugged into the web of international banking that the organized crime groups surrounding Lansky used to move the money they reaped from countless real estate interests, the narcotics trade, and the skim from casinos. He was also the counsel for the Allied Empire Corporation, a major stockholder in Lansky's offshore Bank of World Commerce.

Given these sorts of associations, it is perhaps noteworthy that George Owen told Len Colodny that he first met Rikan in the mid-1960s in Antigua.¹³⁹ He was visiting the island with his good friends Bedford Wynne and Gilbert Lee Beckley. Beckley, a world-renowned gambler and bookie described by *TIME* as "a valuable man to the Cosa Nostra," co-owned a hotel on the island called the Miramar, which is where Owen first crossed paths with Rikan.¹⁴⁰ An FBI report states that in 1966, Charles Tourine was dispatched to Antigua "to protect Beckley's interests." The same report states that in addition to Beckley, co-investors in the Miramar included Anthony "Fat Tony" Salerno of the Genovese crime family.

Nesline's DC operations seem to have been enabled by the extensive corruption of the local police force. An FBI report from late May 1962 describes information provided by an informant with intimate knowledge of police involvement with organized crime in the area. The informant's name is withheld in the report – he felt that "his life and that of his family would be placed in jeopardy if knowledge of his interviews and cooperation with the FBI were even suspected by the various members of the Washington DC area gambling element."¹⁴¹ The report continues: "No gambler operates in the Washington DC area unless he obtains protection from the Metropolitan Police Department."¹⁴² According to the anonymous informant, influence over the gambling rackets was divided up according to the various police precincts, with the "gambling 'backers'" often having to deal "directly with the Captain of the particular precinct."¹⁴³ But perhaps some of the most interesting information concerns Roy Blick, the morals squad head who worked so closely with the CIA: "[Redacted] stated that he was told by Mitchell and feels certain that it is true that "Snags" Lewis was paying Inspector Roy Blick and Chief of Police Barnett... He had been recently advised that "Snags" Lewis, "Billy" Mitchell, and Joe Nesline are currently doing business with Blick."¹⁴⁴

POTENTIAL MOTIVES

Sometime in 1971, Heidi Rikan came to Phillip Bailey with the idea of using his contacts at the DNC to expand the customer base for the girls at Colombia Plaza.¹⁴⁵ The connection between Bailey and the DNC was Spencer Oliver, and the “thought was someone – perhaps Oliver himself, perhaps another employee – would be able to steer ‘high-rolling pols’ to [Rikan’s] Colombia Plaza operation.”¹⁴⁶ According to Bailey, he managed to make contact with someone within the DNC, and the arrangements were made for a call-out line to be set up from the offices. The location of this line was purported to be the phone of Spencer Oliver, though he does not appear to have been the one with whom Bailey was negotiating. As 1971 gave way to 1972, the operation was bearing fruit, reportedly with one client or more a day being set up through the DNC offices. “Other clients,” writes Len Colodny, drawing on statements made by Bailey, “included men from the State Department, major hotels in town, a private club, and the Library of Congress.”¹⁴⁷

Unfortunately for Bailey, trouble was looming on the horizon. On April 6, 1972, the DC police and the FBI raided his home. While Bailey was away, tied up in court, the authorities were busy pulling a veritable treasure trove of incredibly incriminating items from his apartment. Among the sex paraphernalia, video-recording equipment, and other such odds and ends were photographs, home movies, ledgers, and contact books. Each of these was taken into police custody and logged as evidence.

The reason for the raid, interestingly enough, was separate from the complex arrangements running at Watergate and the Colombia Plaza Apartments. Bailey was being charged with violating the Mann Act, which is better known as the White-Slave Traffic Act of 1910. The crooked lawyer, it seems, was accused of drugging a university of student, taking pornographic pictures of her and blackmailing her. As the story goes, Bailey threatened to dispatch copies of the photographs to her school’s administrators and her parents if she “did not submit to the attentions of his political cronies and business associates. So, she did submit, having sex with fifteen consecutive partners at a party hosted by Bailey in a suburban Maryland house.”¹⁴⁸

Phil Stanford, in his book on Rikan, presents a slightly more complicated story. He identifies the student as Astrid Leflang, who Bailey had attempted to

recruit into Rikan's call girl ring.¹⁴⁹ Rikan, however, rejected Leflang on the grounds that she was "too low-class" and not sophisticated enough for the operation she was trying to get up and running. Soon enough, Leflang was feeling snubbed – and began to provide information to the Capitol Police vice squad.¹⁵⁰ Thus began Bailey's legal woes.

Within a month, Assistant US Attorney John Rudy was building a major case against Bailey. By this time, many women had come forward with accusations against the attorney, and lists of potential witnesses were being compiled. Because Bailey's social networks were so broad, there were quite a few to choose from. Nevertheless, the media buzz about Bailey's situation and the seriousness of his crimes was minimal – at least until June 9, when the *Washington Star* ran a front-page story stamped with the headline "Capitol Hill Call Girl Ring Uncovered." "The FBI has uncovered," the article states, "a high-priced call girl ring allegedly headed by a Washington attorney and staffed by secretaries and office workers from Capitol Hill and involving at least one White House secretary."¹⁵¹ The article seems to be alluding directly to the Rikan call girl ring, while misconstruing just how involved Bailey was with it.

Who exactly tipped off the *Star* is unknown, but it set off alarms elsewhere in DC. Attorney John Rudy received a call from John Dean demanding access to "all documentary evidence involved in the [Bailey] investigation."¹⁵² Rudy and his assistants were personally summoned to the White House. The evidence, including Bailey's contact book, was packed up and brought to Dean. Rudy would later tell Colodny that the main focus of Dean's attention, besides the potential sources for the *Star's* story, was the black contact book. Many of the individuals in the book were hidden behind aliases, and two of those were "Cathy Dieter" and "Clout." Rudy had taken pains to confirm the identities behind the aliases: Cathy Dieter was Heidi Rikan, while Clout was her good friend and former roommate Maureen Biner. Rudy, at the time, did not know that Dean was dating Biner – or, for that matter, that Biner had moved in with Dean.¹⁵³

The timeframe of these events is telling. The raid on Bailey took place on April 6, 1972, and a day later the CRP provided G. Gordon Liddy with \$83,000. On April 12, McCord received a large chunk of this money to purchase electronic surveillance equipment. Hougan notes that it was "three days later, on April 15, that William Haddad wrote to [Jack] Anderson for the first time, informing him of plans to spy on Democrats."¹⁵⁴ The first of the break-ins at the DNC then took

place toward the end of May. The *Star* article and John Dean's encounter with Bailey's contact book was June 9. On June 12, Jeb Magruder suggested to Liddy another break-in – ostensibly for the purposes of acquiring the files of DNC chairman Larry O'Brien. Magruder, however, had not concocted the scheme out of whole cloth. It had been Dean's idea.¹⁵⁵ Within five days the police were in the DNC offices making arrests, and Eugenio Martinez was trying to prevent the mysterious key from falling into police hands. From there, it was all downhill for the Nixon administration.

Had Dean ultimately ordered the break-ins to obtain potentially incriminating information related to the Watergate–Colombia Plaza ring, which was connected to his future wife via Heidi Rikan? With the specter of organized crime – chiefly, Rikan's relationship with Joe Nesline – in play and the rumors swirling about high-profile Washingtonians indulging in prostitution, it was certainly an explosive situation. Perhaps Dean was hoping to get out ahead of any revelations that might emerge from the investigation of Bailey and his impending conviction.

There are also other looming questions. Was there a connection between the Watergate call girl ring and the sorts of sexual-blackmail operations alleged to have been carried out by Edwin Wilson? Jim Hougan offers some provocative evidence. For instance, the “trick book” maintained by Lil' Lori (Barbara Ralabate) reportedly contained the names “Ed Wilson” and “Tungsten Park.”¹⁵⁶ The “Tungsten Park” was clearly Tongsun Park. Furthermore, he writes that the apartment owned by “Tess” (Heidi Rikan) had been rented in the name of Phillip Bailey but had actually been paid for “by a wealthy defense contractor, a sometime lobbyist on Capitol Hill who owned a huge farm and claimed to ‘hail’ from Houston, Texas.”¹⁵⁷ Each of these descriptions match Edwin Wilson, who had indeed spent time as a lobbyist (covertly working on behalf of the CIA), owned a sprawling farm in Virginia, and managed lucrative defense contracts via the TF-157 front companies – one of which, Aroundworld Shipping & Chartering, operated from Houston, Texas. The implications of this are immense. If Wilson and Park were indeed connected to the Watergate ring, then it was plugged into a network that encompassed the activities of Robert Keith Gray, the George Town Club, the internal politics of Task Force 157, and, ultimately, the forces seemingly aligning themselves against Richard Nixon.

Seen from this point of view, the Watergate incident, which imploded Nixon's presidency, appears less like a sloppy robbery gone awry and more like an

elaborate frame-up, followed by a controlled demolition. The specter of the CIA in Watergate continued even into the trials that followed the unveiling of the break-ins, as evidenced by the man who was appointed as the Watergate special prosecutor, Leon Jaworski.

A partner at the Houston-based firm of Fulbright & Jaworski, Jaworski populated numerous boards and maintained affiliations with a wide gamut of powerful interests. He held the position of trustee at the M.D. Anderson Foundation, which had been established in the late 1930s to help build the now-famous medical center in Houston. Sometime towards the end of the 1950s, M.D. Anderson became a conduit for funds originating from the CIA. As trustee, Jaworski was aware of the nature of the funds, and had signed off on it – as had the foundation’s president, John Freeman, who was a former partner at Jaworski’s firm.¹⁵⁸

Another Houston-based foundation moving CIA money in this same period was the San Jacinto Fund.¹⁵⁹ Heading the San Jacinto Fund was Ernest Cockrell Jr. – a board member of the wealthy Bank of the South-west. Jaworski and his law partners could also be found here: a 1977 *Texas Monthly* article describes how “the partners had their closest and most lucrative relationship with the Bank of the Southwest. In addition to serving as the bank’s legal counsel, members of the firm dominated the board of directors and occupied the top executive positions.”¹⁶⁰ Another bank director was the businessman John de Menil, then the representative of Schlumberger oil interests in America.¹⁶¹ Schlumberger would later be implicated in the covert support for the anti-Castro Cuban exiles, suggesting yet another CIA element in this network of individuals.¹⁶²

By the time that the Watergate scandal had erupted, Jaworski could be found working closely with a veteran of those same anti-Castro operations, and one who played a prominent role in the events detailed in this chapter: Alexander Haig. The nature of this relationship was so particular that it saw Haig act as a channel for the flow of information to Jaworski, including some which had not been subpoenaed.¹⁶³ It seems that Haig was playing a direct, if shadowy, role in shaping the overall thrust of the Watergate prosecution.

THE PAGEBOY SCANDAL

he sordid story rumbling beneath the Watergate fiasco was not the only time that Robert Keith Gray's name would come up in connection with sexual-blackmail rings. As previously mentioned, John DeCamp's 1992 classic book on the Franklin scandal raised the specter of Gray – and his connections to Edwin Wilson – due to his close association with Harold Andersen, the publisher of the *Omaha World Herald* newspaper and a close ally of the man at the city of that particular web, Larry King. Andersen himself stood accused of being a willing participant in King's activities.

Nearly a decade earlier, Gray had surfaced in the course of an investigation into a purported sex-and-drug ring that allegedly operated on Capitol Hill. The scandal made a momentary splash in the media, but it is now merely a footnote. It began when Leroy Williams Jr., a congressional page – pages were high school students employed to fulfill various administrative tasks such as acting as couriers for congressmen – made startling accusations that he “had sex with three House members and procured homosexual prostitutes for a senator.”¹⁶⁴ The latter incident was reported as having taken place at the Watergate office complex.¹⁶⁵

Initial reports suggested that unnamed witnesses came forward with further information on sexual activities between politicians and pages, prostitution rings, and a connected drug ring operating on the Hill. *CBS Evening News* ran the story first on July 30, 1982, and the hints of drug abuse were quickly linked to arrests that had occurred several months earlier. On April 19, Douglas Marshall, Robert Finkel, and Troy Todd had been nabbed by undercover Washington, DC, Metropolitan Police for possession of cocaine; of the three, Marshall and Finkel were charged “with distributing and conspiring to distribute cocaine.”¹⁶⁶ Todd and another accomplice, a young woman named Devon Dupres, were subsequently named as “unindicted co-conspirators.”

Newspapers described Dupres as “a Georgetown cocktail waitress,” though she appears to have been an assistant to Michael O’Harro, the owner of a DC discotheque called Tramps.¹⁶⁷ Others stated that she

“reportedly socialized with a California congressman now under investigation by drug agents” and was subsequently entered into the “Justice Department federal witness program” and “moved to an undisclosed location.”¹⁶⁸ This odd cast of characters operated a cocaine ring that employed the services of congressional pages, tour guides, and other Hill employees who enjoyed wide-ranging access to members of Congress. Douglas Marshall himself had been a page, while Robert

Finkel had worked as an elevator operator in the Capitol. On July 7, Jack Anderson reported that “more than 15 members of congress were customers of a cocaine ring that operated on Capitol Hill, the ringleaders have told narcotics agents.”¹⁶⁹ He also appeared on ABC News *Nightline* with Sam Donaldson, publicly linking the cocaine ring with the emerging allegations of prostitution and sexual abuse:

Donaldson: All right, Jack, tell us about the page setup. Did you actually catch some pages involved as couriers?

Mr. Anderson: There were some pages involved, but the drug scam ... changed into a sex scam later. I know very little about the sex angle of it except that the same people were involved. Some of the same people.

Donaldson: But pages were acting as couriers for the dealing of drugs?

Mr. Anderson: That's correct. So were congressional aides.¹⁷⁰

By the time that Anderson was making these accusations, an FBI investigation and a House Ethics Committee inquiry had formed to assess the possibilities of a sex-and-drugs ring on Capitol Hill. Oddly enough, old Watergate familiar Joseph Califano was put in charge of the inquiry. Califano's team employed a score of lawyers and investigators, including two private investigators – Richard Powers, a former New York City police officer, and John “Jack” Moriarty, a former DC police officer.

Gray's name came up in the inquiry from an anonymous tip, which was handled by Powers, who drafted a memo on it to Califano. The memo quickly disappeared.¹⁷¹ The lead to Gray arose on July 21, when Ethics Committee counsel Donald Purdy and John Moriarty interviewed yet another figure from the Watergate days, DC police officer Carl Shoffler. Shoffler turned over the extensive information that he had compiled on Gray – his links to Edwin Wilson and the CIA, rumors of his involvement in the use and distribution of narcotics, wild tales of orgies taking place at his home in Rehoboth Beach.

The most alarming allegation made by Shoffler, however, was that a consultant for Diamond Shamrock, a major Texas-based oil and gas concern, and a local photographer personally known to Gray were involved in “a male prostitution service on Capitol Hill.”¹⁷² Diamond Shamrock was, at the time, a client of Gray & Co., an independent PR firm set up by Gray in the early 1980s.¹⁷³ Several weeks after he provided this information to Purdy and Moriarty, Shoffler was contacted

by a security specialist with longtime intelligence ties, Michael Pilgrim.¹⁷⁴ Pilgrim wanted to know if Shoffler had been hired by H & K – Gray had left the firm to start Gray & Co. – to keep tabs on their former executive. Pilgrim, in turn, had been asked to assess Shoffler by Neil Livingstone, yet another strange character from the murky netherworld where intelligence and Beltway subterfuge intersected.

Livingstone, who will be discussed at greater length in the next chapter, was at the time working for Gray at Gray & Co. while also maintaining extensive ties to the circles around Ted Shackley, Thomas Clines, and Edwin Wilson that went back to the mid-1970s. The arrival of Livingstone on the scene raised even more puzzling questions. As Susan Trento asked: “How did Livingstone find out that Shoffler had received allegations about Gray?”¹⁷⁵

The day after his encounter with Pilgrim, Shoffler was contacted by Thomas Fortuin, Gray’s attorney. It was an interesting choice for a lawyer as, in 1981, Fortuin had taken over from Roy Cohn as the chief attorney for Tony Salerno, the boss of the Genovese crime family.¹⁷⁶ These ties may have run deep – Gray was reportedly a friend of Cohn, though – as previously mentioned, the exact nature of their relationship remains vague.

A year after the pageboy scandal first broke, Salerno arranged for the appointment of Jackie Presser as president of the Teamsters Union.¹⁷⁷ Presser was a client and close associate of Gray; the two may have even owned a mysterious company together called Member Services Corporation.¹⁷⁸ Fortuin offered Shoffler the opportunity to interview Gray, with the clarification that Gray would deny the allegations that Shoffler had made to Purdy and Moriarty. He then added that it was Moriarty himself who had turned over the information to Gray’s associates. It was an incredible conflict of interest: in addition to working on the Ethics Committee probe, both Moriarty and Powers were moonlighting on behalf of Gray & Co. Powers himself was a longtime associate of Fortuin, who had employed Powers as his own private investigator.¹⁷⁹ In a subsequent meeting with Powers, Shoffler himself was offered a job working for Gray – at a very lucrative salary. Shoffler saw this as an attempted bribe and reported it to the US Attorney. Very soon a sweeping Department of Justice investigation was underway.

On September 28, 1982, the *New York Times* ran an article stamped with the title “Califano suspends 2 investigators in Congress sex and drugs inquiry.”¹⁸⁰ These two investigators were identified as Powers and Moriarty. Califano “did not

return repeated calls to his office, and Justice Department officials declined to disclose the nature of the charges against Mr. Moriarty and Mr. Powers.”¹⁸¹

After the Moriarty and Powers debacle, the entire episode came to a close, much more quietly than it had begun. More questions than satisfactory answers were raised. In the final Ethics Committee report, Califano cited evidence that the US Capitol Police had systematically destroyed documentary records related to drug trafficking on the Hill – including vital documents put together in the critical month of July 1982 when the accusations first began to gain momentum. While the report suggested that disciplinary action in connection with the destruction might be warranted, there was insufficient evidence “to conclude that the records ... contained information important to the Committee’s investigation of illicit drug use or distribution of drugs.”¹⁸²

The allegations of sexual abuse of pages and homosexual prostitution were also soon swept to the side. Leroy Williams, the page who first came forward, suddenly recanted. He told investigators working on behalf of the Ethics Committee that he “concocted the tale of sexual misconduct and drug use to draw public attention to the pressures of the page system.”¹⁸³ Importantly, the congressman with whom he had claimed to have had sex – Larry Craig of Idaho – was himself a member of the House Ethics Committee.¹⁸⁴ In 2007, Craig was arrested after propositioning an undercover police officer for sex in the men’s restroom of the Minneapolis-Saint Paul International Airport.¹⁸⁵

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CHAPTER 6

A PRIVATE CIA

CHANGING TIMES

During the Watergate affair, Henry Kissinger appeared as something of an outsider, even though he had entered the administration as a favored intellectual scion of the Rockefeller-dominated “Eastern Establishment.” His positions on the easing of tensions with the Soviet Union, arms reduction, and opening to China put him out of step with the robust, semi-covert network of spooks, lobbyists, power brokers, and businessmen who were oriented toward the Nationalist Chinese, toward rolling back the Soviets through military means, and increasing defense budgets. Until the Watergate scandal, the lines seemed starkly drawn. But, as time wore on, the battles between liberal reformers and hardliners reached a fever pitch, and certain lines seemed to bend and blur.

Kissinger, in particular, appeared to have undergone something of a geopolitical reorientation, retooling his commitments to reflect the new power bloc. In the latter part of the 1970s, he took up a post at the Center for the Institute of International Studies. As Jerry Sanders has noted, the Center and its partner organization, the American Enterprise Institute, “set themselves up in competition with such august bodies as the Council on Foreign Relations and the Trilateral Commission.”¹ The Center’s director was Ray Cline, an old China Lobby hand, OSS veteran (having served in the China theater alongside notables such as Paul Helliwell, E. Howard Hunt, and John K. Singlaub), and a high-ranking CIA officer. Cline had been a consistent critic of the Nixon-Kissinger policies of detente and opening to China.

To acclimate properly to his new affiliations and associates, Kissinger adopted a harsh line on the ongoing arms reduction talks with the Soviet Union. It was indicative, he said, of a “defeatist consensus” accepted by the “traditional establishment.”² By this point, a robust network of New Right activist groups,

think-tanks, advocacy groups, and their conservative backers had formed to push back against detente policies and arms reduction, calling instead for an increase in military spending and more hawkish orientation toward the Soviets. Many of these were organized from classic centers of power like the American Security Council, an entity described as the “heart and soul of the military-industrial complex,”³ the Committee on the Present Danger, the Heritage Foundation (where Robert Keith Gray maintained a post), and the AFL-CIO.

New groups such the Conservative Caucus, the Coalition for Peace through Strength, and the Free Congress Foundation also dotted the landscape, drawing on money unleashed by philanthropies such as the Scaife, Olin, and Koch foundations. Other active players in this world included Reverend Moon’s Unification Church, which was tied very closely to the China Lobby and to the KCIA. Two of the Unification Church’s top US allies were Ray Cline and Alexander Haig.⁴ Managing a sizable portion of the Unification Church’s promotional campaigns and serving in a secretarial role in many of its front groups was the political direct-mail mastermind Richard Viguerie. A member of the George Town Club, Viguerie was associated with numerous groups during this period, carrying out work on behalf of the Conservative Caucus and the various anti-disarmament campaigns launched by organizations such as the Committee on the Present Danger and its allies. All of these activities were run from Viguerie’s headquarters, a building he owned at 7777 Leesburg Pike in Falls Church, Virginia. It was a location that came to play a fundamental role in the world of Ted Shackley, Edwin Wilson, and Thomas Clines.

Reformist efforts, nevertheless, continued to build. One such reformer was Admiral Bobby Ray Inman, who had risen through the ranks to become director of Naval Intelligence in 1974. He followed this with stints as head of the Defense Intelligence Agency, the National Security Agency, and then, briefly, as deputy director of the CIA under William Casey. Inman privileged signal intelligence – intelligence acquired via electronic means as opposed to human intelligence gathering methods – and had a strong distaste for what he perceived as waste, inefficiency, and redundancy within the intelligence community. He was also seen as a something of a moderate, a counterpoint to those fixated on covert operations and assassination programs such as those favored by Shackley and his clique.

In 1976, Task Force 157 was on the chopping block. For Inman, “it was an expensive unit of dubious benefit to the Navy.”⁵ There were also the rumors and hints that TF-157, via Wilson, had become embroiled in covert operations quite

different from its stated mandate. In 1975, for example, Wilson entered into a series of curious business arrangements with Bernie Houghton of Nugan Hand, a bank headquartered in Australia whose management consisted predominately of supposed former US intelligence officials.⁶

Houghton himself was no stranger to the circle of individuals around Wilson, having worked in Vietnam in close proximity to the primary operators in Shackley's secret wars.⁷ At the time that Houghton was meeting up with Wilson, the Nugan Hand Bank appears to have been involved in brokering the sale of arms to paramilitaries in South Africa. The financing of the arms was arranged through a web of banks such as Nugan Hand's Hong Kong subsidiary. Yet, when it came to purchasing and shipping the arms, Houghton and his partner, Michael Hand, turned to Edwin Wilson. According to an official Australian government report on the criminal activities of the Nugan Hand Bank:

There was a number of meetings between Wilson, Houghton, and the others over a relatively short period of time. Subsequently, under the cover of Task Force 157, Wilson placed an order for something like "10 million rounds of ammunition, 3,000 weapons including machine guns, M-1 carbines, and others." The shipment is believed to have left the US from Boston. The End Users' certificate indicated that [Wilson's TF-157 front company] World Marine was the US purchasing agent while the middle company or buyer's agent was an Australian company but not Nugan Hand. The name given as the buyer was Portuguese, and was a name that had been used previously and possibly after by World Marine in other unrelated covert operations.⁸

Rumors also abounded that TF-157 and Nugan Hand were complicit in the destabilization of the Australian government of Gough Whitlam, which was considering closing the CIA's satellite monitoring station called Pine Gap. Alarms about Whitlam's intentions were raised in the halls of the CIA by none other than Shackley; according to Victor Marchetti, a high-ranking CIA officer, Whitlam "caused apoplexy in the White House ... a kind of Chile [coup] was set in motion."⁹ Likely with these and other incidents in mind, Inman determined that TF-157 was "out of control."¹⁰ Wilson attempted to negotiate with the naval intelligence chief, suggesting that if TF-157 were shut down, perhaps another, more effective organization should be set up (with Wilson getting the lucrative contracts to run it, of course). Shackley also attempted to intercede, suggesting to Inman that shuttering the program and firing Wilson would be the "loss of a major intelligence asset. Inman told Shackley that if he found Wilson so valuable, he could put him back on the CIA payroll."¹¹

TF-157 was ultimately shut down, and Wilson was, by all appearances at least, out of the job. At that same moment, events were taking place that would ultimately lead to Wilson's downfall. In December 1975, shortly before Inman's decision to dismantle TF-157 began, Wilson met a former CIA operative named Frank Terpil. Terpil ran a company called Intercontinental Technology, a subsidiary of Stanford Technology – a firm that would feature prominently in the Iran-Contra affair.¹² Stanford's owner was Albert Hakim, an Iranian businessman who acted as a back channel between Iran and Israel.¹³

By the time he met Terpil, Wilson was already familiar with Hakim, as they had been introduced by Richard Secord. Terpil proposed to Wilson a business venture that involved scouring weapons and other sensitive technologies for the government of Muammar Gaddafi in Libya. Terpil had been trading with Libya through a partnership with a Pennsylvania businessman named James McElroy. McElroy, according to Peter Maas, "had been one of the first entrepreneurs to cash in on money-flush OPEC oil nations in Africa and the Middle East. McElroy began supplying them with everything from Pampers to pistols. Gradually Libya became one of his big customers, and from Pampers, it was more and more pistols."¹⁴ But what the Libyans hoped to score, from Terpil and Wilson, was heavier equipment: "C-4 plastic explosives and a Red-Eye Missile."¹⁵

With the approval of Shackley and Clines, Wilson went to work in Libya. The operation quickly expanded into a training program for Libyan fighters. To carry this out, Wilson and Terpil set up a cover company called Inter-Technology and several other export firms. Former CIA officers like Kevin Mulcahy were brought in to run them, while the secret training school was staffed by former Green Berets.¹⁶ Among the trainers was Eugene Tafoya, "a beefy, acne-scarred thug, widely disliked by his comrades, who after a few glasses of 'flash,' the Libyan equivalent of bathtub gin, would boast about all the people he'd blown away behind enemy lines in Vietnam."¹⁷ Soon enough Tafoya was working as a hitman for Wilson and was outsourced to the Libyan government for an ultimately ill-fated assassination plot against political dissidents living abroad.¹⁸ All the while Wilson reported information back to Shackley and Clines and, reportedly, to the SAVAK – the Iranian intelligence apparatus under the Shah – as well.

At this point, Shackley's star was continuing to rise within the CIA. In January 1976, George H.W. Bush was made President Gerald Ford's director of the CIA, and Shackley was made assistant deputy director for Operations. His coveted

position was director of central intelligence, and he fully expected to serve as Bush's successor: "Shackley had been tapped to become CIA director if Gerald Ford had been re-elected president."¹⁹ This, however, never came to pass. Ford didn't win the election and was instead succeeded by President Jimmy Carter. Bush was ousted from his position as director of central intelligence and replaced by a reformist, Admiral Stansfield Turner.

Turner came from outside the world of the CIA. A career military officer, he was a former schoolmate of Carter's and was selected to reorganize the CIA. Large swaths of the Agency dedicated to undercover operations and special warfare were systematically removed, fundamentally changing the character and culture of the CIA. Shackley held on for a while, compartmentalizing what remained in the directorate of Operations and hiding it from the watchful eyes of Carter and Turner.

In 1979, Shackley retired from the CIA to dedicate himself to a series of private business ventures. In reality, these ventures were components of a private intelligence network that he had been designing over the course of several years. The long-term plan was to use this private CIA as the foundation for a rollback of Carter's reforms, when a Republican president would inevitably succeed him. This private network, unsurprisingly, quickly found itself embroiled in a series of international scandals.

Much of Shackley's network was bankrolled with money provided by Wilson. According to FBI memoranda, published as part of a later report by the Congressional Committee Investigating the Iran-Contra affair, Wilson provided Clines with a loan to organize a company called International Research and Trade (IRT), which acted as a corporate umbrella for two other Clines-owned companies. These were System Services International (SSI) and API Distributors.

SSI, registered in Bermuda, was later described by Shackley as "designed originally to be a trading company [for] securities." According to his testimony during the Iran-Contra hearings, SSI did very little business.²⁰ This was soon revealed to be untrue. API Distributors, registered as a Delaware corporation, was organized to act as a supplier for oil companies. One of its primary clients was Pemex, the Mexican state-owned petroleum firm. It set up shop in Houston, Texas, where it shared offices with Wilson's Aroundworld Shipping. API had a tendency to bring into the fold old veterans of the Agency's secret wars. Rafael Quintero and Ricardo Chavez, both old recruits who operated under the auspices of JM/WAVE,

were put on the API payroll and dispatched to Mexico, ostensibly to work on the Pemex project.²¹

When questioned about his role in these companies, Shackley offered only vague responses. For SSI, he did some sort of unspecified work, while for API he “worked as a consultant, employee, office manager, trying to get the company off the ground.”²² He told the FBI that he had not played any role whatsoever in IRT, stating that he only had passing knowledge of this Clines-owned parent company. Despite Shackley’s efforts to distance himself, numerous figures associated with the private CIA – people like Clines, Wilson, and Richard Secord – “told the FBI and other government agencies that it was quite clear that Shackley was the boss.”²³

Further evidence comes from the curious office arrangement of Research Associates International, the “consultancy and risk analysis” firm Shackley launched in 1979.²⁴ Just as API Distributors shared office space with Wilson’s Aroundworld Shipping, Research Associates International shared offices with SSI and International Research and Trade.²⁵ RAI’s staff included multiple Shackley associates from his CIA days. Directors of the firm included Jim Critchfield, Donald Jameson, and a mysterious “Mr. Ledbetter,” who may have actually been Calvin Hicks. If so, Hicks would have known Shackley from his JM/WAVE days.²⁶

Research Associates International was formed with a specific focus on the oil industry, and it appears to have only had one, exclusive, client: John Deuss (deceptively spelled as “Dois” in the transcripts of Shackley’s Iran-Contra testimony). Deuss, through an expansive corporate web organized around Transworld Oil, moved in the murky world of oil trading where he worked with the likes of the infamous commodity trader (and Mossad asset) Marc Rich. Between 1979, when he first hired Shackley’s Research Associates International, and 1993, Deuss dominated South Africa’s oil imports, with Transworld Oil accounting “for more than half of South Africa’s oil purchases.”²⁷ Aside from Deuss, the other giants of this trade – which was essential for the maintenance of the apartheid regime – were Marc Rich and Marimpex, a German oil-trading company. As will be noted later in Chapter 16, a former “girlfriend” of Epstein’s, Francis Jardine, later married John Deuss. Jardine accompanied Epstein to the Clinton White House in September 1994.

Shackley and Deuss intersected through Shackley’s massive web of contacts. The introduction between the two was made by Michael Corrie, then serving as president of Transworld Oil. Corrie had run Royal Dutch Shell’s Vietnam division,

which was one of the major firms tapped by the US military to assist the war effort (though, ironically, a robust black market saw significant amounts of Shell petroleum routed to the Viet Cong). It was there that Corrie and Shackley became acquainted.²⁸

There was also the interesting selection of attorneys by Shackley and Clines: the legal legwork for setting up Research Associates International, System Services International, and International Research and Trade was the prestigious Washington-based firm of Shaw, Pittman, Potts & Trowbridge.²⁹ Terry Reed and John Cummings, in *Compromised*, wrote that the firm was “very much aligned with the CIA” and had “a history of providing criminal defense for intelligence agents.”³⁰ One former CIA officer on the Shaw, Pittman, Potts & Trowbridge payroll at this time was William Barr, the future Attorney General for Presidents George H.W. Bush and, years later, Donald Trump. Barr had worked for the CIA from 1973 to 1977. He joined Shaw, Pittman, Potts & Trowbridge in 1978, but it is unknown if he worked on any of the accounts linked to this private CIA during his time there.

One lawyer at the firm who was known to represent these interests was Barbara Rossotti, who worked as Clines’ attorney. Rossotti’s name appears in FBI files in connection with what might have been the crown jewel of this entire complex, the Egyptian-American Air Transport and Services Corporation (EATSCO).³¹ EATSCO was owned by two corporate entities: 51 percent was held by Tersam, a Virginia company opened by an Egyptian intelligence officer turned businessman, Hussein K. Salem, and 49 percent was held by Clines’ SSI. Clines and Salem parked the headquarters of EATSCO at a familiar location: 7777 Leesburg Pike, the same building that was a hub for the emergent New Right networks of Richard Viguerie and his associates.³² To make these ties more compact, Salem was, throughout this period, living in the Ramada Inn located next to the 7777 Leesburg Pike.

According to Clines, the hotel’s bar was a CIA “watering spot.”³³ EATSCO functioned as a middleman in arms sales made by the Pentagon to Egypt following the arrangement agreed upon during the Camp David Accords. It inserted itself between the respective militaries and the freight forwarders that were selected to move the cargo. From the get-go, it was clear that this was hardly a normal arrangement. Most Pentagon-related arms sales did not involve “any commercial concern like EATSCO,” which makes it somewhat unsurprising that EATSCO

became implicated in a scheme to overcharge the Pentagon for the costs of the shipments.³⁴

One of EATSCO's men inside the Pentagon – who signed off on the immense prices being demanded by the company – was Richard Secord, the future Iran-Contra co-conspirator. When Wilson's prosecutor, Lawrence Barcella, was put on the trail of EATSCO in the early 1980s, he was paid a visit by yet another future Iran-Contra conspirator – and close friend of Shackley and Clines – Michael Ledeen. According to the *New York Times*, Ledeen suggested to the attorney that “any alleged billing abuses might have gone for a covert operation.”³⁵ EATSCO, in other words, might have been skimming Pentagon money and redirecting it to finance the activities of the private CIA.

Indeed, rumors have abounded that EATSCO was covertly running arms to the Mujahideen in Afghanistan and to CIA-backed fighters in other Cold War hot spots. The fingerprints of Edwin Wilson seemed to be all over EATSCO. Journalists linked a series of major loans to SSI made by Wilson to EATSCO, while handwritten notes made by Eugene Tafoya – the former marine employed by Wilson for wetworks operations – made reference to the company.³⁶ A security-equipment supplier used by EATSCO called Systems Engineering International Corporation was owned and managed by Donald Lower, the former manager of Wilson's sprawling Virginia farm. Incredibly, Systems Engineering International – like all of the other companies in this complex – drew on the legal resources of Shaw, Pittman, Potts & Trowbridge and operated from an office located adjacent to EATSCO at 7777 Leesburg Pike.³⁷

ODD CONNECTIONS

By the mid-1970s, Edwin Wilson had gained control of Joseph J. Cappucci Associates, an “international firm specializing in the protection of heads of state.”³⁸ The company had been formed by US Air Force Col. Joseph J. Cappucci. He had been no stranger to the world of intelligence: during World War II, he had served as a counterintelligence officer for the Army Air Corps and, after the war, he became a liaison between the new intelligence apparatus of the Air Force and the CIA. He later served as the chief of the Air Force Office of Special Investigations.

How Wilson gained control of Cappucci's company is not clear, nor is there a firm trail of records illustrating the relationship between the two men. What is

clear, however, is that it was eventually folded into the byzantine web of the private CIA: Wilson sold his interests in Cappucci to the trio of Thomas Clines, Donald Lowers, and Neil Livingstone (mentioned in the last chapter in connection with Robert Keith Gray and the congressional page boy scandal). The money used to purchase Wilson's shares reportedly came from "US government expropriation funds collected after an airline Livingstone and a partner had purchased was taken over by the Panamanian government."³⁹ The airline in question was Air Panama.⁴⁰

Livingstone himself had spent time in Panama between 1976 and 1979, and there he had been associated with the notorious Mossad operative Michael Harari.⁴¹ Harari's long and twisting career began with a stint in the Haganah, where he acted as a courier at just thirteen years old, later graduating from their elite fighting corps, the Palmach. After the formation of Israel, he joined the Israel Defense Force and was eventually recruited by Mossad. During the early 1970s, Harari led teams across Europe to hunt and target members of Black September, the Palestinian group responsible for the Munich Olympics massacre. Harari's team had a tendency to leave a trail of dead bystanders and civilians in their wake. Despite this, he was eventually dispatched to serve as head of Mossad's Latin American operations.

Over time, Panama became the primary site of Harari's activities. Livingstone, in an article on the spymaster for the *Washington Post*, wrote that "Panama City had become an intelligence center ... a sort of Latin American version of Beirut or Vienna."⁴² Harari became particularly close to Manuel Noriega, then serving as head of the country's intelligence service. Noriega maintained a convoluted intelligence web, simultaneously serving on the payrolls of the CIA and the Cuban intelligence directorate, the Dirección General de Inteligencia. "Noriega's relationship with the DGI," writes Livingstone, "became a valuable pipeline of information on PLO (Palestine Liberation Organization) activities for Harari and his superiors back in Israel."⁴³

By the early 1980s, Harari had been detached from the Mossad – at least in an official capacity – and was making a living as an arms dealer and security specialist for Noriega. José Blandón Castillo, a top Noriega advisor who testified to the Senate Foreign Relations Committee's Sub-committee on Terrorism, Narcotics, and International Operations (also known as the Kerry Committee), accused Harari of running a "network" that managed a guns-and-drugs pipeline across Latin

America.⁴⁴ It was this same logistical network that laid the groundwork for the later Contra-support efforts.

Harari, importantly, was in close contact with Duane Clarridge – the CIA officer who oversaw those initial efforts. Livingstone’s tenure at Cappucci was among the first of his post-Panama activities. A contract was signed with the Egyptian government of Anwar Sadat to train the presidential security forces. CIA-trained Cuban exile Felix Rodriguez, who had worked under Shackley at both JM/WAVE and in Vietnam, was brought in to oversee the operation. It was part of the arrangements being organized by Wilson and Clines that had produced the EATSCO deal. Both would later tell journalist Morgan Strong that deals such as these were being made through a kickback arrangement in which large sums of money were to be passed to Sadat via Hosni Mubarak in exchange for the contracts.⁴⁵

EATSCO’s primary support apparatus in these various deals was Global International Airways, a Kansas City-based charter airline and cargo carrier founded in the late 1970s by Farhad Azima. An Iranian-born businessman, Azima had launched the company with the ostensible purpose of transporting “cattle from Nebraska to Iran, until the US cut diplomatic ties after the 1979 Islamic Revolution.”⁴⁶ It was likely that much more than cattle were being ferried on these flights, considering that Azima was reportedly tied to the shah’s SAVAK.⁴⁷ Azima launched Global International Airways with the aid of a “multi-million dollar loan from the Commercial Credit Corporation.”⁴⁸ In the beginning, its fleet consisted of one Boeing 707.⁴⁹ It quickly grew to be “one of the largest private air carriers in the world, with seventeen 707s, two 727s, and one 747.”⁵⁰

Joseph Trento suggests that Azima was a front man for the private CIA, with Global International having actually been designed by James Cunningham, who had worked under Shackley in Laos as the manager of the CIA’s Air America.⁵¹ While this particular claim cannot be substantiated, there are hints that this network was present at Global International’s inception. For example, at least one of Azima’s pilots had previously worked for Air America. Even more suggestive of a connection is the source of Azima’s loan – the Commercial Credit Corporation. This was the commercial finance-and-lending subsidiary of the Control Data Corporation (CDC), a supercomputer firm that had operated as a high-profile defense contractor since its inception at the end of World War II. CDC would later

make an appearance on the periphery of the PROMIS scandal, also known as the Inslaw affair (the subject of chapter 9).

Around 1976 – shortly before Commercial Credit provided Azima with the start-up capital for Global International Airways – Control Data Corporation hired Edwin Wilson as a consultant with the hopes of leveraging the spook’s contacts “to unload some outdated computers on Third World countries.”⁵² The arrangement between the two, however, seems to have been much greater than simple export affairs. Wilson was subsequently accused of having bugged the offices of the US Army Materiel Command in order to obtain “inside information ... on bidding and procurement plans” on behalf of the corporation.⁵³

Before Global International Airways went bust in the mid-1980s, Azima ran up huge debts with several financial institutions – most notably Indian Springs State Bank in Kansas, which underwent its own collapse in tandem with Global International. Azima had been brought on as a director for the institution, while its vice president, Anthony Russo, acted as a “financial consultant” for Global International.⁵⁴ Russo had previously been a high-profile Kansas City criminal attorney, notorious for representing members of the Civella crime family. In the investigation that followed the bank’s insolvency, it was revealed that Russo had brought Civella interests into the fray. Their accounts at the bank, one state banking examiner found, were “habitually overdrawn.”⁵⁵ Indian Springs also provided massive loans to the Dunes Hotel and Casino in Vegas, which was at the time under the control of Morris Shenker. Shenker had previously been Jimmy Hoffa’s attorney and was no stranger to suspect financial wranglings, as he had been intimately involved with the corruption plaguing the Teamsters pension fund. He personally guaranteed the loan from Indian Springs to the Dunes, while Azima had sponsored it. Global International was at the heart of these business transactions as the airline “had a contract with some Las Vegas hotel-casinos to fly junkets.”⁵⁶

Clearly, this emergent network was like an octopus, with far-reaching tentacles reaching out in all directions and intertwined with seemingly legitimate businesses. The ghostly traces of this network’s presence could be found in all types of corruption. One strange nexus, touched on briefly by journalist Pete Brewton, was the complex of companies set up in Louisiana by Charles F. Haynes and Vaughn R. “Bobby” Ross.⁵⁷ Ross was a pilot with a military service record, and Haynes was a “timber man.” In 1979, they formed Commercial Helicopters, which amassed a fleet of over thirty aircraft in just three years. The primary business of Commercial

Helicopters was providing transportation to and from the numerous oil rigs that dotted the Gulf of Mexico. Yet, there is also evidence that the company had a strange, darker underbelly. Haynes and Ross, for example, leased helicopters from Flying Tiger Line, the company that was linked so closely to the China Lobby and to Anna Chennault and Robert Keith Gray. There were also connections to the network of ex-CIA operatives. Brewton notes that Commercial Helicopters “provided parts and services to a helicopter company in Guatemala” called Helicopteros de Guatemala.⁵⁸

Helicopteros was managed by Carl Jenkins, a veteran of the CIA’s anti-Castro operations. Operating from outposts in Florida, Mexico, and the Caribbean, Jenkins had been the case officer for a number of important Cuban exiles, including Rafael Quintero and Manuel Artime – both of whom had reappeared in the circles that surrounded Shackley, Clines, and Wilson.⁵⁹ Ted Shackley stated, during his questioning as part of the Congressional Iran-Contra inquiry, that he knew Jenkins and had last encountered him in the offices of Thomas Clines, which Jenkins was also using.⁶⁰ Given the location and the time frame, this was likely API Distributor’s Houston offices, which, as mentioned earlier, were operating from the same offices of Wilson’s freight forwarder. Gene Wheaton, a close associate of Jenkins – and one of the early Iran-Contra whistleblowers – told Brewton that he had crossed paths with Ross, having been introduced by the “crowd around Ed Wilson.”⁶¹ The 2018 obituary of Ross states that he served a tour in Vietnam from 1969 to 1970, where he was a pilot in the 57th Assault Helicopter Company.⁶² During this same year, the 57th was tasked with providing “support to the Military Assistance Command Vietnam Studies and Observation Group in their mission to send reconnaissance teams into Laos and Cambodia to locate and interdict North Vietnamese Army (NVA) infiltration routes and their sources of supply.”⁶³ Ross, in other words, was in direct proximity to the secret war in Laos, the CIA wing of which was being run by Shackley and his cronies.

Wheaton’s claim about the business affairs of Ross and Haynes included the allegation that Commercial Helicopters had, in fact, purchased API Distributors. Ross denied to Pete Brewton that this was true – but, oddly enough, Haynes formed a company called API Oil Tools & Supply. While this company, like Commercial Helicopters, was registered in Louisiana, the bulk of its business – leasing “power tongs, an oil drilling tool” – was located in Houston, Texas.⁶⁴ Crucial financing for Commercial Helicopters and API Oil Tools & Supply came

from Herman Beebe, the financial brain behind a network of banks and savings and loans that sprawled Louisiana, Texas, and other surrounding states. Beebe – who was later implicated in the massive collapse of numerous savings and loans in the 1980s – had long-standing ties to the criminal underworld, some of which went right to the top of the major American Mafia families.

According to Stephen Pizzo, Mary Fricker, and Paul Muolo, Beebe “had been arrested in a New York restaurant with East Coast Mafia boss Carlo Gambino and Florida boss Santo Trafficante” in 1966.⁶⁵ He was further linked, by a number of law enforcement sources, to Trafficante’s close partner Carlos Marcello, the don of the New Orleans Mafia whose empire extended well into Texas. In 1972, US Customs agents and police raided a Shreveport, Louisiana, warehouse owned by Beebe; inside, explosives and rigging devices that were destined for anti-Castro Cuban groups were found.⁶⁶ Though Beebe never faced charges in relation to the incident, numerous conspirators were arrested, among them a close associate of the Gambino family, Murray Kessler. Another was the pilot who had been hired to ferry the explosives – none other than Barry Seal, the infamous drug pilot who operated on the CIA payroll and who would later be implicated in running Colombian cocaine in conjunction with covert Contra-support operations. “Bobby Ross,” wrote Brewton, “was a longtime close friend of Barry Seal. ‘We grew up together,’ Ross said.”⁶⁷ This raises the possibility that Seal was connected, at a very early stage, to Shackley’s network.

BUSH’S WEB

Journalist Pete Brewton, in his study of the savings and loan crisis, reported on the possibility that another – though perhaps related – private-intelligence network was also being formed during this period. The architect of this network was George H.W. Bush. Reportedly, Bush had expressed to Jimmy Carter his willingness to stay on as head of the CIA, only to be rebuffed. Bush subsequently returned to Texas and started anew, alongside his close associates and various business partners.

According to one of Brewton’s sources, Bush’s main ally was William Blakemore II, an oilman-rancher hailing from Midland, Texas.⁶⁸ Buried deep in the voluminous materials compiled as part of official inquiry into the Iran-Contra affair is Blakemore’s name: he served as president of the Gulf and Caribbean Foundation,

a “philanthropic” body used to move funds raised by private donors to the Nicaraguan Contras.⁶⁹

Another source gave Brewton a different set of names: Walter Mischer, a Houston real estate mogul and banker (and friend of Blakemore), and his son-in-law Robert Corson.⁷⁰ In 1991, Corson was found dead in an El Paso motel after being indicted for money laundering and fraud. Those charges connected Corson to a succession of bizarre financial dealings that involved a string of saving and loans, as well as large mainstream banking institutions.⁷¹ Among the sources that Brewton cites is Richard Brenneke, an infamous CIA-adjacent arms dealer and money launderer who became a whistleblower for both the October Surprise and the Iran-Contra affair. “According to Brenneke,” Brewton writes, “Corson worked with him in laundering money for the CIA.”⁷² Interestingly, Brenneke’s money-laundering activities were, according to Gordon Thomas, of immense interest to Israeli intelligence, which allegedly studied his methods with the aid of the PROMIS software. PROMIS, and Robert Maxwell’s intimate involvement in that operation on behalf of Israeli intelligence, is discussed in greater detail in chapter 9.⁷³

Brewton, meanwhile, further suggests the possibility of Corson’s involvement with Israeli intelligence: “A Texas law enforcement official who has worked with intelligence agencies confirmed Corson’s work for the CIA. This officer said that Corson also did work for the Israelis but may not have known it, because there were several layers of cut-outs between Corson and the Israelis.”⁷⁴

Given this possible connection not only to American but Israeli intelligence, there is perhaps significance to the fact that there were direct ties between Walter Mischer and Texas Senator John Tower – the George Town Club member whose activities in the late 1980s were intimately intertwined with those of Robert Maxwell. As will be detailed in chapter 9, Maxwell, an Israeli intelligence asset since the early 1960s, had helped place Tower himself on the payroll of Israel intelligence in the 1980s.

Mischer’s ties to Tower came through Mischer’s position as something of a political kingmaker. Mischer, according to press reports, had a “virtually unrivaled ability to raise cash for politicians,” and he lent his talents to both Democrats and Republicans.⁷⁵ While he could often be found backing Democrats like Lloyd Bentsen, he had also “long been a backer of Republican John Tower.”⁷⁶

Mischer's rise to the heights of Texan political power came through extensive holdings in construction, manufacturing, real estate and banking. According to his obituary, Mischer, during World War II, had worked as a project manager at Stone & Webster, a major East Coast engineering concern that had become a major defense contractor that, among other things, designed and built the laboratories utilized for the Manhattan Project. During this time, he worked with the company to construct "naval bases in the Caribbean."⁷⁷

After the war, he became entangled with a web of development companies, the most important of which was the Mischer Corporation, which he owned until his death. The Mischer Corporation "own[ed] thousands of acres of prime development land in the Houston area, while affiliated companies do street paving and sell air-conditioning units to home builders."⁷⁸ Another Mischer company, organized in partnership with his close friend and colleague Howard L. Terry, was Marathon Manufacturing, which produced heavy industrial equipment. Marathon specialized in oil equipment and offshore drilling platforms, having acquired one of the leading companies in this field, R.G. LeTourneau Inc., in 1970. LeTourneau's first offshore oil platform had been built for Zapata Petroleum, the CIA-linked oil company founded by G.H.W. Bush.⁷⁹

In 1979, Marathon was purchased by Penn Central, a company that, along with its then-owner, Carl Lindner, will be discussed at length in chapter 10. As a result, Mischer and Terry ended up with a significant chunk of Penn stock.⁸⁰ In 1986, the pair sold their Penn stock to the tune of \$106 million. The most important node of the Mischer complex was Allied Bancshares, a sprawling holding company that Mischer controlled and which owned numerous banks across Texas. Allied's board was stacked with Mischer's close contacts, and provides an inside look at his sprawling "old boy's network," a network quite possibly utilized by Bush after his ouster as CIA director.

Among Allied's board members was the aforementioned Howard Terry, as was Gerald Smith, who was something of Mischer's "right-hand man."⁸¹ Smith's own banking interests extended beyond Texas and into Louisiana, with apparent ties to organized crime and intelligence. Smith was co-owner of a bank with Herman Beebe, the S&L fraudster and mob insider discussed earlier in this chapter.⁸² Beebe's own networks of banks and S&Ls were reportedly financed with heavy loans from Allied.

During the 1980s, Allied's co-chairman was one of Mischer's longtime associates, Houston investor Jack T. Trotter. Trotter is described in a 1987 issue of *Texas Monthly* as having been a "[b]ehind the scenes player in setting the course of the Houston business community" with an "enormous network" of "people he has made rich by his deals."⁸³ Trotter maintained a decades-long business relationship with the powerful Duncan family, lorded over by the patriarch John H. Duncan Sr.⁸⁴ Duncan Sr., in the late 1960s, was a director of the Bank of the Southwest – the Texas banking institution discussed in the previous chapter as being linked to a number of CIA funding conduits. Trotter and the Duncan family embarked on a number of business ventures with Gerald D. Hines, another Houston developer and Mischer associate whose impact on Houston can be seen in his ambitious construction projects, including the headquarters of Shell and Pennzoil, as well as the Galleria shopping district (a location that, as we will see in the next chapter, may have played a role in land speculation schemes linked to Iran-Contra).⁸⁵ Perhaps significantly, Hines will be encountered again in Columbus, Ohio, as the developer and owner of the building where Leslie Wexner parked his tangled web of real estate and other holding companies, including companies mentioned that were mentioned by Columbus police in connection with the murder of his company's tax attorney.

A final Allied director worth mentioning is George A. Butler, then the senior partner at the powerful Houston law firm of Butler, Binion, Rice, Cook and Knapp. Alongside Trotter, he maintained a spot on the board of the Gulf Resources and Chemical Corporation of Houston. Gulf Resources had been founded with the aid of Joseph Patten, a general partner at Bear Stearns. Another Bear Stearns partner named Raphael Bernstein maintained a place on the Gulf board well into the 1980s.⁸⁶ Considered a major national security concern due to the role it had played in producing the bulk of the US' lithium supply – essential for, among other things, nuclear weapons – Gulf Resources achieved notoriety in the 1970s when the company's president, Robert H. Allen, smuggled funds via a Mexican subsidiary and bank to Nixon's Committee for the Re-Election of the President. These funds were then utilized by the Plumbers to finance the Watergate break-ins.⁸⁷ Allen would, at one time, serve as the campaign finance chair for one of John Tower's senate campaigns.

The movement of the Gulf Resources money towards its ultimate destination was largely facilitated by Bill Liedtke, the founder and president of Pennzoil. Along

with his brother, J. Hugh Liedtke, Bill was one of George H.W. Bush's original business partners: they had formed part of the original group that created Zapata Petroleum. In 1959, Bush and the Liedtkes "decided to split Zapata into two companies," with one half becoming Zapata Offshore, and the other half becoming Pennzoil.⁸⁸ A 1976 Senate Committee on Interior and Insular Affairs report lists Bill Liedtke as a director of the Bank of Texas.⁸⁹ This was almost certainly the Continental Bank of Texas – headquartered in the (Gerald Hines-designed) Shell Plaza in Houston – which had been formed in 1973 through a merger between Continental Bank and the Bank of Texas.⁹⁰ The President of the merged bank was Gerald Smith, while the chairman was George Butler. The presence of these two Mischer cronies is no accident, as Continental Bank of Texas was operating under the umbrella of Allied Bancshares.

At the time that Bush was purported to have been organizing his own private intelligence web, he was also making his own forays into the world of banking. On February 23rd, 1977, the *New York Times* reported that he had "been elected a director of First International Bancshares," a large Houston bank holding company.⁹¹ At the same time, he was appointed to the board of its largest holding, First International Bank, and its London merchant bank subsidiary, First National Bancshares Ltd. Russ Baker, in his history of the Bush family, writes that "First International was not your friendly neighborhood bank. Rather it was a Texas powerhouse whose principals reached well beyond banking into the netherworld of intelligence and intrigue."⁹² It was particularly close to Saudi interests, which at the time were investing heavily into Houston real estate and industry, a by-product of Texas oil interests taking hold in the Middle East and the Gulf states. FIB reportedly held a "revolving line of credit for Salem bin Laden," while multiple sources have linked it to the Bank of Credit and Commerce International – a powerful and deeply corrupt institution detailed in the next chapter.⁹³

Joe L. Albritton, the longtime chairman of Washington, DC's Riggs Bank, maintained a post as director of First International. Riggs was described by the *Wall Street Journal* as having "had a longstanding relationship with the Central Intelligence Agency," and maintained accounts for a number of infamous figures. Among these was Prince Bandar bin Sultan, the Saudi ambassador to the United States from 1983 to 2005 whose contact information would later appear in Jeffrey Epstein's contact book.⁹⁴ In early 2005, Riggs pleaded guilty to money laundering

charges resulting from an extensive Justice Department inquiry into the bank's activities.⁹⁵

Sitting alongside Bush and Albritton on the board of First International was John Murchison of the Murchison oil family. John Murchison was less known than his counterparts, Clint Murchison Sr. and Jr., but was by no means less prolific when it came to oil and gas holdings and other business concerns. Interestingly, in 1982, John's son John Murchison Jr. was appointed to the board of Gulf Resources and Chemical Corporation following the firm's takeover by a shadowy British businessman-turned-"tax exile" in Switzerland named Alan Clore.⁹⁶

First International appears to have been closely linked to Ling-Temco-Vought (LTV), a major Dallas-based defense contractor that provided the US military with, among other things, light attack aircraft during the Vietnam War. John Murchison was listed among the directors of LTV, as was the independent oilman Edwin L. Cox, also found on the board of First International.⁹⁷ In 1970, LTV's board was run by a prominent Texas businessman named Robert H. Stewart III, who, two years later, would organize First International as a holding company for First National Bank and serve as the institution's long-running chairman.⁹⁸

Much like Walter Mischer, Stewart was incredibly connected both economically and politically. The 1970 *New York Times* announcement of his takeover of the LTV board notes that Senator John Tower was his "very good friend." That same article attributes the following quote to Stewart: "I've always been on the conservative side of politics. Some people refer to me as being a little [to] the right of Louis XIV."⁹⁹ He maintained positions on the boards of numerous major corporations, including a position as a director at Pepsi from 1965 through at least 1995. Between the 1960s and 1970s, he was affiliated with Braniff Airways, which for a time was a subsidiary of LTV. During the 1980s, Mischer served on the board of this same aviation company.¹⁰⁰ One important corporate connection for Stewart was his presence at ARCO, formerly known as Atlantic Richfield, in the 1980s. This was the petroleum company of Robert O. Anderson, a close associate of the Rockefeller family who spent time at the Council on Foreign Relations at the same time as George H.W. Bush.¹⁰¹

The precise relationship between Anderson and Bush is hard to pin down – but one telling episode involves Atlantic Richfield's role in developing the expansive Trans-Alaskan pipeline system. Service for Anderson's companies was provided by the aviation companies of Phil Bergt, which included Interior Airways and later

Alaska International.¹⁰² In 1974, a young George W. Bush traveled to Fairbanks, Alaska, where he took a job working for Bergt. When asked by Russ Baker how exactly the younger Bush came to be in his employ, Bergt stated that it was as a favor to “someone from a Houston construction firm.”¹⁰³ This becomes all the more curious when considering Bergt’s claims that Alaska International became embroiled in intelligence work after the election of President Carter – in other words, right when Bush was purported to have been setting up his intelligence network. These were off-the-books operations, Bergt told Baker, “after Jimmy Carter went in, gutted the CIA, and almost ruined them.”¹⁰⁴ He further alleged that his connection to the Agency persisted into the Reagan administration, and that his company had provided support to Southern Air Transport during the Contra years.

Who was the individual from the Houston construction firm that brought W. Bush to Bergt’s attention? It’s impossible to say, but one possibility is that it was Walter Mischer himself. Nothing directly linking the two men has yet been found, but they both shared a mutual association with Robert O. Anderson. In the early 1950s, Mischer began accumulating land near Lajitas, a small town in West Texas near the US-Mexico border, and Anderson followed suit in the 1960s by setting up his Big Bend Ranch. By the early 1980s, the two joined forces, with Anderson selling half of the ranch’s ownership to Mischer with big plans to “syndicate the land” and sell “shares to selected colleagues in the Texas establishment.”¹⁰⁵ Throughout this whole period, Anderson maintained an intriguing business contact: Clermont Club member Tiny Rowland, a figure that, as will be discussed later in this chapter and elsewhere in this book, was tied to American and Israeli intelligence services, and played a rather murky role in the Iran-Contra affair. First introduced by the shadowy tanker magnate and billionaire Daniel K. Ludwig, Anderson had sold his ownership of the *British Observer* to Rowland in 1983.¹⁰⁶ Several years later, Anderson departed ARCO to focus on his private company, Hondo Oil & Gas. According to the *New York Times*, the company was “equally owned by Mr. Anderson and the British conglomerate Lonrho P.L.C.” – a global corporate empire overseen by Rowland.¹⁰⁷

THE SAFARI CLUB

n his book on the Shackley-Wilson private CIA, Joseph Trento describes how this ensemble of quasi-official intelligence operatives forged a working partnership with a shadowy covert apparatus known as the Safari Club.¹⁰⁸ This was a meeting space for the heads of numerous intelligence agencies that were allied with the United States in those increasingly heated days of the Cold War. Organizers of the club included Kamal Adham, the director of Saudi intelligence, as well as his nephew and successor Turki bin Faisal al Saud. Accompanying them was General Nassiri, head of Iran's SAVAK; Ahmed Duleimi, the Moroccan intelligence director; and Alexandre de Marenches, the head of France's Service de Documentation Extérieure et de Contre-Espionnage (External Documentation and Counter-Espionage Service or SDECE). The motivating factor for the club's formation was similar to that which had spawned Shackley's group. The rise of a reformist tendency within US intelligence and the political system at large limited the ability of the CIA to operate as it once had. It was into that void that the Safari Club hoped to step.

Turki bin Faisal discussed the club and its activities during a speech at Georgetown University:

In 1976, after the Watergate matters took place here your intelligence community was literally tied up by Congress. It could not do anything. It could not send spies, it could not write reports, and it could not pay money.... In order to compensate for that a group of countries got together in the hope of fighting Communism and established what was called the Safari Club. The Safari Club included France, Egypt, Saudi Arabia, Morocco, and Iran. The principal aim of this club was that we would share information with each other and help each other in countering Soviet influence worldwide, and especially in Africa.¹⁰⁹

Iranian journalist Mohammed Heikal, in *Iran: The Untold Story*, describes how bin Faisal's remarks reflected the development of a series of critical geopolitical alignments that had been emerging since the early 1970s.¹¹⁰ The Saudi and Iranian governments were both turning toward Africa as a source of raw materials and as an emerging market. For them, there was a need to curb the influence of the Soviet Union on the continent, which was then being felt throughout the myriad of blossoming anti-colonial movements. These movements challenged the continued dominance of European powers, particularly that of France, whose African interests encompassed the global trade in uranium, diamonds, and gold. As a result, a triangular relationship began to take shape.

The backbone of the club involved not only intelligence sharing but also economic arrangements that parlayed into a lucrative arms trade. Egypt became a

hotbed of Safari Club activity, with Cairo featuring its first “operation center.” This center was “equipped to evaluate what was going on in Africa, identifying the danger spots, and to make recommendations for dealing with them.”¹¹¹ At the same time, Saudi Arabia was lending its Egyptian allies large sums of money, which were then used to purchase French-produced weapons that soon flooded African conflict zones. Given that the Saudis provided the financing, Trento writes, they effectively ran the show. In order to function properly, the Safari Club required a banking apparatus to marshal and direct its economic resources. The vehicle of choice was the colossus of dark money and offshore finance known as the Bank of Credit and Commercial International, discussed at length in the next chapter. While nominally a Pakistani merchant bank, BCCI was also backed by the Saudi intelligence directorate, which in turn was closely integrated with the country’s ruling elite. Likewise, BCCI maintained branches across Europe and the Middle East; in Cairo, a pivotal city for the Safari Club, the Egyptian branch of the Arab International Bank operated as a BCCI affiliate.

The Arab International Bank curiously appears as a footnote, albeit perhaps a significant one, in the history of the US savings and loan crisis. Employed at this offshore bank for some time as treasurer was Mario Renda, later renowned for depositing a flood of money from Teamsters union locals in New York City into various thrifts across the United States. Many of them were intimately intertwined with organized crime, and many also subsequently collapsed. According to the testimony of “Colombo family lieutenant” Lawrence Iorizzo, Renda had been “handling business for Paul Castellano,” the boss of the Gambino crime family.¹¹² Prior to these interesting career turns, Renda had formed a business partnership with a man who was no stranger to the world of the BCCI, arms deals, and shadowy intelligence networks at-large: Adnan Khashoggi. The Safari Club owed much to Khashoggi. The name of the group had come from its first meeting place, the Mount Kenya Safari Club in Nanyuki, Kenya, which Khashoggi had purchased in the mid-1970s. Once a hangout of the older generation of Hollywood stars, the international jet set, and a slick-heeled group of globe-trotting American mobsters, the hotel and its surrounding acres had been purchased by the arms dealer for a mere \$900,000. Among Khashoggi’s first acts was to dial up the location’s exclusivity: press reports from the time allude to his plans to close the resort and “use it all for himself.”¹¹³ This wasn’t exactly accurate. Khashoggi’s plan, it seems, was to market the facility to an even more select clientele – and to use it as the

private meeting place for the sorts of figures who inhabited the same, strange netherworld.

Notably, Khashoggi was not the first intelligence-linked figure to be involved with the Mount Kenya Safari Club. Most accounts of the club note that its rise had been facilitated by its owners: William Holden, the actor and close friend of Ronald Reagan, and Ray Ryan, a professional gambler and businessman with extensive ties to the “hoodlum element.”¹¹⁴ They had acquired the properties around 1960; but a year earlier, they had visited the club in the company of columnist Robert Ruark – whose syndicated newspaper writings framed him as an international adventurer with a strong taste for the exotic – and Ruark’s good friend Ricardo Sicre. As Ruark tells it, he and Sicre had convinced Holden and Ryan to purchase the Safari Club.¹¹⁵ During World War II, Sicre had served in the OSS, participating in the North African and Mediterranean theaters in a covert group under the direction of Frank Ryan.¹¹⁶ Outside of the world of intelligence, Ryan had been a prominent businessman involved in several import/export firms with a focus on textiles. These business skills came in handy after the war, when veterans of the OSS and the British intelligence apparatus – and a number of British merchant banks, Canadian industrialists, and US financiers – formed the World Commerce Corporation (WCC). Ryan served as the WCC’s president and Sicre, as its vice president.

While the WCC remains largely unknown, there has been increased interest in its activities, and various writers and researchers have emphasized different aspects of the corporation.¹¹⁷ Most focus on its function as a commercial cover for intelligence activities, while others such as Steven Snider have assessed the WCC in terms of the “special relationship” that exists between the US and the UK.¹¹⁸ Anthony Cave Brown, the biographer of OSS founder and head William Donovan – one of the primary movers behind the scenes of the WCC – links the firm to efforts to rebuild European industry in the aftermath of World War II, while Ralph Ganis parses out the linkages between the WCC and the construction of the industrial infrastructure for NATO.¹¹⁹ When the WCC was first created, it was reported that its purpose was to bring to an end the dollar shortages of the post-war era. Such a task was vital for the formation of an international economic order that was to be led by the US and its European allies. With holdings and interests in mining, oil, natural gas, film, shipping, agriculture, and tourism, the WCC did indeed pursue this goal. Was the Holden-Ryan development of the Mount Kenya

Safari Club, carried out at the encouragement of WCC's vice president Ricardo Sicre, part of this international dollar-recycling effort?

The idea is not as outrageous as it might sound. As early as 1945, President Roosevelt and Juan Trippe – the founder of Pan American World Airways – were locked in discussions about the role international tourism and luxury resorts would play in attracting dollars to the developing world. Trippe was the brother-in-law of Edward Stettinius Jr., President Roosevelt's secretary of state, who had a spot on the WCC board until his untimely death in 1949. To accomplish the goals he had conceived with Roosevelt, Trippe organized Intercontinental Hotels. Decades later, Adnan Khashoggi tapped Intercontinental to manage the Safari Club.¹²⁰ Scratching the surface of Khashoggi's own Safari Club takeover also reveals the presence of intelligence assets. He had been introduced to the club by his public relations manager, Edward K. Moss, who had been a longtime member. Moss was also working as a consultant for the Kenyan government, while Khashoggi had his own business in the country – he was privy to the details of “a planned beach resort and a World Bank study that projected millions of dollars for the area.”¹²¹ These various strands converged at the Safari Club. As his biographer writes, Khashoggi felt that the locale “was a Shangri-La.”¹²²

As far back as 1962, Moss had connections to the CIA. That year he was cleared for ZR/MAJOR, a CIA operation that entailed “the exploitation of political consultants.” While few details exist as to the exact purpose of the operation, it was run by the Political Action Group of the Covert Action Staff, which in turn was overseen by Cord Meyer.¹²³ It was not Moss' first encounter with the Agency: a handwritten memo states that he had “obtained a covert security approval in 1959.”¹²⁴ Yet another CIA document refers to Moss as acting as the “assistant for raising funds against Castro and for public relations matters” to Tony Varona, the leader of the CIA-backed Cuban Revolutionary Council.¹²⁵ Varona is not only known for being one of the CIA's chief assets in their covert war against Castro's Cuba, he was also one of several figures who were connected to the Agency and organized crime figures Santo Trafficante and John Roselli. CIA files make it abundantly clear that Moss was working deeply with-in this nexus where organized crime and intelligence mixed. The aforementioned handwritten memo alludes to Moss' “long-standing ‘mafia’ connection” before noting that his “operation seems to be government contracts for the underworld and probably surfaces mafia money in legitimate business activities.”¹²⁶ The Moss file reports a

rumor that Julia Cellini, sister of Dino Cellini, was Moss' mistress and operated a "secretarial service" that was in reality a "front for Edward K. Moss' activities." Moss, furthermore, moved money from Dino Cellini to Varona – yet another clear example of CIA–organized crime collusion. Throughout the 1950s, Cellini was Meyer Lansky's point man in Cuba and helped manage several major National Crime Syndicate casinos: the Riviera Casino and the Tropicana Club. As noted in the last chapter, Cellini's activities brought him into close contact with Charles Tourine and Joe Nesline.

Peter Dale Scott points out that this nexus raises the specter of human trafficking and the deployment of sex as a means of political influence. The Cellini siblings were described in FBI files as active participants in the trade of narcotics and "white slavery rackets."¹²⁷ Scott adds that this "FBI report suggests an important shared interest between Moss and Khashoggi: sexual corruption."¹²⁸ More on Khashoggi's alleged role in sexual blackmail is discussed in the next chapter as well as chapter 11. Incredibly, the source of the information linking Moss to organized crime was none other than Edwin Wilson. A CIA internal memo drafted in 1973 states:

Wilson stated that he had met Moss in 1966 through Frank O'Connell, Washington representative of the Transport Workers Union. The memorandum also suggests that one of Wilson's business associates, Richard S. Cobb, was also having business contacts with Moss.... Wilson stated that 'subsequent investigation surfaced from [business analysis firm] Dun and Bradstreet and a verbal report from Dun and Bradstreet recognizing Moss' longstanding "Mafia" connections.' Moss' operation seems to be government contracts for the underworld and probably surfaces Mafia money in legitimate business activities.¹²⁹

One cannot help but wonder if 1966 was really the earliest encounter between Wilson and Moss. As mentioned earlier, Wilson's early tenure in the Agency included a long stint operating under the auspices of the CIA's work with the AFL-CIO, which was overseen by Cord Meyer's International Operations Division. In March 1962, the International Operations Division merged with the Covert Action Staff, with Meyer maintaining control of both. The Covert Action Staff under Meyer was, as previously mentioned, the wing of the CIA that oversaw ZR/MAJOR, the operation that Moss had been cleared for. It is certainly plausible that Wilson and Moss crossed paths at this earlier stage. Further indications of the close-knit nature of this network of individuals comes through JM/WAVE, the Miami station that oversaw the Cuban exile operations to which Moss was also

connected. Shackley and Clines, Wilson's closest CIA contacts, spent considerable time there.

This entire complex was hidden away in the shadows. Through Shackley, the Safari Club was linked with powerful forces within the domestic opposition to Carter. The president himself, writes Trento, "had never been briefed on the Safari Club."¹³⁰ This was despite advancing corruption within his own administration, as evidenced by certain Carter officials, such as Clark Clifford, playing a fundamental role in BCCI's penetration of the US banking system. By 1980, elements interwoven through the Safari Club network and Shackley's private CIA were mounting international opposition to Carter, laying the groundwork for the arrival of soon-to-become president Ronald Reagan.

Critical to this effort was a series of meetings held by Le Cercle, a quasi-formal group composed of representatives from conservative military, intelligence, and business circles in NATO countries. Since its inception in the 1950s, Le Cercle had been carefully nurtured by US, British, and French intelligence assets in tandem with German and Italian industrialists. The upcoming US election was a topic of conversation at a June 1980 Le Cercle meeting held in Zurich, with the minutes making reference to the "shattered remains of [Carter's] foreign policy" and a "discussion ... about a series of appropriate measures to promote the electoral campaign of Presidential candidate Reagan against Carter."¹³¹

Among those attending this Le Cercle meeting was Donald Jameson, an old CIA hand who had retired to take a job at Tetra Tech, a contractor with extensive interests in the Middle East. Tetra Tech, which was suspected by authorities of being tied to BCCI, had been founded by another CIA veteran, James Critchfield. Both Critchfield and Jameson were close to Shackley, and both were attached to his Research International Associates – a key node in the private CIA network.¹³²

Several days after this Le Cercle meeting, another participant, Brian Crozier – who, coincidentally, answered for many years to Meyer in the Covert Action Staff – met personally with Ronald Reagan in Los Angeles. Shortly thereafter, the French intelligence chief, Alexandre De Marenches, met with Reagan's new campaign manager, William Casey, in Paris. David Teacher, in his lengthy study of Le Cercle, points out that this meeting occurred a month prior to the infamous meetings in Madrid that are suspected to have led to the infamous October Surprise plot, whereby representatives of Reagan's campaign are said to have conspired with Iran to delay the release of hostages until after the 1980 election in order to influence that election's outcome. Teacher states: "De Marenches was well-placed to advise

Casey on the Iranian hostage crisis; he had been the driving force behind the creation of the Safari Club, founded in 1976 to coordinate covert operations between the French, Iranian, Saudi, and Egyptian intelligence services.”

CASEY’S EARLY WARS

William Casey is best remembered as the hawkish director of the CIA during the final stage of the Cold War – an individual who, to some, strove to reorient the Agency away from the direction it had taken under the Carter administration and, to others, somebody who permanently stained the Agency with the mark of scandal. It was under Casey’s watch that the so-called Iran-Contra affair (a misnomer, designed to conceal the Reagan administration’s drive toward global covert war-fare) flourished. By the time he died in early May 1987 from a fast-moving brain tumor, the scandal had broken wide open, and, one by one, his former colleagues, underlings, and frontmen were being called to testify.

Casey’s story, however, started long before Oliver North and Richard Secord arrived on the scene. It began with his education under the Jesuits at Fordham University in New York City, which had kindled a life-long animosity toward anything that bore the faintest hint of socialism and an affinity for the Knights of Malta, to which he belonged. According to Leo Cherne, who later led the CIA-financed International Rescue Committee, Casey was a prototypical Cold Warrior by the 1930s. “Bill, from the beginning, was to the right of Attila the Hun,” said Cherne. When it came to the conflict unfolding in Spain, Casey “was one hundred percent for Franco ... to understand this, you had to understand his Catholicism.”¹³³

Cherne’s early acquaintance with Casey had come through the Research Institute of America, an economic analysis and publishing venture both were involved in. While the RIA strove to be nonpartisan, Casey deeply opposed the Roosevelt administration’s New Deal. The policies, he felt, smacked of socialistic impulses and restrained the free functioning of the private sector. This political orientation opened doors for Casey in certain circles of New York politics, while the analytic capabilities he had honed at the RIA opened others. In the short term, however, he worked at the law practice he had formed with his friend Jerry Doran called Backer, Casey, Doran and Siegel. When that did not pan out, he went to work at the Board of Economic Warfare.

The Board of Economic Warfare was one of many byzantine wartime bureaucracies that had been created to deal with the immense logistical quandaries posed by a truly global war effort. Casey joined the organization in September 1942 as a consultant, but he quickly grew bored with it. He then found himself in the Navy, but he found himself detailed to the Office of Naval Procurement, where he carried out basically the same tasks he had at the Board of Economic Warfare. Then he began to hear rumors about the Office of Strategic Service, led by William Donovan. As luck would have it, Jerry Doran had joined up with Donovan's law firm. Through this contact, Casey was able to arrange a meeting with Otto Doering – “Donovan's right hand man at the OSS” and also a senior partner at Donovan's law firm. Casey soon found himself in London, the base for all OSS operations in Europe.¹³⁴

The OSS London station was overseen by David K. E. Bruce. Much has been made of the close-knit relationship between the OSS and the moneyed elite – America's practical aristocracy populated by dynasties such as the Mellons, Harrimans, DuPonts, and Morgans. Bruce, too, was a product of this world: he was married to Ailsa Mellon of the prominent Pittsburgh family. Paul Mellon – Ailsa's brother – served in London under Bruce. Although Ailsa Mellon and David Bruce divorced in 1945, Bruce seems to have stayed in contact with the family. During the early days of his tenure as US ambassador to the United Kingdom, he was acquainted with one of the family's young heirs, William Mellon Hitchcock. As noted in chapter 4, both would play a role in the Profumo Affair.

Nominally, Casey was a rank-and-file member of the secretariat, a cog in the intelligence machinery who spent his time drafting reports to be passed to the upper brass. Perhaps because of Casey's experience in bureaucracy and background in research and analysis (or perhaps because of his economic ambitions), Casey and Bruce developed a close working relationship that propelled the future CIA director far beyond the ground floor of the OSS.

Through Bruce, he was promoted to the service's inner sanctum, the elite social matrix that made up the center of power within the intelligence apparatus. Soon, Casey was granted the title of chief of the OSS Secretariat in the European Theater of Operations – a position that made him “Donovan's troubleshooter” on the Continent.¹³⁵ Another well-connected OSS man at the London station – who later inherited Bruce's position – was J. Russell Forgan. Forgan hailed from the high-finance circles of Chicago. His father, David R. Forgan, and his uncle, James B. Forgan, served as presidents of the First National Bank of Chicago. Investors in this

historic institution included Morgan and Harriman interests and James Stillman, a close ally of the Rockefeller family. James Forgan had also served on the first board of the Federal Reserve. Russell Forgan followed in his family's footsteps and ingratiated himself with the world of Chicago banking. Then, abruptly, in the mid-1940s, as World War II rumbled to a close, he and William Casey found themselves tasked with a very different kind of business. As Joseph Persico notes:

General [Donovan] summoned his senior staff and told them that this war had forever ended the isolation of the United States. He directed an OSS colonel, J. Russell Forgan, to head up a committee, as he put it, "to study the need for our country to establish on a permanent basis, as an integral part of the military, a strategic intelligence agency." Bill Casey was to serve as the committee's secretary. The assignment was to bring Casey in at the creation of what would ultimately metamorph into the Central Intelligence Agency. As he would tell his staff at Langley thirty-seven years later, "I was there in the beginning. Nobody saw me. But I was there."¹³⁶

After the war, Casey continued to inhabit intelligence, military, and defense circles. This can be seen in his often overlooked role in cofounding a national security think-tank called the National Strategy Information Center (NSIC) in 1962. The NSIC was essentially an offshoot of a National Security Council propaganda outfit called the Institute for American Strategy, as evidenced by NSIC's cofounder, Frank Barnett, having served there as program director.¹³⁷ The NSIC maintained a presence in intelligence circles over the years and through Casey's time as CIA director. It accumulated familiar faces on its board of directors, including Thomas Moorer. Likewise, NSCI seminars on special operations and Cold War geopolitical activities were attended by such people as Ted Shackley and Oliver North.¹³⁸

When he wasn't running Cold War propaganda organizations or practicing law, Casey spent his days pursuing a future in politics. He planted himself firmly in the wing of the Republican Party that was opposed to the Nelson and David Rockefeller centrist faction. His sympathies were with the so-called fiscal conservatives and the militant anti-Communists. He was in alignment with Roy Cohn's good friend William F. Buckley and his *National Review*, even going so far as to ghostwrite an anti-Rockefeller essay for the paper. "The thrust of Bill's article," Buckley later said, "was that Rockefeller wanted to lead New York State and then America away from anti-communism and towards collectivism."¹³⁹

The political vehicle that Casey ultimately hitched himself to was Richard Nixon. Nixon, he reasoned, was a figure far removed from the sort of "Eastern establishment" cultural circles that had fostered politicians like Nelson Rockefeller.

Furthermore, Nixon was an avid cold warrior and a friend of business. Casey went to work in an unofficial capacity for Nixon's ill-fated campaign against John F. Kennedy. While these efforts bore little fruit, he continued to spend the 1960s aiding Nixon's advance and turning down offers to work on the campaigns of Barry Goldwater and others.

Nixon's resurgence at the end of the 1960s was Casey's moment. He dumped money into the Nixon campaign's coffers and worked to organize a book titled *Nixon on the Issues*. He had expected that, in return for his efforts, the incoming administration would grant him some high-value position – but the long-awaited offer never came. Instead, Casey resorted to calling on go-betweens to help him find a position. One of these was his old OSS colleague, J. Russell Forgan, who was close to Maurice Stans, Nixon's financial manager and eventual head of the Committee for the Re-Election of the President. From 1965 to 1969, Stans had served as president of Glore Forgan, a prominent New York investment house led in part by Russell Forgan.¹⁴⁰ Casey's vision was singular and hewed closely to his geopolitical bona fides: he wanted a position at the top of the armed forces pyramid or in the State Department or the CIA. When he finally got an offer from Nixon, it was as *deputy director* of the CIA, a position beneath director Richard Helms, and Casey rejected it. According to Casey biographer Joseph Persico, the offer bordered on insult: "Dick Helms worked for Casey more than twenty-five years ago. He had been a junior officer in London when Casey was US intelligence chief for all of Europe."¹⁴¹ He was equally reluctant about the next offer, but he eventually accepted. As a result, in 1971, he became the head of the Nixon administration's Securities and Exchange Commission (SEC). He held that post for two years, before holding a series of other positions, including that of Undersecretary of State for Economic Affairs (where he butted heads with Henry Kissinger), as chairman of the Import-Export Bank, and a spot on the Foreign Intelligence Advisory board. It is worth pausing for a moment, however, to examine Casey's tenure at the SEC, because it was there that he crossed paths with the infamous financial bandit Robert Vesco.

THE "DETROIT KID"

Robert Vesco was one of the greats in the world of white-collar crime. He was renowned for his rapid rise and his subsequent fall – which forced him to become a country-hopping, yet incredibly wealthy, fugitive who courted right-wing

paramilitaries, Colombian cartels, and Cuban Communists with equal ease. He was something of an enigma.

Mitchell WerBell III, the old OSS China hand who had become a gun for hire and arms merchant, suspected Vesco of being a CIA asset. He was described by Jim Hougan in his classic book *Spooks* as “Watergate’s own Rosetta Stone.”¹⁴² His meteoric rise was fueled by his takeover – and subsequent looting – of an international mutual fund that was, at the very least, adjacent to both organized crime and the CIA. Not satisfied, he then tried to take control of Resorts International, the notorious Paradise Island hotel and casino that was tied to these *exact same* organized crime and intelligence networks.

The initial object of Vesco’s takeover and looting was Investors Overseas Services (IOS), the brainchild of the “hippie” entrepreneur, B’nai B’rith activist, and self-proclaimed Trotskyite Bernie Cornfeld. On the surface, IOS was a peddler of mutual funds, with its salesmen traveling door-to-door across Europe and elsewhere hawking their products. These were modest beginnings for something that later became a global octopus. “Even before Vesco’s advent on the scene,” writes Hougan, “IOS bordered on the bizarre. It was an underground institution, the financial equivalent to Thomas Pynchon’s *V*.”¹⁴³ R. T. Naylor, an expert on offshore finance, sums up IOS: “If Bernie Cornfeld did not invent the modern technology of capital flight, he did far more than his contemporaries to put it to work in an imaginative, systematic, and profitable way.”¹⁴⁴

As Naylor points out, IOS’ early successes were made possible by US-led economic policies. On the one hand, the status of the dollar as a reserve currency had opened up the nascent eurodollar markets and created the need for dollar recycling. IOS fit nicely into each. On the other hand, there was the IMF’s encouragement for developing countries to loosen controls on capital flows. The flight of capital from these countries often saw that capital going right into investments in the United States and Europe, as well as into other developing zones. The IMF’s policies often created a business boom, though not necessarily in the countries it was professing to help, and Cornfeld capitalized on these and related policies to turn IOS and its web of mutual funds into a veritable sponge for soaking up all of this now-available capital. IOS salesmen and couriers descended on developing countries, criss-crossed war zones, and forged alliances with dictators, offering investment opportunities and access to bank accounts in Luxembourg, Geneva, and the Bahamas.

In managing this ever-ballooning mass of hot money, Cornfeld and IOS cultivated a close working relationship with a very peculiar banker: Tibor Rosenbaum. As previously mentioned, the Geneva-based money-man's International Credit Bank was a favored repository for the funds of both Meyer Lanksy and the Mossad.¹⁴⁵ Rosenbaum even went so far as to take credit for being the person who first pointed out the benefits of a mutual fund scheme to Cornfeld. The result was the creation of IOS' first major financial entity, the International Investment Trust, which launched in 1962.

Rosenbaum was not the only figure involved with Mossad that Cornfeld had buddied up with. There was also Bruce Rappaport, the banker, tanker magnate, and financial criminal who was among William Casey's closest friends. According to criminologist Alan Block, Rappaport once bailed Cornfeld out of jail in Switzerland.¹⁴⁶ Importantly, IOS was supported by Bank van Embden, which owned a portion of Rappaport's own banking complex, Inter Maritime Bank. "In October 1970," Block notes, "British bankers discovered that Bank van Embden was either a subsidiary or an affiliate of Banque Occidentale, owned by James Goldsmith" – the Clermont Club member, corporate raider and another figure who would later appear repeatedly in the nexus that later surrounded Robert Maxwell and Jeffrey Epstein.¹⁴⁷

While IOS was rapidly expanding internationally, an unrelated corporate complex, the International Controls Corporation, was carrying out a series of rapid acquisitions in the United States. At the helm of ICC was Robert Vesco. Vesco's main tactic was to borrow money to finance takeovers and then use the assets of the captured companies to pay off the loans. This ensured a stellar credit rating and, with a few strategic moves, Vesco was soon offering shares of his newly minted empire on the stock exchange.

Vesco, known as the "Detroit Kid," targeted troubled, mid-sized industrial outfits for his early acquisitions. One of his first ventures was Captive Seal, a manufacturer of parts for missile technology. The company had been floundering, but Vesco managed to turn it around by courting an investment capital firm called HH Industries – a co-owner of which was Baron Edmond de Rothschild.¹⁴⁸ To illustrate the incestuous nature of these business networks, this was the same Baron Rothschild who had organized the Israel Corporation – "Israel's largest investment company," designed to "encourage large-scale private investment in Israel" – with none other than Tibor Rosenbaum.¹⁴⁹

It seems to have been the Rothschild connection that put IOS on Vesco's radar sometime between 1967 and 1968. According to Arthur Herzog, Vesco's biographer, Baron Rothschild had bragged to Henry Buhl III, then the newly minted president of the International Investment Trust, of the successes of Captive Seal.¹⁵⁰ Shortly thereafter, George Karlweiss – an agent of Edmond de Rothschild's Banque Privée – brokered an introduction of Vesco to Buhl. From there it was off to the races: at Buhl's discretion, IOS began to purchase ICC shares. Vesco was being propelled upward.

The Detroit Kid made his move when IOS began to feel a liquidity crunch. There was a certain irony to this: while IOS controlled an unfathomable sum of money, it was not always readily accessible for above-board economic purposes. Vesco offered to bail out IOS in exchange for a high degree of control over the company. What happened next was described by Jim Hougan as “a masterpiece of unarmed robbery... A newly created Bahamian subsidiary of International Controls – ICC Investments, Inc. – was the lender to IOS. What Vesco did was have ICC Investments borrow five million from a Wall Street brokerage house, the money to be repaid in six weeks. He then convinced the owner of Butler's Bank in the Bahamas (also undergoing a liquidity crisis) to lend ICC Investments five million dollars to repay the six-week loan.”¹⁵¹ From here, Vesco structured the loan agreement to IOS so that it would extend the five million to ease the liquidity crunch, minus \$350,000 – which was used to cover the financing cost of the Wall Street brokerage. With the remaining money, Vesco took control of IOS and then directed the company to repay the loan that had been taken from Butler's Bank. Vesco, in other words, had used IOS' own funds to finance its takeover. Next, he began to systematically purge the board of older Cornfeld loyalists and effectively consolidated control over one of the world's largest offshore financial institutions. Finally, through a bizarre web of shell companies and fronts – organized with IOS money – Vesco began to sell off IOS assets, call in debts, and simply pocket large sums of money.

The systematic looting of IOS quickly caught the attention of Stanley Sporkin, head of the SEC's Enforcement Division. The way that Sporkin has told the story, the resulting SEC investigation was a noble effort that had been greenlit by his boss, William Casey. The SEC began to freeze Vesco's accounts abroad, with the goal of slowing the torrents of money that were flowing out of IOS (and by extension, the pockets of those who had bought IOS mutual funds). Yet, these successes were short lived. There was the matter of a \$250,000 campaign

contribution Vesco had made to Nixon's Campaign for the Re-Election of the President. Incredibly, a portion of this contribution was used to finance the Watergate break-ins.¹⁵² Almost immediately, Casey began to pump the brakes on Sporkin's efforts. Vesco, meanwhile, sought a one-on-one meeting with Casey.

Questions have been raised regarding Casey's impartiality when it came to the IOS. The reason for this was a strange little company he had been involved with, starting in 1968, that was called Multiponics. The company would follow Casey like a ghost and rear its head to haunt him again and again. Multiponics – formerly named Ivanhoe Associates – was ostensibly organized “to engage in farming operations, agribusiness, and the acquisition of land.”¹⁵³ A mere three years after it launched, Multiponics was bankrupt with hints of suspect activity everywhere. The company, for example, had acquired the mortgage debts of all of its organizers – Casey's included. Multiponics' investors were never informed of this function of the company. Nevertheless, the money they had put into Multiponics shares inevitably went, without their knowledge or consent, into paying down these mortgage debts. Helping to organize the Multiponics stock offering was none other than Glore Forgan – the firm of Casey's old OSS comrade J. Russell Forgan. Lawrence F. Orbe, “an advisor in the corporate finance department of Glore Forgan,” maintained a spot on the board of Multiponics.¹⁵⁴

The primary investor in Multiponics just so happened to be International Investment Trust, the leading mutual fund of IOS. What this meant is that Casey, as head of the SEC and the person ultimately in charge of the investigation into Vesco, had business interests that were intimately interwoven throughout Vesco's affairs. There is little doubt that Vesco understood the precarious position that Casey was in. It was later revealed that, while he had sought a back channel to Casey, he had also been preparing potential legal action against him. The purpose of Multiponics, Vesco argued, had been “to take over the personal interests of Mr. Casey and others in certain farming operations ... at values subsequently determined to be inflated.”¹⁵⁵ Vesco, in other words, was charging that Casey, the Glore Forgan crew and their other colleagues in Multiponics had committed fraud against IOS. Intriguingly, Vesco's subsequent flight to Costa Rica – the beginning of his grand tour of the Caribbean and Latin America – occurred in February 1973, the same month that Casey resigned from the SEC. There is no evidence to suggest that the two events were related, although a subsequent “grand jury found evidence

that [Casey's successor at the SEC, Bradford Cook] and Casey ... directly interfered" with the SEC's investigation into Vesco and IOS.¹⁵⁶

Years later, an informant and US Customs contract agent named Joe Kelso arrived in Costa Rica on the trail of a fugitive drug dealer. While he never found his target, Kelso did discover Vesco's private jet, tucked away inside a hanger paid for by a shrimp company called Frigorificos de Puntarenas.¹⁵⁷ Frigorificos was, as stated in a CIA Inspector General's report, "among the companies that were used by the Department of State in the mid-1980s to channel humanitarian aid to the Contras."¹⁵⁸ The report goes on to acknowledge that the company and its operators, Frank Chanes and Moises Nuñez – the latter a "narcotics officer in the Government of Costa Rica" – were linked to the international transport of cocaine and the laundering of drug money, per US Drug Enforcement Administration (DEA) reports. The Kerry Committee report, meanwhile, further identified Ramon Milian-Rodriguez, a money launderer tied to the Colombian cartels, and Luis Rodriguez, a convicted narcotics trafficker, as other Frigorificos principals.

That Vesco would appear in direct proximity to Colombian narcotics traffickers is not surprising. In the early 1980s, drug smuggler George Jung testified that Carlos Lehder, a high-level trafficker from the Medellin drug cartel, had partnered with Robert Vesco in moving cocaine through the Bahamas.¹⁵⁹ Lehder later confirmed Jung's claim. When he was called to testify in the 1991 trial against Manuel Noriega, Lehder identified Vesco as one of his partners in the Bahamas since the early 1980s.¹⁶⁰

INSIDE "BILLYGATE"

One of the scandals that dogged President Carter in the waning days of his administration was the so-called "Billygate" affair. "Billygate" was named for the president's brother, Billy Carter, and focused on the ties he had cultivated with the government of Libya. Billygate became a media circus throughout late 1979, as a Senate inquiry heated up and widespread dissent rippled through the Democratic Party. A *Christian Science Monitor* article from the summer of 1980 is particularly revealing, as it addresses the way the scandal prevented Carter from focusing more attention on Reagan during election season and describes the rise of an anti-Carter bloc within his party:

Washington reporters are hearing from Democratic leaders all over the United States – in office or out, and usually in private – who say they would really prefer to have Carter step aside or be forced to step aside.

This growing anxiety – “call it fear,” one congressman says – is that the President will not only lose badly but will bring about the defeat of a lot of Democrats in marginal seats and possibly elect a GOP-controlled House and Senate.¹⁶¹

Billygate came about in the context of deepening tensions between the US government and Libya, and in particular via an effort launched by Gaddafi’s government to influence the American population with the hopes of influencing American policy decisions. Under the leadership of Ahmad al-Shahati, the head of the Libyan Foreign Liaison Office, a program was organized to invite “prominent U.S. citizens and business organizations” to Libya.¹⁶² In March, 1978, efforts were made to involve Billy Carter in the program. The connection that was established between the Libyans and Billy was rather tenuous: according to the Senate report on the matter, Michele Papa, a Sicilian lawyer and founder of the Sicilian-Arab Association, told an Atlanta-based real estate broker named Mario Leanza that if “he could get Billy Carter to come to Libya, Leanza could make a lot of money.”¹⁶³ Arrangements were made through mutual associates to establish contact between a Libyan ambassador and Billy, and Leanza did receive money for his role.

After Billy did make a trip to Libya, he helped arrange for a Libyan delegation to visit Georgia in early 1979. He acted as something of a “goodwill ambassador,” and promoted plans for the formation of a “Libyan-Arab-Georgian friendship society.”¹⁶⁴ Plans were also hatched for a commodity exchange program, where Libyans would purchase goods produced in Georgia and Billy would use his connections to help Libya sell its own commodities – namely, oil – on the open market. To help facilitate these arrangements, the Carter administration’s director of the Office of Budget and Management, Bert Lance, recommended the services of a “knowledgeable London banker.”¹⁶⁵ Lance would later tell investigators that he had recommended the Bank of Commerce and Credit International (BCCI).¹⁶⁶ As previously noted and as will be discussed in detail the next chapter, BCCI was an incredibly corrupt institution, with deep ties to a web of intelligence agencies and linkages to various covert operations, terrorist organization, drug smugglers, and money launderers.

The presence of BCCI suggests that more was likely going on behind the scenes – and Joseph Trento, in his history of the Shackley network, concurs. According to his sources in the intelligence community, “Israeli intelligence

decided to compromise the president through his brother, Billy.”¹⁶⁷ The job was outsourced to the private CIA, with Thomas Clines making arrangements to convince the Libyans “that Billy Carter should be put on their payroll as a goodwill ambassador. This would be devastating to President Carter and very useful to the Republicans in 1980.”¹⁶⁸

A dense nebula of backroom business dealings, power plays, and dirty tricks characterized the events that unfolded around the Billy Carter-Libya relationship. One way to begin exploring that nexus can be found through the Florida holdings of the powerful DuPont family, which by the 1970s and 80s had become involved with the CIA’s aviation complex. The family’s interest in the state were overseen by Alfred I. DuPont, who set up shop there in 1926. DuPont’s early Florida affairs revolved around real estate investments, which soon developed into a sprawling empire with countless holdings that were eventually managed by the Alfred I. DuPont Testamentary Trust. Administrating this vast financial complex was Ed Ball, a prominent Florida financier whose sister Jessie had married Alfred DuPont. When DuPont died in 1935, the Trust was left in Jessie’s hands – and Jessie turned it over to Ball.

Thanks to DuPont’s accumulation of different holdings and assets, Ball controlled, according to Florida senator Claude Pepper, a “great machine which he operates and manipulates.... Every string which controls this vast empire runs through the fingers of Mr. Edward Ball.”¹⁶⁹ Besides the real estate holdings, the railroads, the shipping companies, and the heavy industries, the major locus of Ball’s influence and power was the control he wielded over the state’s banking system. This had its origins in the 1930s, with the DuPont’s takeover of Florida National banks, which were then used as the vehicle to buy up beleaguered lending institutions throughout the state. Soon, DuPont maintained – and Ball administered – a sprawling banking complex that held an estimated \$530 million in deposits.¹⁷⁰

The DuPont-Ball banks may have been intertwined with Paul Helliwell’s banking network. A list of Florida National Group banks, published in the records of a 1964 US government inquiry into DuPont and Ball as part of a wider investigation into holding company practices, lists Helliwell’s Bank of Perrine-Cutler Ridge as being owned by this umbrella group.¹⁷¹ Also listed was Miami National Bank, the Helliwell-represented bank that had been set up with the aid of a Teamster pension fund loan.¹⁷²

By the late 1960s, Ball's domination of Florida was drawing the ire of government regulators and politicians. Moves were being made to force the DuPont Trust to divest of a sizable chunk of its holdings. As a result, Ball turned to his friend Raymond Mason. Mason bought up some of Ball's real estate, and a proposition was made whereby the concern Charter Company would take control of the lucrative St. Joe Paper Company. The problem, however, was that Charter (at this point) was a much smaller company and lacked the capital requirements necessary to maintain St. Joe. A potential solution arose with a proposed takeover of Charter by Occidental Petroleum, the oil concern controlled by businessman Armand Hammer – who maintained a spot on the board of Ball's Florida National Bank of Jacksonville.¹⁷³ The sale of Charter to Occidental fell apart, though by no means ended the relationship between the two companies, which remained quite cozy. However, the failed acquisition also doomed Charter's planned purchase of St. Joe. Yet, in 1972, Charter and St. Joe swapped stock in one another. By this point, Ball had partially divested the DuPont Trust from Florida National Banks, while stepping down as chairman. However, they still maintained the dominant position, and he took up a new position as the bank's controlling "coordinator."¹⁷⁴ In the course of the Charter-St. Joe stock swap, Mason ended up controlling 8% of St. Joe and Ball controlled 22% of Charter.

The same year as the stock swap, Mason and Ball toyed with the idea of purchasing IOS. Just like the Occidental Petroleum affair, this buy-out never took place. According to Robert Vesco's biographer Arthur Herzog, Ed Ball had told Vesco "I had a dream. You and I slept together on a cold night. In the morning, you had all the blankets."¹⁷⁵ Still, Mason and Ball maintained close ties to Vesco, who, after becoming an international fugitive, cozied up to Gaddafi's government in Libya, which was an important source of crude oil for Charter. Interestingly, Armand Hammer was also a player in the world of Libyan oil – to quote from Edward Jay Epstein's book *Dossier*, the oil magnate:

...managed in the 1960s to obtain a huge concession for Occidental in Libya by paying a multimillion-dollar bribe to a key official in the Libyan court. It was one of the few concessions in the Middle East not controlled by major international oil companies, and Hammer made a fortune that he then used to finance immense barter deals with the Soviet Union. He also used his Libyan oil to undermine the power of established oil companies, and in doing so, he radically changed the rules of the international oil business.¹⁷⁶

How Charter entangled itself in the complex world of Libyan oil affairs cuts right to the core of the "Billygate" scandal, and possibly links to the wider web of

“renegade” intelligence operations and private intelligence networks that have been the subject of this chapter. The lynchpin here, however, was a company called Carey Energy, headed by Edward Carey – the brother of New York governor Hugh Carey and the mob-linked petroleum seller Martin Carey. Hugh and Martin Carey are both discussed elsewhere in this book: Hugh in chapter 11, and Martin in chapter 7.

Alan Block notes that Carey and his oil business were “exceptionally close” to the Kulukundis clan, the Greek shipping dynasty, and its patriarch, Elias J. Kulukundis, who at this time was managing the Burmah Oil Tankers Corporation (a subsidiary of the major British oil concern, Burmah Oil, from which British Petroleum sprang).¹⁷⁷ As discussed in chapter 3, the interests of the Kulukundis family interlocked with those of Bruce Rappaport, while the family’s in-laws and business partners, the Mavroleons, were later linked to Jeffrey Epstein and Ghislaine Maxwell (see chapter 15 for more on that connection). Through Elias’ position at Burmah Oil Tankers, the Kulukundis family maintained a presence near the center of power in the Bahamas. Burmah Oil and the Bahamas Development Corporation co-owned an oil transport facility, located in Freeport on Grand Bahama, while Kulukundis “maintained an apartment in New York for the use of Bahamian government officials.”¹⁷⁸

Carey Energy also had a presence in the Bahamas, where it owned the majority stake in a Freeport-based oil refinery called Borco and this facility would have been directly linked to the transport terminal controlled by Kulukundis. Borco processed crude oil from Libya and Iran – yet, somewhere along the way, Carey Energy had ran afoul of the Libyan government, as one of its holdings had defaulted on oil payments to the country’s state-owned oil company. Facing bankruptcy, Carey began searching for a buyer for his company – and it caught the eye of Charter Oil.

How Carey Energy and Charter first connected is unclear. Through Carey’s family connections, Carey Energy was plugged into the world of New York politics, while through the company’s executive vice president, Jack McGregor, it had a line to the Carter family. McGregor, according to government documents related to the Billygate affair, was an informal advisor to Billy Carter during the time that the president’s brother was making his own forays into Libyan business. Finally, through its presence in Libya, Carey Energy likely brushed up against the interests of Hammer and Vesco – both of whom moved in and out of the Charter Oil orbit.

Indeed, Vesco offered his “services” to Charter Oil – for a fee. He would use his leverage with the Libyans to put pressure on Carey to help move the negotiations along. In a statement given to congressional investigators, Charter Oil chief financial officer J. Steven Wilson stated that Vesco had contacted Raymond Mason concerning a potential acquisition by Charter of three former IOS subsidiaries that were then in liquidation. In June 1978, Wilson and other Charter executives traveled to the Bahamas to meet with Vesco. Wilson and Mason then paid a follow-up visit to the fugitive in September 1978, and then again in January 1979, when they were in the Bahamas “for the purpose of working on Charter’s ... acquisition of Borco.”¹⁷⁹ The way that Wilson tells the story, there were never any plans to do business with Vesco due to the financier’s precarious legal situation. Nevertheless, these meetings between Charter and Vesco did take place and, during at least one of them, the “Borco acquisition was discussed.”¹⁸⁰ Then, in March of 1979 – shortly after Charter took control of Carey Energy – Vesco began calling Mason, “claiming that he had been instrumental” in the acquisition and was “entitled to a \$5 million finder’s fee.”¹⁸¹ Charter, for their part, claimed that they had never enlisted the aid of Vesco, and therefore were not required to make any payments.

While Charter’s denial was accepted by the government, accusations to the contrary continued to arise. These were compounded by the fact that, in the wake of the purchase of Carey Energy, Billy Carter’s friend Jack McGregor had taken a position at Charter. Several months later, in August of 1979, Billy Carter signed an agreement with Charter to help the company “obtain additional Libyan oil.”¹⁸² “Allegations have been made in the press,” reads one intriguing footnote in the Senate report on “Billygate,” “that Billy Carter’s oil deal with Charter Oil was engineered by Robert Vesco as part of a larger scheme to influence the US government to deliver planes to Libya.”¹⁸³

The planes in question were Boeing jumbo jets and C-130 and Lockheed L-100 cargo transport aircraft. They had been ordered by Libya from American manufacturers but had been blocked due to an export ban to the country, which had established by the Carter administration’s State Department in fall of 1978.¹⁸⁴ Vesco had inserted himself into this mix, which sparked a series of plots and counterplots that caused considerable problems for the Carter administration between 1979 and 1980. “If they [the State Department] would release the airplanes,” Vesco told co-conspirator James W. Brewer, “then the [unidentified]

people in Washington can get paid [\$7.5 million] out of the airplane deal and I can get paid [\$7.5 million].”¹⁸⁵

For years, Brewer had been an on-again, off-again special assistant for Shearn Moody Jr. while the latter was acting as head of ANICO. He also exemplified the Moody family’s tendency to climb into bed with organized crime types: Brewer had a long history of associations with the criminal element, and was a repeat offender for his participation in fraud schemes. One such scheme had gotten him into trouble in 1978 and, in exchange for his freedom, Brewer had agreed to become an FBI informant. As one Senate report reads, Brewer “helped the Miami office of the FBI uncover offshore bank scandals involving phony or improperly used cashier’s checks, letters of credit, or securities. He offered opportunities to individuals, ‘targets’ presumably predisposed to commit crimes and reported the targets conduct to the FBI.”¹⁸⁶ Brewer, in other words, was moved around the board by the FBI like a chess piece and was used to set up sting operations against persons of interest.

One such target was James C. Day. A former Texas state representative, Day had become a lobbyist on Capitol Hill for ANICO, and had also cultivated deeper organized crime ties. For example, one of his business partners was Leonard Capaldi, who was “alleged by law enforcement ... to be a major representative of the Houston [Texas] interests of several Mid-west and Eastern mob families.” During the early 1980s, he would again emerge as a major borrower at Houston’s Mainland Savings, where – as will be discussed in the next chapter – Adnan Khashoggi and others tied to intelligence operations could be found.¹⁸⁷ Day had cultivated contacts deep within the halls of the Carter administration, and in April 1978, he told Brewer that White House Chief of Staff Hamilton Jordan and DNC chairman John C. White “were not too confident that Carter was going to make it again and they were interested in deals to make money.”¹⁸⁸

The details of what happened next are muddled. Brewer claims that Day asked him to contact Vesco to try and arrange something for Jordan and White. However, according to Day, the plan to bring Vesco into the mix was Brewer’s idea. Regardless, Brewer, Day, and another ANICO aide named James Wohlenhaus traveled to the Bahamas to meet personally with Vesco. It was the first of several trips, with the issue of the planes becoming an increasingly important focus for this unlikely crew. Day brought the issue to White’s attention and, immediately following an October trip to the Bahamas, the State Department released a handful

of the planes – and with the FBI, all the while, quietly observing the succession of events.

Yet, there is also the possibility that the FBI had a hand in instigating these very events. After the release of the planes, Vesco claimed to Day that the Libyans had not paid him, and therefore Day himself could not receive his agreed-upon cut. Day, meanwhile, suspected that Vesco had in fact been paid. At this point, Day hoped to extricate himself from the affair – but Brewer, perhaps at the request of the FBI, kept Day in play by arranging for one of his associates, a man named James Feeney, to pay him the money owed in exchange for a cut of future profits in dealings with the Libyans, Vesco, and Carter administration officials. Incredibly, Day himself knew that Brewer was an FBI informant.¹⁸⁹ What neither Brewer and Day knew, however, is that Feeney himself was soon to become an informant himself, this time for the Southern District of New York, which was hoping to get a chance to nab Vesco.¹⁹⁰

There's also the question of why ANICO featured so prominently in this operation, with three associates of the company and the Moody family – Brewer, Day and Wohlenhaus – acting as the intermediaries between Carter administration officials like White and Vesco. As previously mentioned, the Moody family had ties into the old power structure of the FBI via Hoover ally Roy Cohn and Shearn Moody Jr. was said to supply “many little boys of the night” to Cohn and other guests visiting his ranch who were so inclined. Cohn, by the time of Billygate and the plane affair, was gearing up to act as an informal advisor to soon-to-be president Ronald Reagan. As will be mentioned in chapter 10, Cohn was also reportedly involved in an effort to blackmail Carter during this period, via his chief of staff Hamilton Jordan over Jordan's alleged cocaine use at New York's Studio 54.

Importantly, both Shearn Moody and Cohn popped up in the course of the scheming: Cohn's law partner was representing Kevin Krown, who was under investigation along with Feeney by the Southern District of New York. In September, 1979, Brewer attended a dinner with Moody, Cohn, and Wohlenhaus, where both the investigation into Krown and Feeney and the plane affair were discussed. According to a Senate report, “Moody told Wohlenhaus that they ‘were gonna go to the Federal D.A. and try to make a deal to get them off the hook on the hot check charges by telling the Libyan plane story and adding a bit to it.’”¹⁹¹ Subsequently, “Krown wrote a scenario ‘about all the players, the Brewers, the Feeneys, the Days, the Vescos,’ and gave it to John Doyle, the Chief of the Criminal Division in the Southern District.”¹⁹² Given the political connections and

orientation of Cohn and Moody, one cannot help but wonder if much of this was carried out to embarrass an already flailing Carter administration.

Unsurprisingly, it didn't take long at all for word of these schemes to reach the press. Vesco himself directly leaked information to Jack Anderson, who wrote twelve columns on the subject between September and October 1979. "They described how Vesco tried to wriggle free of the Justice Department's extradition requests by seeking the assistance of high level Carter officials including Hamilton Jordan."¹⁹³ To make matters worse for the administration, recordings Feeney made of his conversations with various conspirators were shown to the press by aides of Senator Orrin Hatch (who, as we will see, was connected to Adnan Khashoggi, the Bank for Commerce and Credit International, and other intelligence assets). As the *Washington Post* reported:

An exotic cast appears in the tapes. The names, spoken by Feeney, Vesco, at least two other convicted swindlers, and Libyan diplomats, include Billy Carter and John C. White, chairman of the Democratic National Committee ... Hatch, in a phone interview, said he wanted, no dissemination of unsubstantiated allegations, but thought reporters should be able to sample for themselves the technical "quality" of the tapes. The quality of the segment was excellent. The obviously sensitive tapes – raw files with a high potential to besmirch the reputations of possibly innocent persons and even to affect the presidential election campaign – had been closely husbanded by federal prosecutors for an investigation that began 19 months ago and has involved formal presentations to a grand jury since last fall.¹⁹⁴

Vesco himself had told Senate investigators about the existence of the tapes, effectively widening the probe – just as he had done earlier with the Anderson leak. This raises the possibility that Vesco's role here was aimed at getting the US to drop its extradition efforts against him. Yet, if there was more to it than that, the next question is: who was Vesco working for or with? One possibility is that he was aiding Shackley's "private CIA" network, which of course maintained a deep presence in Libya throughout this whole period, allegedly had information concerning Billy Carter's business there, and had been involved in dirty tricks against the Carter administration.

There is at least one demonstrable link between the worlds of Vesco and that of Shackley where Libya is concerned. Deeply involved in the sale of IOS subsidiaries during the liquidation phase of the mutual fund's existence was Edward du Cann, a high-ranking official in the UK Conservative Party (among other things, du Cann played a key role in Margaret Thatcher's early political rise). By 1972, he was serving as the chairman of Keyser Ullman, a major British banking concern with interests across Europe and in the United States. Keyser Ullman was also tied to

Jack Dellal, a Clermont Club member who would later fund a suspect, intelligence-linked company headed by Robert Maxwell's daughter, Christine (see Chapter 21).¹⁹⁵ "Du Cann," states his obituary concerning this period, "was at the heart of a mass of intricate – and generally shady – financial maneuverings."¹⁹⁶ Some of these included the tattered ruins of IOS. They also involved Lonrho, the massive international conglomerate controlled by the corporate raider Roland "Tiny" Rowland, another Clermont Club member. Keyser Ullman had become Lonrho's bank of choice, and du Cann was added to the company's board. He would eventually achieve the position as chairman, overseeing a sprawling network of corporate affiliates and subsidiaries that criss-crossed every economic sector – with a particular focus on mineral extraction in Africa. Lonrho and Tiny Rowland will be discussed more in the next chapter. For now, it's important to note that Rowland's ties to the world of intelligence and covert operations were plenty. He had deep ties to American, British, and Israeli intelligence services, and his African holdings often acted as cover for Mossad agents. He appeared repeatedly in the course of the Iran-Contra affair, and he had complex – sometimes harmonious, sometimes tense – relationships with figures like Adnan Khashoggi. Rowland was also close to Robert Maxwell, and reportedly helped peddle the bugged PROMIS software to his political contacts. All in all, Rowland was a well-heeled operator, known for his ruthless, buccaneering ways.

It is unsurprising, then, that Lonrho's tentacles reached into Libya, right up to the highest levels of its government. A Lonrho subsidiary, Tradewinds Air Holdings, maintained a heavy presence in the country, and counted among its board members Ahmed Gaddafadam, the cousin of and security advisor to Colonel Gaddafi (du Cann himself was another director).¹⁹⁷ Tradewinds became a subject of interest in British parliament, especially after a letter written to the British Secretary of State for Trade and Industry by Mohamed al-Fayed, chairman of Harrods department store and, for a time, the husband of Samira Khashoggi, Adnan Khashoggi's sister. Mohamed and Samira's son, Dodi Fayed, would later become romantically involved with Princess Diana of Wales and die with her in the infamous 1997 car crash.

Mohamed al-Fayed had been partners with Lonrho and Rowland for a period in the 1970s, but by the 1980s they had become bitter enemies, with Rowland seeking to carry out a hostile takeover of Mohamed's economic interests. In the letter, Mohamed outlined a series of charges against Lonrho. While most of these concerned their business practices, they also included allegations of arms dealing

and ties with the infamous Edwin Wilson. To quote from Mohamed al-Fayed's letter:

...the Lonrho subsidiary Tradewinds has been named as the carrier in deals whereby ex-CIA agent, Edwin P. Wilson, shipped to Libya its weapons of terrorism. Wilson is presently serving 52 years in a US prison for his enterprise whilst, interestingly, a co-director in Tradewinds with Messrs Rowland, du Cann and [Robert] Dunlop, from April 1981 to May 1983, was the head of Libyan "security," Ahmed el Gaddafadam, a cousin of Colonel Gaddafi.

Until 1983, Lonrho's 40 per cent partner in Tradewinds was Ashraf Marwan who, however, served only fleetingly as a director and it is possible that he was acting merely as a front for Libyan interests. It is something of a coincidence that Wilson should have been arrested, Marwan sold his shareholding and Gaddafadam resigned as a director almost at the same time. A Sunday Times article of 1984 ... gave some background on the Marwan/Libya involvement and it is interesting that Gaddafadam cited Marwan's office as his address in the notification of his directorship to Companies House.¹⁹⁸

To summarize: Tradewinds, a subsidiary of Tiny Rowland's Lonrho, was involved in Libya and was named as a player in arms dealings, including shipping weapons on behalf of Edwin Wilson – in other words, on behalf of Shackley's "private CIA." At the same time, Lonrho's chairman – and Tradewinds director – Edward du Cann had previously been involved in liquidations and acquisitions of IOS subsidiaries, thus placing him in the direct orbit of Robert Vesco. Vesco, at the same time that Shackley's group was active in Libya, became embroiled in not one *but two* potentially interrelated Libyan business and political affairs that reached into the Carter administration. The first of these was the strange dealings with Charter Oil, and the second was the plane affair. The latter in particular proved to be incredibly embarrassing for the administration, right at a time when a connected network of individuals and entities – including Shackley and his associates – were working to undermine Carter.

It is also worth noting that Charter Oil did not only have ties to the Carters via Jack McGregor and Billy Carter. In 1980, 13.7% of the common shares of Charter were held by American Financial Corporation, the Cincinnati, Ohio-based flagship company of Carl Lindner. According to press reports, Lindner was "advising Charter chairman Raymond Mason on some corporate ventures."¹⁹⁹ The secretive Lindner was a major Republican supporter, and was a particularly tight business associate of Max Fisher, who was described as having a "close, personal relationship" with Reagan and is regarded as Leslie Wexner's mentor.²⁰⁰

LEGAL AFFAIRS

A few short years before he became Reagan's campaign manager and prior the eruption of "Billygate," William Casey had returned to the world of private legal practice. He arrived at the offices of Rogers & Wells, one of New York City's impressive white-shoe law firms. Renowned for its litigation division, the "Rogers" of Rogers & Wells was William P. Rogers, who had been a longtime confidant of Richard Nixon and served as his Secretary of State until 1973. The "Wells," on the other hand, was John A. Wells. During his tenure as head of Nixon's SEC, Casey had recruited Wells to oversee a committee evaluating the commission's policies and practices. It was just another step in a long friendship; Casey and Wells had been close since they had first met during Nixon's 1960 presidential campaign.

During the course of Casey's nomination for the leading position in the CIA, Rogers & Wells had furnished a list of clients with whom he had worked between 1976 and 1981.²⁰¹ A perusal of the list reveals some of Casey's close friends and business associates. It includes, for example, Antony Fisher, who cofounded a proto-Reaganomics think-tank called the Manhattan Institute for Policy Research with Casey. There was also Science Life Systems, which Casey had formed with William Simon, a fellow Knight of Malta, who had served as Nixon's Treasury Secretary and would later reappear in connection with the Covenant House controversy (discussed in chapter 10). Science Life Systems was a "chain of computerized fitness spas," which was pitched to the governing body of the Olympic Games as a service for athletes. Simon was, at the time, the treasurer of the Olympic Committee.²⁰² Another client of Casey's was Bear Stearns, the major New York investment bank. Casey's legal work on behalf of Bear Stearns coincided with the promotion of Alan Greenberg to the position of CEO, which he would maintain until the early 1990s. It also coincided with the arrival of Jeffrey Epstein, who rose rapidly through the ranks of the bank until his abrupt departure in 1981. This, curiously enough, was the same year that Casey left private law and returned to government service as CIA director.

A close examination of other Casey clients shows a distinctive pattern: the recurrent appearance of figures linked to organized crime, the world of intelligence, or both. One client that straddled both worlds was Deak & Co., an international banking and currency-trading firm run by Nicholas Deak. Deak, much like Casey, had served in the OSS, and his company maintained a close relationship with the CIA throughout the post-war epoch. An exposé of Deak & Co. published in the *New Republic* in 1976 stated: "Deak is said to have handled CIA funds in 1954

when the agency overthrew Iran's Premier Mohammad Mossadegh and restored the Shah to the throne. During the Vietnam war, Deak & Co. allegedly moved CIA funds through its Hong Kong office for conversion into piasters in Saigon's unofficial market. Deak officials in Hong Kong and Macao helped the CIA investigate Far East gold smuggling in the mid-1950s."²⁰³

Deak & Co. also had a side that angled toward organized crime. Between January 1977 and summer 1978, the bank maintained accounts for Isaac Kattan. Kattan was subsequently identified by authorities as "the biggest drug financier in South America." He had worked closely with both the Cali and Medellin cartels since the 1970s, laundering the illicit profits produced by the lucrative drug trade through bank accounts in Miami and New York.²⁰⁴ Deak accounts were among those being used for these purposes, and there is evidence that the firm might have been aware of what was happening. An Internal Revenue Service (IRS) audit revealed that Deak employees filed false currency-transaction reports – an anti-money laundering mechanism that tracked large-sum bank deposits – and sometimes even neglected to file the reports altogether.²⁰⁵

The Casey client list also included DWG Corp, NVF, and Sharon Steel, a trio of companies that were under the control of the man who invented the modern hostile takeover, Victor Posner. "He would spot a company whose assets he judged were underfunded, gain control, and milk it," read Posner's 2002 obituary in *The Economist*. "Some bits would be sold off, others would be closed. Previously unconsidered treasures, such as employees' pension funds, would be raided and reinvested in Posner's other companies," it added.²⁰⁶ The three companies represented by Rogers & Wells reveals the diversity of Posner's holdings. DWG was a cigar manufacturer that has since become the Wendy's fast food chain, and NVF, formerly National Vulcanized Fiber, was the creator of forbon, a fiber used in guitar picks. Sharon Steel, meanwhile, had once been a booming industrial firm that had led the pack in Pennsylvania's steel industry.

Posner's seemingly innate talent in corporate buccaneering required easy access to capital. Because of this, by the mid-1970s, he had fallen in with the crowd around Michael Milken and Drexel Burnham Lambert. By the 1980s, he was one of the Milken's biggest customers, and it becomes difficult to perceive – at times at least – where Posner's interests and Milken's were separate. Another person in this circle that was particularly close to Posner was fellow Drexel Burnham Lambert client Ivan Boesky. Years later, when Boesky was dragged before the courts for his role in a stock-manipulation fraud case involving the Irish beer giant Guinness,

none other than Max Fisher, whose ties to Leslie Wexner are detailed in Chapter 13, personally intervened on his behalf.²⁰⁷ Notably, Clare Hazell, a former employee of Epstein's and an alleged key figure in the Epstein-Maxwell sexual trafficking/blackmail operation, married into the wealthy Guinness family in the early 2000s.²⁰⁸

Much like Robert Vesco, Posner crossed paths with the SEC during Casey's time there. The commission had brought a case against the corporate raider, spearheaded once again by Stanley Sporkin, for "dipping into employees' pension plans" at Sharon Steel.²⁰⁹ However, the case seemed not to have soured relations between the SEC veteran and the dispersed gang of corporate raiders. In 1980, aside from Casey obtaining the Posner corporate accounts at Rogers & Wells' DWG, Posner's close friend Meshulam Riklis "worked out the guidelines with the SEC's then head of enforcement, Stanley Sporkin ... and proceeded to take [his company] Rapid-American private."²¹⁰ As mentioned in Chapter 2, Rapid-American included the remnants of Lewis Rosenstiel's business empire, and Riklis acquired the Manhattan townhouse that Rosenstiel had bugged for blackmail purposes.

One close associate of Posner who is worth scrutinizing is the Miami real estate developer Armer E. White, who had been the finance chairman of the Dade County Reagan for President campaign in 1980. Casey was, of course, the manager of the national campaign.²¹¹ It is likely that Posner and White initially encountered each other when Posner first became interested in Florida land development through his Security Management Corporation. Beginning in the 1960s, White was a constant fixture in Posner's world. Sometime in the 1960s, he became a director at DWG, and later he was granted a position on the board of Sharon Steel. By the 1970s, he was listed as a trustee of Posner's investment trust.²¹²

What makes White important, beyond his prominent role within Posner's financial network, is the ties he maintained to organized crime. Many of these ties came through his real estate vehicle, Context Industries, which had benefited from the Florida land boom in the 1960s.²¹³ The real estate affairs of the Sunshine State had, historically, served as an investment outlet for organized crime. Unsurprisingly, Context soon found itself also swimming in those currents. The company retained Leonard Pelullo as a "consultant."²¹⁴ Pelullo, in turn, was identified in a New Jersey State Commission of Investigation report as being closely tied to the Nicodemo Scarfo crime family.²¹⁵ Scarfo, allied with the

Philadelphia crime family, had been given control of Atlantic City when it was something of a backwater. Under his management, it was transformed into the upper East Coast's major gambling hub. Donald Trump's Atlantic City interests were built, in fact, with concrete supplied by Scarfo's companies.²¹⁶

Pelullo seems to have brought the worlds of White and Scarfo together, with Context Industries making plans for the construction of hotels and casinos in Atlantic City.²¹⁷ He also served as a source of financing for White's company: Context paid the mobster \$80,000 to obtain loans that, when they arrived, totaled around \$800,000.²¹⁸ The source of these loans was Sunshine State Bank, a shady Florida savings and loan in which Pelullo owned a 6 percent stake.²¹⁹ The full extent of Pelullo's borrowing from the S&L was immense and, upon its collapse, his outstanding debts were over \$12 million. It was not the only financial outfit that made, ultimately unpaid, loans to Pelullo. Another was Florida's Great American Bank. Owned by former US ambassador to Switzerland Marvin Warner, it had been one of the banks used by the aforementioned Isaac Kattan to launder Colombian drug money.

An even more direct organized crime connection found in Casey's client list was SCA Services, a major waste-management company. While having all the pretenses of an above-board corporate firm – the SCA's directors and investors have been some of America's largest businessmen – the company has been dogged by repeated scandals, illustrating that its roots have remained squarely planted in the underworld. One such investor was Anthony Benvolato, who became a "substantial SCA stockholder" after selling "a profitable garbage company to SCA in 1973 for \$1.7 million worth of stock."²²⁰ Two years later, Benvolato was indicted in a mob-linked conspiracy involving kickbacks from the Teamsters pension fund. Indicted alongside him was Teamster official Anthony Provenzano – notable for having been at the center of the initial probe into the disappearance of Jimmy Hoffa.²²¹

The association between a mobbed up waste-management owner like Benvolato and a Teamster official like Provenzano is illustrative of the arrangement between the union and waste management. Waste management in New Jersey – the center of the SCA complex – fell under the auspices of Teamsters Local 945. The business agent for this local was Ernest Palmeri, who came "from a long line of organized crime figures." Palmeri had been placed in that position by Genovese capo Peter LaPlaca.²²²

Close to Palmeri was Crescent “Chris” J. Roselle, the general manager of a family-owned waste-management group that was sold to SCA. Roselle also operated a series of businesses with Anthony Gaess, the manager of a number of SCA subsidiaries. Both were involved, for example, with MSLA, a company that managed a large New Jersey landfill that housed toxic-waste. Linked to MSLA was “one of the region’s largest waste contractors,” Charles Macaluso. Close to corrupt Teamsters officials, Macaluso was by no means an ordinary businessman – according to the *New York Times*, he had been identified “in a Congressional report as a ‘soldier’ in the Tieri organized crime ‘family.’”²²³ That would be Frank Tieri, a boss in the Genovese family.

Perhaps fearing that these associations would come to light, SCA attorneys filed a legal document in 1978 arguing that Gaess was not involved with the company’s subsidiaries. However, as Alan Block points out in *Poisoning for Profit*, the minutes of a corporate board meeting clearly indicate Gaess’ position.²²⁴ It is notable that this situation occurred during the time when Casey worked with SCA via Rogers & Wells. The connection to Gaess might have been obscured temporarily, but the connection between SCA and organized crime was later dragged into the media limelight in December 1980, when Gaess’ associate Crescent Roselle was “shot multiple times with both .22 and .32 caliber weapons outside his company offices in Elizabeth, New Jersey.”²²⁵ This gangland-style murder occurred less than a week after an FBI informant gave testimony concerning ties between SCA and the mob.

In May 1981, New Jersey State Police Lt. Col. Justin Dintino testified that the Genovese and Gambino families exerted extensive influence across the New Jersey waste-management industry and had significant ties to SCA. When it came to SCA’s president, Thomas Viola, Dintino suggested that he was not a member of organized crime. He was instead “an associate member of organized crime – a business associate.”²²⁶ Viola, meanwhile, was quickly prepping for his departure from SCA, and he opted to hire another familiar face to serve as his lawyer, Joseph Califano Jr., whose role in Watergate was discussed in the last chapter. The whole episode makes a brief appearance in Califano’s autobiography:

Though Viola denied any ties of organized crime, an SCA manager had been shot and killed a few months earlier and the garbage-collection business in New Jersey was suspected of being infiltrated by the mob. I was negotiating Viola’s exit. He wanted me to meet him ... in New York at the offices of Rogers & Wells, which had been retained to do an independent investigation of allegations of mob involvement in SCA. I flew to New York for negotiations, which dragged on

into the early evening. Rogers & Wells had found that Viola had no mob connections, had cleaned up SCA, and removed any employees responsible for misconduct.²²⁷

Notably, a very close business associate of Leslie Wexner's, Frank Walsh of Walsh Trucking, would later become of interest to law enforcement for his ties to these same organized crime networks – specifically, the Genovese crime family's New Jersey branch. Walsh managed logistics for Wexner's company The Limited and, when Walsh was under investigation by the New York Organized Crime Task Force in 1984, all notices sent to Walsh in connection with that investigation were addressed to Frank Walsh Financial Resources at One Limited Parkway, Columbus, Ohio – the same address of Wexner's The Limited. The Walsh-Wexner relationship is revisited in greater detail in Chapter 13.

Two final Casey clients worth mentioning are Newfoundland Refining Company and Shaheen Natural Resources. This pair of firms represented the interests of John Shaheen, an independent oilman whose long-running association with Casey dated back to their days together in the OSS. Shaheen's official bio states that he had served as "aide to General Donovan, director of the Office of Strategic Services; Chief, Special Projects Branch in OSS Washington; OSS field service in European, Mediterranean, and Pacific Theaters."²²⁸ Richard Harris Smith, in his history of the OSS, describes Shaheen's Special Projects Branch as a "completely autonomous" unit that answered directly to Donovan "outside of the regular OSS chain of command."²²⁹

Shaheen's activities brought him very close to the circle of OSS insiders that Casey had become acquainted with during his time in London. At the end of the war, for example, Donovan organized a committee to advise Hollywood on the production of spy-themed movies. The members of this special commission included David K. E. Bruce, J. Russell Forgan, Allen Dulles, and Shaheen. Their efforts successfully inserted a score of OSS veterans into the movie business, while also giving directors and producers a direct link to the inside world of wartime-intelligence operatives. Hollywood, as a result, became yet another milieu where the worlds of American intelligence intersected with organized crime.

Close connections to Nixon was something else Casey and Shaheen shared, with the latter being part of Casey's "Hardy Boys" clique. Shaheen, like Casey, had been involved with the Nixon campaigns of the 1960s. When Nixon had briefly returned to private law practice, Shaheen had been one of his clients. He was responsible for connecting Nixon with Joey Smallwood, the premier of the

Canadian province of Newfoundland. Smallwood, meanwhile, was engaged in an effort to industrialize the remote province by courting European and American capital. Some of the firms he courted bore the unmistakable mark of organized crime – for example, the controversial John C. Doyle and his company, Canadian Javelin.²³⁰ Doyle’s company also included a close associate of Edgar Bronfman’s, Mark Millard, as a major investor.²³¹ Doyle had also enticed Shaheen, whose Newfoundland ventures were the two companies taken on by Casey as Rogers & Wells clients.

The Newfoundland venture was rocky for Shaheen. In 1976, his oil refinery went bankrupt, setting off a firestorm of legal problems and a domino effect that soon impacted his other businesses. He desperately tried to raise money from outside sources, at one point attempting to enlist – with the aid of Casey – the Kuwaiti National Petroleum Corporation to invest in his Newfoundland oil company. When that effort failed, Shaheen turned to the open market in a desperate search for sources of crude petroleum for refining in Newfoundland. It was then that he made contact with Cyrus Hashemi, an Iranian arms dealer with close ties to Iran’s post-revolution government.

Anyone who has ever looked into the October Surprise plot will instantly recognize the name Cyrus Hashemi. Indeed, one could argue that the trail of events that led to that plot began with the encounter between Shaheen and Hashemi. According to the report prepared by the October Surprise Task Force, “Hashemi had been identified to Shaheen as someone with good contacts in the oil communities in Iran, Nigeria, and Tunisia. Following their introduction, Shaheen solicited Hashemi in securing contracts to purchase crude oil.”²³² The report continues: “In 1980, Cyrus Hashemi assisted Shaheen in his bid to regain control of the Newfoundland refinery. According to O. Jackson Cook, an attorney who also assisted Shaheen in this effort, Hashemi assembled a group of investors who made money available to Shaheen to bid on the refinery. The FBI’s electronic surveillance of Cyrus Hashemi confirms that Cyrus and Shaheen were in contact in late 1980 regarding the Newfoundland refinery.”²³³

Hashemi also made an appearance in the Carey Energy affair, discussed earlier in this chapter. Roy Furmark, the “right-hand man” of Shaheen in the Newfoundland venture and a close associate of William Casey, testified during the course of the Iran-Contra hearings that he had encountered Hashemi in the Bahamas on the eve of Charter’s acquisition of BORCO 198.²³⁴ According to

Furmark, Hashemi was operating as a “representative of the Iranian government,” and had been invited to participate in the negotiations by a CIA asset named Roger Tamraz.²³⁵ Many of Tamraz’s other activities, including his connections to the Maxwells, will be discussed in chapter 16

Shortly after Shaheen became acquainted with Hashemi, he began making overtures to officials in the Carter White House and the CIA concerning schemes to free the hostages being held in Iran. While the CIA was reportedly uninterested in what Shaheen had conjured up – which involved a team of “cadres” led by an exiled Iranian general – the October Surprise Task Force report suggests that Hashemi was party to the plotting. An FBI report from the period mentions that “Shaheen stated that he mentioned [Cyrus] Hashemi to persons in the CIA because ... he determined that Hashemi might be able to play some role in either alleviating the hostage crises [*sic*] or in establishing a dialogue with the [Khomeini] government and the United States.”²³⁶

The Task Force report then adds an ominous detail: “According to [FBI agent Louis] Stephens, Shaheen indicated during the interview that he mentioned Cyrus Hashemi to Casey, approximately twice to [William] Casey prior to Ronald Reagan’s inauguration in January 1981.”²³⁷ The significance of this is that Cyrus’ brother, Jamshid Hashemi, claimed that he was visited by William Casey and Roy Furmark in DC. The purpose of this meeting, he relayed, was to discuss the hostage crisis in Iran.

The October Surprise Task Force cast doubt on the legitimacy of Jamshid Hashemi’s claims, citing the lack of independent corroboration. Far more complicated for the Task Force were the meetings in Madrid in July 1980. As previously mentioned, the Madrid meetings occurred a month after the fateful Le Cercle meeting where the Reagan campaign was discussed. With Le Cercle, the Safari Club, and Shackley’s network all revolving around one another, we are left with a highly complex picture of elaborate inner power plays.

According to Jamshid, Casey, flanked by Donald Gregg and an unidentified man, attended two days of meetings with himself, his brother Cyrus, and Iranian officials in Madrid in late July concerning the hostages. Much of the debate relating to the October Surprise Task Force revolved around Casey having been in London for a World War II historical conference on the days when he was alleged to have been in Madrid. The Task Force noted that there were significant ambiguities in the conference attendance records, making it hard to know whether Casey could be consistently accounted for in London.

Madrid is only an hour and half from London by plane, conceivably giving Casey enough time to move between the cities in a relatively insignificant amount of time. While the media soundly rejected the possibility that this occurred, a State Department cable later emerged from this precise time period stating that Casey had indeed been in Madrid “for purposes unknown.”²³⁸ Interestingly, Jamshid Hashemi claimed to have used a series of aliases, including “Abdula Hashemi,” “Jamshid Khalaj,” and “Jamshid Parsa.”²³⁹ Throughout late July and August 1980, a series of names were logged into the guest records of the Hotel Ritz, where the meetings with Casey were said to have taken place. These names included “Abdululi Hashmi,” “Jamshid Khalaj,” and “Parsa Jamshid.” These individuals appeared to have checked in and out repeatedly at odd intervals.

There was another name that appeared in the guest records, right alongside the probable aliases of Jamshid Hashemi. On July 23, a “Robert Gray” checked into the Hotel Ritz, and on July 25 he checked out.²⁴⁰ Was “Robert Gray” actually Robert Keith Gray? Speculation swirled in the media, as Gray – at the time – was working on Reagan’s campaign directly under Casey. The October Surprise Task Force eventually turned its attention to the possibility. They cleared him because his passport showed no evidence that he had been in Spain in summer 1980.

Others were not so convinced. Susan Trento, for instance, cites counterarguments made by former Gray employees that he had multiple passports. For Gray, a man who had multiple intelligence connections (as detailed in the last chapter), having multiple passports was hardly out of the question. There were also eyewitness accounts that suggested that Gray was indeed the “Robert Gray” who had stayed at the Ritz. According to Susan Trento, “network reporters followed through by showing a photograph of Gray to people at the hotel, who said they recognized him.”²⁴¹

ORIGINS OF THE IRAN DEAL

Bill Casey’s appointment as director of Central Intelligence was hardly popular with many on the Hill and the broader political establishment. One particularly vehement opponent was Barry Goldwater, whom Casey had sparred with back in the 1960s. Casey had designated Goldwater as a candidate of an increasingly incoherent right-wing fringe, and Goldwater clearly held a grudge against the veteran spook. He proposed his own candidate: Bobby Ray Inman, the

naval intelligence and NSA chief who had done much to disrupt the Shackley clique by shuttering Task Force 157. Goldwater even went so far as to personally lobby Reagan to appoint Inman rather than Casey. But he was only successful in getting Inman the number-two position at the Agency.

The split at the top of the intelligence hierarchy was part of a cascade of factional struggles that swept across Reagan's first term as president. Joseph Persico has described how quickly the CIA bureaucracy was polarized between the two men, eventually reaching a point where "Casey's staff and Inman's staff barely communicated."²⁴² Inman was blocked from participating in major operations, such as the early Contra-support operations, and Casey even went so far as to plant stories about Inman in the press. He devised a new division of labor in the Agency so that it gave Casey unfettered access to President Reagan – a privilege that Inman did not enjoy.

Joseph Trento argues, drawing on sources from within the intelligence community, that the rivalry between the two men was capitalized on by Casey's other rival, then vice president George H.W. Bush. Inman, already close to Bush, acted as his eyes and ears within the CIA. "Bush was walking a tightrope," Trento writes. "Inman considered himself a friend of Bush's and was reporting to Bush on Casey's activities within the CIA. At the same time, Inman's great rival, Shackley, was [also] reporting to Bush."²⁴³ To make matters more complicated, Shackley and his core group of associates – Richard Secord and Thomas Clines, among others – were increasingly active in Casey's off-the-books operations, apparently walking a tightrope of their own between other rival factions.

Details scattered throughout Persico's biography of Casey add credence to Trento's claims. When Inman accepted the CIA job, for example, he wanted Bush present for the welcoming ceremony. "George Bush isn't welcome out here," Casey told him, alluding to the CIA. "Inman waited for an explanation, but none was forthcoming."²⁴⁴ At another point, Casey flew into a rage on discovering that Inman had been frequently meeting with Bush and briefing him on intelligence matters.

Inman stepped down from his CIA post in 1981 and turned toward a career in the private sector. The presence of Bush's influence can be seen in some of his subsequent business affairs. Inman, in the mid-1980s, worked as the head of an electronics-industry holding company called Westmark, which in turned owned Tracor – a major defense contractor that produced electronics for weapons systems. The main group behind Tracor was a web of in-laws and business

associates of Walter Mischer, the same Texas banker and real estate developer that Pete Brewton had found to have been involved with Bush in private-intelligence operations.²⁴⁵

There are other indications that Bush was operating his own intelligence web within the Reagan administration. Seymour Hersh, for example, charged that Bush, wary of Casey, set up a “team of military operatives” that “bypassed the national-security establishment – including the CIA – and wasn’t answerable to congressional oversight.”²⁴⁶ According to Hersh, this team included Vice Adm. Arthur Moreau, then serving as assistant to the Joint Chiefs of Staff; Daniel Murphy, Bush’s chief of staff; and Donald Gregg, the former CIA officer who had become Bush’s advisor on national security. Gregg, as discussed earlier, had a history with Shackley and may have been involved in the October Surprise. According to Joseph Trento, Gregg served as a channel of communication between Bush and Shackley.²⁴⁷

Such was the reality of the Reagan administration. Despite the outward appearance of strength and unity, the internal dynamics were characterized by rivalry, factionalism, double-dealing, and, on occasion, moments of fragile cooperation. This was the heady environment that incubated the Iran-Contra affair, in which the US government violated several of its own laws in an attempt to covertly finance the Nicaraguan Contras in their fight against the country’s Sandinista government. It was very much the legacy of the Shackley-Wilson private-intelligence network. Though Ed Wilson was, by this point, in prison for his Libyan escapades, old veterans of that network such as Clines, Secord, and even Gray were active in this new covert war.

Oliver North, Secord’s primary partner in orchestrating many of the byzantine plots that characterized the Contra-support efforts, appears to have been operating on behalf of Casey, who had been blocked from overtly supporting the Nicaraguan rebels by Congress. For example, Casey directly intervened to keep North in the National Security Council when he was supposed to be rotated back to regular Marine duties. The close proximity of North to Casey adds credence to the allegations made by Seymour Hersh that Bush’s own intelligence operations had leaked details to the press concerning North and Secord’s arms sales to Iran.

Shackley himself was called to testify in the wake of the revelations of the scandal. He was never found to be connected with the affair, though subsequent statements by investigators suggest that, behind closed doors, there was doubt as to his professed innocence. The facts that he shared during his testimony were,

however, quite revealing. In the course of his work for John Deuss, Shackley deployed the services of a former SAVAK agent named Novzar Razmara as a source of information on Middle East oil and the geopolitical situation surrounding the Iran-Iraq War. Through Razmara, Shackley was plugged into a network of former Iranian military officers who maintained some contact with the country's post-revolution government.

In November 1984, as the hostage crisis in Lebanon was mobilizing the National Security Council, Shackley traveled to Hamburg, Germany, with Razmara to meet with the former SAVAK general Manucher Hashemi (no relation to Cyrus and Jamshid Hashemi). The ostensible goal of this meeting was to introduce Shackley and Razmara to "interesting Iranians who were traveling in Europe at the time and from Iran."²⁴⁸ Present for the meeting was Manucher Ghorbanifar, an arms dealer and shady businessman with ties to both the older pro-Shah military officers and the new intelligence apparatus of Khomeini's government.

There were numerous meetings over the course of that day, and many of the details about them are redacted in the publicly available version of Shackley's deposition. What is revealed is that Ghorbanifar approached Shackley with questions concerning the acquisition of TOW missiles – anti-tank guided missiles that the Iranians were seeking in hopes of turning the tide in their conflict with Iraq. Shackley claims that he rejected Ghorbanifar's overtures. Yet, TOW missiles were not the only thing on the arms dealer's mind. Ghorbanifar stated that "for a price he could arrange for the release of the US hostages in Lebanon through his Iranian contacts."²⁴⁹

Shackley's version of these events is somewhat difficult to believe: the TOW missiles that would be shipped to Iran were not to be used as a source of financing for the Contras but were to guarantee that Iran would utilize its influence to release the hostages held by Hezbollah in Lebanon. One of these hostages was, in fact, a CIA station head whom Shackley had been close to. These weapons sales were carried out by individuals all closely associated with Shackley, working in concert with Ghorbanifar. Yet, somehow we are supposed to believe that Shackley's 1984 meeting in Hamburg had happened just by chance. Also suspicious was that Shackley had written a memo on his meeting with Ghorbanifar and dispatched it to Lt. Gen. Vernon Walters at the State Department.

This memo was brought up during Robert McFarlane's deposition:

MR. COHEN: You recall that Ted Shackley, back in 1984 sent a memo to Vernon Walters suggesting we have a new relationship with Iran. Were you aware of that?

MR. MCFARLANE: No, sir.

MR. COHEN: That that recommendation was discarded and that the memo was retyped in June of 1985, actually June 7 of 1985, it was sort of retyped and given to Michael Ledeen. Are you aware of that?

Mr. MCFARLANE: No, sir.

Mr. COHEN: That Michael Ledeen gave it to Oliver North?

Mr. MCFARLANE: I didn't know that.

Mr. COHEN: Are you aware of a John Shaheen?

Mr. MCFARLANE: The name is familiar. I believe he was associated with Mr. Khashoggi.

Mr. COHEN: Actually he was a very close friend of Bill Casey's. They served together in World War II in the OSS, and John Shaheen floated a possible hostage initiative on behalf of Cyrus Hashemi ... that proposal was determined by the State Department to be unworthy of pursuit. Were you aware that was being done at the same time we had paper being prepared by – a recommendation by John Shaheen?

Mr. MCFARLANE: No sir, I don't.

Mr. COHEN: Were you aware that the State Department looked behind the Shaheen proposal and saw Mr. Ghorbanifar?²⁵⁰

Cyrus Hashemi, John Shaheen's contact who put the October Surprise conspiracy in motion, was indeed a close associate and business partner of Manucher Ghorbanifar, and the two would operate in the murky world of arms trafficking up until Ghorbanifar broke ties with him and partnered instead with Adnan Khashoggi. According to Gordon Thomas and Matt Dillon, Ghorbanifar and Robert Maxwell were well acquainted, having been introduced to each other by Cyrus Hashemi.²⁵¹

Subsequently, both Khashoggi and Ghorbanifar were recruited by Israel to help traffic arms to Iran to bolster the country in its fight against Iraq, allowing the two enemies of the Jewish state to continue to weaken each other. Overseeing this operation was David Kimche, a former Mossad officer and at the time director general of Israel's Ministry of Foreign Affairs. Robert Maxwell, who was playing a supporting role in the plan, was also actively working on behalf of Israel intelligence. As will be detailed in Chapter 9, Khashoggi and Ghorbanifar were also connected, as was Maxwell, to the PROMIS scandal, also known as the Inslaw affair.

Shackley might have been privy to these complicated arrangements and designed his testimony concerning the 1984 Hamburg meeting to suppress knowledge of his role in them. In his memo, he had effectively offered

Ghorbanifar's services to the State Department. Former CIA officer William Corson holds that he did this "because Israeli intelligence suggested it."²⁵² This sort of interplay between Shackley's network and the other factions detailed in this chapter with Israeli intelligence would be a recurring theme throughout the Reagan era and beyond.

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Clara Valley Medical Center under the care of the late Dr. Frederick Megles, a psychiatrist associated with the Stanford Research Institute, a longtime facility used by the CIA and US Army for behavior modification experiments.... According to numerous medical journal articles written by Dr. Megles, his specialty was narco-hypnosis and the use of hypnosis to create dissociative states. Dr. Megles worked closely at Stanford with Dr. Leo Hollister, also deceased, who had been a CIA MK/ULTRA sub-contractor working with LSD and other drugs" [H. P. Albarelli, *A Secret Order: Investigating the High Strangeness and Synchronicity in the JFK Assassination* (Trine Day, 2013)].

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- 211 Rebecca Thom, "2 Elected in Palm Beach; 2 in Run-off," *Sun-Sentinel*, February 3, 1988.
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- <https://www.themacklecompany.com/general-development>. On Lou Chesler and Meyer Lansky, see Jim Hougan, *Spooks*, 230-231.
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- 218 Susan Sans, "Pelullo, Sunshine State Bank Had Most Dealings," *Miami Herald*, Oct. 4, 1986.
- 219 Pelullo's stake in Sunshine was organized through King Crown, a company that he had cofounded with the thrift's primary owner, Ray Corona. Corona's background may be relevant here: he had cut his teeth in the world of shadowy finance at Miami National Bank. This bank, in the late 1950s, had been bought by Louis Poller, a close associate of Sam Cohen, a veteran of the Detroit Purple Gang and ally of Meyer Lansky. Poller's purchase of Miami National was carried out with the aid of a loan from the Teamsters Pension Fund: "Shortly thereafter, a coterie of Hoffa-Teamsters associates became directors of the bank, and loans became available for numerous mob-connected ventures" See: "Subject: Joseph Shimon," FBI, November 3, 1962, 34, <https://www.maryferrell.org/showDoc.html?docId=116372>; "Organized Crime: Stolen Securities," Senate Subcommittee on Government Operations, 1971, 708; Jeff Gerth, "Richard M. Nixon and Organized Crime," *Penthouse*, July 1974). Miami National also boasted a curious choice for legal counsel: the law firm of Helliwell, Melrose and DeWolf. This was the firm of OSS veteran and CIA banker Paul Helliwell, but work for the bank fell to Helliwell's associate Truman Skinner. Peter Brewton notes that Skinner frequently worked with Donald Berg – a business associate of Richard Nixon's good friend Bebe Rebozo – and Harold White in a series of Florida real estate ventures. Harold White, to bring this full circle, was the son of Pelullo's good friend Armer White. (Brewton p. 322-23)..
- 220 Alan A. Block and Frank R. Scarpitti, *Poisoning for Profit: The Mafia and Toxic Waste in America* (William Morrow & Co., 1985), 172.
- 221 "Provenzano and 2 Other Teamster Aides Indicted for Kickback Deal," *New York Times*, December 11, 1975, <https://www.nytimes.com/1975/12/11/archives/provenzano-and-2-other-teamster-aides-indicted-for-kickback-deal.html>.
- 222 William M. Adler, *Mollie's Job: A Story of Life and Work on the Global Assembly Line* (Scribner, 2000), 226; *Organized Crime Links to the Waste Disposal Industry: Hearings Before the House Subcommittee on Oversight and Investigations*, Department of Justice, Office of Justice Programs, May 28, 1981, 17-24, <https://play.google.com/store/books/details?id=2TYhAAAAMAAJ>.
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- 229 Richard Harris Smith, *OSS: The Secret History of America's First Central Intelligence Agency* (Lyons Press, 2019), xiv.
- 230 See Walter Stewart, "John Doyle's Gamble with Millions: Heads He Wins, Tails You Lose," *Macleans*, February 1, 1969.
- 231 Mark Millard was director of Carl M. Loeb, Rhoades & Co. when it held over 28,000 shares in Canadian Javelin, while Millard himself held 1,000 shares in Doyle's company. See "Company officials report stock changes," *National Post* (Toronto), October 27, 1962. Edgar Bronfman, in his book *Good Spirits*, refers to Mark Millard as "my friend" and as "a senior executive at Carl M. Loeb, Rhoades & Company and my father-in-law John L. Loeb's partner". He goes on to say of Millard "I had enjoyed many successful business dealings with Mark over the years, and I trusted him deeply." See Edgar Bronfman, "Good Spirits: The Making of a Businessman," *New York Times*, 1998, <https://archive.nytimes.com/www.nytimes.com/books/first/b/bronfman-spirits.html>.
- 232 *Joint Report of the Task Force to Investigate Certain Allegations concerning the Holding of American Hostages by Iran in 1980*, US Congress, House Committee on Foreign Affairs, One Hundred Second Congress, Second Session, January 3, 1993, 120, <https://books.google.com/books?id=x-pl1AAAAMAAJ>.
- 233 *Task Force to Investigate Certain Allegations*, 120-21.
- 234 Deposition of Roy Furmark," *Report of the Congressional Committees Investigating the Iran-Contra Affair*, Appendix B, Vol. 11: Depositions, 100 Congress, First Session, 1988, 19 <https://www.maryferrell.org/showDoc.html?docId=146481#relPageId=43>
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- 238 Robert Perry, "Debunking the Debunkers of October Surprise" (Excerpt from *America's Stolen Narrative*), FAIR, March 2013, <https://fair.org/extra/debunking-the-debunkers-of-october-surprise/>.
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- 241 Susan Trento, *The Power House: Robert Keith Gray and the Selling of Influence and Access in Washington* (St. Martins, 1992), 129. <https://archive.org/details/powerhouserobert00tren>
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- 244 Persico, Casey, 232.
- 245 Brewton, *The Mafia*, 7. To make things more complicated, Tracor was in 1985 involved in a joint venture to produce and install hush kits for Boeing 707s. Customers of these particular hush kits included Buffalo Airways, one of the successors to Global International Airways formed by Farhad Azima. See Brewton, *The Mafia*, 318.

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- 248 "Shackley deposition," 144.
- 249 *Report of the Congressional Committees Investigating the Iran-Contra Affair*, Vol. 1, 164, <https://www.maryferrell.org/showDoc.html?docId=146504>.
- 250 *Joint Hearings Before the House Select Committee to Investigate Covert Arms Transactions with Iran and Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition: Testimony of Robert C. McFarlane, Gaston J. Sigur, Jr., and Robert W. Owen*, One Hundredth Congress, First Session, May 11, 12, 13, 14, and 19, 1987, p. 244, <https://archive.org/details/Iran-Contra-HearingsTestimonyTranscripts/1987-irn-0003-McFarlane-Sigur-Owen/>.
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- 252 Trento, *Prelude to Terror*, 284.

CHAPTER 7

A KILLER ENTERPRISE

OUTLAW BANKS

“We must learn to ‘feel’ that BCCI is this *Power*,” read a bizarre memo once circulated by the Bank of Commerce and Credit International, better known as BCCI. That “power” was a reference to the image printed in light tones behind the text – a print of Michelangelo’s famous *Creation of Adam*, the fresco painting that adorns the ceiling of the Sistine Chapel. It shows God, surrounded by angels and with his finger outstretched, reaching toward the first man, Adam, imbuing him with the gift of life. In continuing the reference to Michelangelo’s depiction of the divine spark, the memo stated that BCCI is “not merely a group of branches, a set of facts and figures. Since, BCCI is a power, a spirit, a Desire – it is all encompassing and enfolding – it relates itself to cosmic power and wisdom, which is the will of God.”¹

Founded in 1972, BCCI certainly wielded considerable power in its day, though its power was hardly of a spiritual or benevolent variety. When it finally collapsed after a nearly two-decades run, thanks to forced closures brought about by regulators and law enforcement, so too did the “planetary Ponzi scheme” it had been running.² At the time of its collapse in 1991, *TIME* ran a lengthy story describing the bank as the “dirtiest bank of them all.”³ The authors of that article, Jonathan Beaty and S. C. Gwynne, also wrote that Robert Morgenthau, Manhattan’s district attorney, had stated that he received no help from the Justice Department when he launched his own investigation into the bank.

Obfuscation and protection from the highest levels of power were defining characteristics of BCCI. The bank’s founder, Agha Hasan Abedi, who had a penchant for occult ramblings and mind games, surrounded himself with a bevy of politicians, community leaders, business giants, powerful criminals, and spooks.⁴ Prior to the formation of BCCI, Abedi, a Pakistani banker, had been an economic

advisor to Sheikh Zayed bin Sultan Al Nahyan. Sheikh Zayed had been the driving force behind the formation of the United Arab Emirates and was the union's first leader. According to one person close to Abedi, he had been the one who had first planted the idea of what would become the UAE in Sheikh Zayed's mind.⁵

Abedi was something of a cosmopolitan, an internationalist, and an opponent of classical colonialism in the developing world. At the same time, he opposed socialist currents sweeping across the Middle East and elsewhere. A self-described liberal, he first conceived of BCCI as a "world bank, a global bank for the third world."⁶ With backing from Sheikh Zayed, the Saudi royal family, and probably the Saudi intelligence service, what developed was something else entirely. BCCI's expertise was in money laundering, capital flight, fraud, and much, much worse.

While the conventional narrative presents BCCI as an enterprise whose origins lay in Pakistani-Saudi networks of power, influence, and finance, there have also been allegations that the bank's origins also involved the CIA. A 1992 report published in *Newsweek* cites an anonymous former officer of BCCI and its predecessor, United Bank, as well as a close associate of Abedi's, who asserted that Abedi "had worked with the CIA during his United Bank days and that the CIA had encouraged him in his project to launch BCCI, since the agency realized that an international bank could provide valuable cover for intelligence operations."⁷ This same source specifically mentioned Richard Helms, CIA director from 1966 until 1973, as having been involved in the bank's creation. He told *Newsweek*, "What I have been told is that it wasn't a Pakistani bank at all. The guys behind the bank weren't Pakistani at all. The whole thing was a front."⁸

According to Beaty and Gwynne, the bank's organizational structure was divided between two very different worlds. On the front-facing side, "more conventional departments of [BCCI] handled such services as laundering money for the drug trade and helping dictators loot their national treasuries." On the back end, meanwhile, was something that was called the "black network," which reportedly continued after the demise of the bank. This black network "operates a lucrative arms-trade business and transports drugs and gold," engages in sex trafficking and maybe even murder-for-hire. In some cases, it even helps shape the military capacities of entire nations.⁹

Thus, BCCI supported the work of A.Q. Khan, a Pakistani nuclear physicist and engineer known as the father of Pakistan's nuclear weapons program. This work had begun after India tested the "Smiling Buddha," their own nuclear

weapon, in 1974 and it was carried out under the auspices of Khan Research Laboratories. The clandestine laboratory operated several front groups, one of which was the Ghulam Ishaq Khan Institute of Engineering Sciences and Technology. A “philanthropic” arm of BCCI, the BCCI Foundation, provided funding for this institute.¹⁰

According to Beaty and Gwynne, BCCI obtained, on behalf of Pakistan and Iraq, an experimental weapon called a “Columbine head.”¹¹ Columbine heads were allegedly a type of thermobaric bomb, better known as a “fuel air explosive,” as they suck in the surrounding air to create a powerful explosion.

It was not all bombs, however, when it came to BCCI’s activities in Abedi’s home country. The bank also played an important role in tightening relations between Pakistan and states in the Persian Gulf. The economic development of Saudi Arabia and Abu Dhabi had been built on the massive flow of cheap labor from Pakistan. There was a reciprocal flow of money from those states back to Pakistan through migrant remittances, that is, money sent by laborers to their families at home.

In the developing world, remittances are often a complicated issue, with the lack of strong banking sectors and financial regulations resulting in everything from overcharging for financial transactions to outright theft. BCCI stepped into this world and soon made itself the primary conduit for the flow of such money. It was a win-win for all parties: the functioning of this system solidified the use of Pakistani labor by states in the Persian Gulf, while Pakistan received in-flows of foreign currencies. It was good for BCCI, too: the remittance float was registered on BCCI’s balance sheets, allowing the bank to appear far more cash-rich than it really was.¹²

Other services that BCCI provided for the Arab ruling families included the procurement of “Pakistani prostitutes ... typically teenage girls, known as ‘singing and dancing girls.’”¹³ When discussing these types of activities, the Congressional report on BCCI came close to revealing the bank/black network dichotomy discussed by Beaty and Gwynne in *TIME*. The head of BCCI’s Pakistan operations was a close friend of Abedi named Sani Ahmad. Nazir Chinoy, BCCI’s general manager for France and Africa, told investigators that “Sani was the trusted man for things no one else was supposed to know. We were the technocrats. Sani Ahmed would handle the things we wouldn’t, like get girls. If

anyone paid anyone any money [as a bribe], Sani would have been the one to do it.”¹⁴ BCCI’s role in sex trafficking, including of minors, is discussed in chapter 11.

Early on, BCCI saw a pipeline into the US financial system as being necessary to its success. The earliest attempts to cement this connection saw Abedi court American Express. This plan was abandoned when American Express demanded significant influence over BCCI’s internal activities. Abedi then pivoted toward Bank of America, one of the largest American banks that, since the 1960s, had been active in the Eurodollar trade. Bank of America became a large stakeholder in BCCI, holding some 30 percent of the stock, and a number of the bank’s officials joined the BCCI board.

Bank of America later sold that 30 percent, expressing concern over BCCI’s activities. It looked like Bank of America was engaging in due diligence, but appearances were deceiving. As the Congressional BCCI report pointed out, Bank of America “would in fact retain correspondent banking relations with BCCI, continually seek additional business from BCCI, collude in at least one of BCCI’s purchase of foreign banks through nominees in South America, and earn a great deal of money from the relationship until BCCI’s closure.”¹⁵

Ultimately, Bank of America’s sale of the shares simply allowed BCCI to further develop its complicated web of front companies, proxies, and offshore entities that it used to mask its activities. The bank turned to ICIC (Overseas) Limited, set up in the Caymans by BCCI, to act as a clearinghouse to sell shares of BCCI subsidiaries.¹⁶

Beyond their relationship with Bank of America, BCCI’s major penetration of the US financial system came through the bank’s involvement with Bert Lance, a prominent banker from Atlanta and a close friend of Jimmy Carter. He served as an advisor to Carter’s 1976 presidential campaign and was subsequently named director of the Office of Management and Budget (OMB). However, Lance was soon forced from his post under the cloud of scandal. In the words of the Congressional BCCI report, “By September 21, 1977, when Bert Lance tendered his resignation from the position of director of the [OMB] to President Jimmy Carter, Lance had become the most notorious banker in the United States.”¹⁷

Lance’s notoriety was directly related to the National Bank of Georgia, of which Lance had become president in 1975. His time there was marred by controversy. For instance, he had particularly tense relations with the bank’s parent company, Financial General Bankshares (FGB), “for making loans which

both exceeded his lending limit and were not secured by collateral.”¹⁸ These activities, as well as similar ones that Lance had carried out at other banks, haunted him during his time at the OMB, particularly when Carter asked Congress “to suspend ethics rules that would have forced Lance to sell 190,000 shares of stock he owned in National Bank of Georgia. He based his request on the ground that Lance would lose \$1.6 million if he was forced to sell, because the bank’s stock was depressed.”¹⁹ His request instead resulted in a sweeping investigation into Lance’s banking practices.

Lance was also violating regulations by engaging in other financial activities while serving in public office. FGB’s major stockholder and controller, Gen. George Olmsted, was under orders from the Federal Reserve to unload his stock due to laws governing holding companies. He approached Lance for help, and Lance began the hunt for buyers for their holdings in FGB and National Bank of Georgia.

Olmsted is an intriguing figure, and his history in banking might shed some light on why FGB was such a hot commodity in the 1970s. During World War II, Olmsted wore many hats, with involvement in everything from managing lend-lease arrangements to working in intelligence in the China-Burma-India theater. After the war, he took control of International Bank in Washington, DC, and built a business empire with extensive holdings in other banks, real estate, and insurance companies. It was through International Bank that he bought his controlling stake in FGB. Another major International Bank holding was the Cayman Islands-based Mercantile Bank & Trust. Mercantile was one of the many banks that composed Paul Helliwell’s dark money network, and it owned a stake in his Castle Bank & Trust.²⁰

During his last days as director of OMB, Lance put Olmsted in touch with J. Middendorf, who had served as Secretary of the Navy and as ambassador to the Netherlands under President Nixon. Middendorf was also close to Carter, who had offered to retain him as Navy Secretary. Middendorf opted instead for a career in the private sector. He was immediately intrigued by Lance’s plan, and the “Middendorf Group” was put together to take over FGB.

The Middendorf Group consisted of prominent business figures like Jackson Stephens, the Arkansas kingmaker behind Stephens, Inc.; the banker Jorge Pereira; and Armand Hammer of Occidental Petroleum. Stephens, discussed in greater detail in the next chapter, was particularly important to the whole chain of

events involving FGB and its takeover by BCCI. He had known Lance since at least 1975, likely through their mutual support for Jimmy Carter, whom Stephens had allegedly known since their days at the Naval Academy. Stephens and Lance continued to work together on selling-off FGB even after the Middendorf Group fell apart. Reportedly, Stephens was involved in the bank's convoluted affairs because he "wanted FGB to use a company he controlled, Systematics Inc., for its data processing business."²¹

Other prospective buyers had different motives. Armand Hammer, for example, saw a gold mine of valuable information that could be leveraged for political and economic gain. FGB "had outstanding loans to more than one hundred US senators and congressmen.... Hammer explained that all these congressional borrowers had submitted statements to the bank that revealed their precise financial status, including their debts, earnings, real estate holdings, other assets.... Hammer had blackmail in mind."²² As will be mentioned in Chapter 9, Hammer's father had been a spy for Soviet intelligence, and suspicions that he too had a relationship with the security-intelligence apparatus of the USSR dogged Armand Hammer for years. This makes his interest in using FGB for the "financial blackmail" of American senators and congressmen particularly significant.

However, Hammer eventually abandoned his takeover scheme and sold off his shares to BCCI frontmen. It is possible that his encounter with the bank was not a one-off event, however, as throughout the 1970s, roughly one million shares in Hammer's Occidental Petroleum were held by one of BCCI's agents, Ghaith Pharaon. In a *New York Times* blurb on the arrangement, Pharaon was described as Occidental's representative in Saudi Arabia.²³ Later, Occidental partnered with the London-based Attock Oil Co. Ltd., which was led by a handful of BCCI players. These included Pharaon and Kamal Adham, the former Saudi intelligence chief and co-founder of the Safari Club.²⁴

BCCI came to be involved with FGB only after the Middendorf Group had begun to split apart. The primary agents in the BCCI takeover of FGB were Lance, Stephens, and Eugene Metzger, a Washington attorney who had formerly served in the Justice Department and the Office of the Comptroller of the Currency. It appears that BCCI was first interested in the FGB subsidiary, National Bank of Georgia. During a meeting with a BCCI representative in Little Rock, Arkansas, Stephens and Lance suggested that they purchase FGB. Shortly thereafter, the pair, joined by Metzger, began to accumulate large holdings of FGB stock,

purchased on both the open market and from individual shareholders. These shares were then sold to investors operating on behalf of BCCI, including Kamal Adham.

By January 1978, BCCI had secretly gained control of 20 percent of FGB. Facing a hostile takeover, the bank's leadership hit back with a lawsuit aimed at Abedi, Lance, Metzger, Stephens, and Stephens' companies Stephens Inc. and Systematics.²⁵ The US Securities and Exchange Commission launched its own suit, charging securities fraud. To defend itself against this legal onslaught, the "Lance group" retained the services of Clark Clifford and Robert Altman. According to Clifford and Altman, this was their first interaction with BCCI. Their timeline may not have been entirely truthful, however, considering the contents of a *Washington Post* article from December 1977. In the article, Altman is quoted as saying that Lance was involved with "Middle Eastern financial interests" and had set up for them "a holding company to direct their capital into banks and other U.S. investments."²⁶

The SEC suit was settled quickly, but the challenge posed by FGB tossed roadblock after roadblock in BCCI's path. The battle dragged on for a year before a Maryland judge ruled in favor of FGB, stating that the bank could not be acquired via hostile takeover. BCCI was blocked but not defeated. Clifford selected three of his close associates to act as hidden proxies for BCCI's interests and managed to get them onto the board of FGB. One of these individuals, former Senator Stuart Symington, was also made the chairman of a company, registered in the Netherland Antilles, called Credit and Commerce American Holdings N.V. Credit and Commerce American Holdings' stock was owned by various BCCI principals, and it acted as the holding company for Credit and Commerce American Investments B.V.

Another man involved in Credit and Commerce American Holdings was Mohammed Rahim Motaghi Irvani, an Iranian billionaire and a business partner of former CIA director Richard Helms.²⁷ Irvani, referred to in the BCCI Affair as "BCCI's lead front-man in the original takeover" of FGB, was directly assisted by Helms in these efforts. As a result, media reports later noted that "U.S. Senate investigators are examining dealings between Helms and Irvani that it said raise questions about the CIA's knowledge of BCCI's evolution into a criminal organization."²⁸

Helms and Irvani also had interlocking business interests with Roy Carlson, the Bank of America executive who had overseen the bank's 1972 purchase of 30 percent of BCCI's shares. In 1975, Carlson left Bank of America to oversee the business interests of Irvani.²⁹ Years later, Carlson became vice president at Helm's consulting firm.³⁰ Both Carlson and Abedi also had documented ties to BCCI. Carlson had accompanied Abedi on business trips, while Irvani had been recruited into BCCI's affairs directly by Abedi himself.³¹

This maze-like structure of offshore companies hid the ultimate controlling body, which of course was BCCI. By forming yet another layer, a dummy company set up beneath Credit and Commerce American Holdings, BCCI was able to evade the prohibition of regulators and finally take control of FGB. Clifford and Altman relayed to regulators that these new purchasers were in no way connected to BCCI, and despite the overwhelming abundance of evidence that they *were* BCCI proxies, the Federal Reserve and other regulators began the approval process. In this sudden about-face, the US government appeared to be simply ignoring the obvious.

Catherine Austin Fitts, former assistant secretary for housing—federal housing commissioner at the US Department of Housing and Urban Development during the George H.W.Bush administration and an investment banker with the Hamilton Securities Group and Dillon, Read & Co., was placed on the board of First American Bankshares (the name of FGB following its takeover by BCCI) following the collapse of BCCI in 1991. She later stated that, after reading through troves of documents regarding the bank's activities prior to its implosion, it was clear that there was “no way” its clandestine activities were carried on without the full knowledge of the Federal Reserve, specifically the Federal Reserve Bank of New York, and the White House.³² Did such knowledge extend back to the when BCCI finally gained control of FGB?

After the takeover, FGB was rechristened First American Bankshares, and an impressive plan for growth was launched. Clifford stated that he wanted First American “to be one of the twenty biggest banks in the country,” and, by 1989, it held over \$11.5 billion in assets.³³ It also embarked on a close working relationship with its hidden parent company. Dozens of BCCI subsidiaries held accounts at First American branches, and Abedi arranged for BCCI managers to take top positions at the bank.

Meanwhile, Abedi courted US politicians and developed a particularly close bond with Jimmy Carter.

As BCCI burrowed deeper into the US financial system, Abedi and his close cohorts became involved with the Carter Presidential Center. Abedi, Adnan Khashoggi, and Clifford were all large donors to the center, and BCCI became a mega-donor to a third world development project set up by Carter called Global 2000. Abedi was selected to serve as co-chairman of Global 2000, while Carter himself was the acting chairman.³⁴

Another politically connected philanthropic outfit that BCCI became connected to was called the Chiefs of Police National Drug Task Force (COP), which received money from First American.³⁵ The head of COP was the Utah senator Orrin Hatch, who became a defender of BCCI during its collapse and who had ties to a number of its principals. Another figure involved in COP was Randy Anderson, the son of DC journalist Jack Anderson whose roles in Watergate and the Profumo Affair were discussed in previous chapters.

First American's board included Robert Keith Gray, who joined shortly after the bank was renamed.³⁶ Seven years later, in 1988 – after Gray had rejoined Hill & Knowlton, with his Gray and Company becoming a subsidiary of the firm – H & K was retained by BCCI after the bank was indicted in Tampa for drug-money laundering. As part of its campaign to distance BCCI's image from illicit activity, H & K “disseminated materials discrediting persons and publications whose statements were later proved accurate about BCCI's criminality.”³⁷

As for FGB's/First American's subsidiary, National Bank of Georgia – it was purchased by BCCI front man and business partner of Armand Hammer, Ghaith Pharaon. While the Office of the Comptroller of the Currency expressed concern over the purchase, the regulators ultimately allowed these transactions to go through. Roy Carlson, the former Bank of America executive who first forged ties between that bank and BCCI, was “recruited by Abedi to run the National Bank of Georgia” after it was purchased by Pharaon.³⁸ Several years later, Pharaon resold the bank to none other than First American.

Pharaon, it should be mentioned, maintained significant political connections of his own. Just prior to his first encounter with Bert Lance, he had bought a large block of stock in the Main Bank of Houston, Texas. Another Arab investor was the Saudi billionaire Khalid bin Mahfouz, the power behind the prominent National Commercial Bank. Like Pharaon, bin Mahfouz was extremely close to BCCI and

even owned shares in the bank. Later, in 1986, plans were underway for bin Mahfouz to take over both BCCI, and Credit and Commerce American Holdings, but internal auditors for National Commercial raised too many questions about the arrangement.³⁹

Other investors in Main Bank alongside Pharaon and bin Mahfouz included John Connally, the former governor in Texas who was soon to become a major player in the world of defrauding savings and loans. There was also James R. Bath, a close friend of George W. Bush and, according to his former partner, Bill White, a CIA asset who had been personally recruited by George H.W. Bush in 1976, when Bush was director of the Agency.⁴⁰

Bath had a long career in aviation, real estate, and finance. Early on, he became a vice president at the Texas division of Atlantic Aviation, which was controlled by the powerful DuPont family. This was followed by Bath/Bentsen Interests, a real estate development company that he co-founded with Lan Bentsen, the son of future Clinton treasury secretary, Lloyd Bentsen Jr. In 1976, the year he was reportedly recruited by G. H.W. Bush and the CIA, he created Jim Bath and Associates. Almost immediately thereafter, Bath's career took a rapid, upward ascent: "He was named as trustee for Sheikh Salem bin Laden of Saudi Arabia. ... Bath's job was to handle all of bin Laden's North American investments and operations."⁴¹ He also was made the trustee for bin Mahfouz's US investments.

Russ Baker, in *Family of Secrets*, recounts how Bill White told him that Bath's recruitment by G. H.W. Bush was intimately connected to the growing relationship between Saudi Arabia and Texas oil.⁴² Bath, it seems, was something of a middle man for these two parties – and his presence alongside the two BCCI-linked individuals, Khalid bin Mahfouz and Ghaiith Pharaon, should be understood in that context.

BCCI's reach extended far beyond Saudi Arabia, Pakistan, and the United States, as it was truly global in scope. The bank maintained, for example, a presence in the People's Republic of China. During the "reform and opening up" of the PRC under the leadership of Deng Xiaoping, BCCI was the second foreign bank to open branches in the country. It "secured substantial deposits from the Chinese government and its business affiliates"; according to the BCCI Affair, Chinese officials and government entities lost around \$500 million when the bank collapsed.⁴³ BCCI also maintained joint ventures with other businesses within

China. One of these was the China-Arab Bank, a joint venture with the Abu Dhabi Investment Authority.

At the time, the relationship between the PRC and the Soviet Union was considerably strained – and yet BCCI was in the USSR as well. In an appendix to the BCCI Affair titled “Matters for Further Investigation,” the joint activities of BCCI and the Foreign Trade Mission of the Soviet Union in London was highlighted as significant, but little information was added. The report states that “obtaining the records of those financial transactions would be critical to understanding what the Soviet Union under Brezhnev, Chernenko, and Andropov was doing in the West.”⁴⁴

One clue as to USSR-connected activities was reported by Jonathan Beaty and S. C. Gwynne in their book on BCCI. Beaty was told by a German arms dealer, whom they refer to as “Heinrich,” that the Soviets were buying Western high technology via BCCI – in this instance the Navstar GPS system.⁴⁵

Throughout the third world, BCCI presented itself as a development bank. This allowed it to gain intimate access to governments, emerging markets, and the financing systems that they required. It was the “second largest of all lenders to the Congo,” while in Cameroon it developed close ties to the country’s finance ministry – and bribed them to take high-interest loans from the bank.⁴⁶ The *BCCI Affair* charges that BCCI cultivated relationships with the United Nations outpost and the US embassy in Cameroon as well. In Nigeria, meanwhile, BCCI cozied up to the nation’s central bank and apparently traveled with their top financial functionaries throughout the world. One witness reported that, at a meeting of the World Bank in Seoul, they had observed “one of the BCC[I] officers with a lot of cash, handing it out to the staff of the central bank of Nigeria.”⁴⁷

In Jamaica, BCCI became the intermediary between the state and the world financial system. It handled “essentially every foreign current account of Jamaican government agencies.”⁴⁸ US government agencies were involved in this corruption of the Jamaican government, as BCCI became “involved in financing all of Jamaica’s commodity imports from the United States under the U.S. Commodity Credit Corporation.”⁴⁹ The CCC itself was no stranger to skullduggery. As will be seen, it was implicated – along with BCCI and several connected banks – in the transfer of armaments and munitions to Iraq at the height of the Iran-Iraq War.

Through the Gulf Group – headed by Abbas, Mustafa, and Murtaza Gokal – BCCI had a foothold in global shipping. Abedi was particularly close to Abbas Gokal, the main figure in Gulf’s shipping lines. He had courted him early on in BCCI’s existence, and an ever-escalating series of loans fueled the Gokal’s maritime interests, allowing the family to quickly control an impressive fleet. The Gulf Group and BCCI were so fundamentally interwoven, acting as practical extensions of one another, that when BCCI collapsed, the resulting shockwaves profoundly destabilized Gulf.⁵⁰

Like Ghaith Pharaon, Abbas Gokal sometimes acted as a front man or proxy for BCCI. In 1975, for example, he attempted to acquire Chelsea National Bank, a small New York City bank. Regulators very quickly recognized that Gokal had practically no familiarity with the ins and outs of bank ownership – and they saw how closely tied he was to BCCI. In 1976, Gokal admitted that, upon acquiring the bank, he had planned to bring in a BCCI management team to run its operations.⁵¹

In the early 1980s, Gokal approached the intelligence/organized crime-linked Bruce Rappaport with an offer to buy 50 percent of his Inter Maritime Bank. Rappaport declined the offer and instead sold 19.9 percent of the bank’s shares to the Gulf Group and added Abbas to his board of directors.⁵² Later, when he was shuffled off to prison for his fraudulent activities with BCCI, Abbas’ personal secretary went to work for Rappaport.

Was Gokal fronting for BCCI in Rappaport’s organization? It seems likely, as Rappaport himself maintained numerous ties to the bank. One of his top money managers, the Swiss banker Alfred Hartmann, was himself a BCCI frontman, while Rappaport held a significant stake in the illustrious Bank of New York, which was one of BCCI’s correspondent banks. Bert Lance, meanwhile, had mentioned Rappaport in his testimony before the official BCCI inquiry, stating that he believed that Rappaport had been dispatched by William Casey, Rappaport’s close friend, to spy on him and keep tabs on BCCI. “Lance said that Rappaport maintained contact with him for a period of years until the death of Director [William] Casey,” the *BCCI Affair* states, before adding that Lance “failed to mention in his testimony that despite his suspicions of Rappaport, he arranged with him to have one of his sons work in the financier’s New York bank.”⁵³

Both Rappaport and BCCI were also engaged in various activities in the oil-rich nation of Oman. BCCI had been active there since 1973, when, together with

Bank of America, it set up the National Bank of Oman. Peter Truell and Larry Gurwin, in *False Profits*, note that the National Bank of Oman “became one of BCCI’s biggest units, with fifty-five branches.”⁵⁴ Tellingly, the *BCCI Affair* suggests that “BCCI may have been moving money through the National Bank of Oman to fund the war in Afghanistan,” before adding that the National Bank of Oman and its CEO, Qais-Al Zawawi, also did business with CIA director Casey’s associate, Bruce Rappaport.⁵⁵

Interestingly, one of the most active players in Oman’s oil market was John Deuss, the enigmatic oil trader whom Ted Shackley had gone to work for after leaving the CIA. In fact, Deuss reportedly hired Shackley specifically to help him operate in Oman.⁵⁶ According to one of Deuss’ associates, journalist Susan Mazur, Deuss’ main contact in Oman was Qais-Al Zawawi of the National Bank of Oman. Could there have been a connection with the purported use of the bank by the CIA to finance the Afghan Mujahideen? It is certainly possible. As mentioned in the last chapter, there are rumors that EATSCO, the freight forwarder managed by Shackley’s crony Thomas Clines, was involved in the movement of arms and other war supplies to the Mujahideen.

Yet another major player in Oman during this period was a firm called Tetra Tech International. Once a subsidiary of Honeywell, Tetra Tech was run by former CIA officer James Critchfield, who was not only an old Middle East hand, but also a close associate of Shackley. In 1979, Tetra Tech was “given supervisory control ... over the operations of [eleven] government ministries.”⁵⁷ Major construction projects, the management of ports, the telecommunication infrastructure, the post office, and food inspections were just a handful of the things that Tetra Tech controlled in Oman. In addition, as noted in the last chapter, Donald Jameson, a CIA veteran who went to work for Tetra Tech, had been one of the attendees of the Le Cercle meeting tied to the October Surprise plot.

As the *BCCI Affair* makes clear, investigators also suspected a potential connection between Tetra Tech International and the similarly named Tetra Finance, a Hong Kong-based financial outfit that was closely integrated with the Hong Kong Deposit and Guaranty Company.⁵⁸ Playing an active role in each of these institutions was John Shaheen, one of William Casey’s “Hardy Boys” and a central figure in the October Surprise plot. Shaheen was paid by each bank to broker deposits and to court wealthy Arabs to join their boards. Individuals who

maintained a post on the board of each included Hassan Yassin, Kamal Adham's successor as Saudi intelligence chief and a cousin of Adnan Khashoggi. Another was Al Mazrui, the head of the Abu Dhabi Investment Authority and director at BCCI.

Once again, BCCI appears, albeit surrounded by heavy fog, in the background of the covert conflicts of the 1980s. The support for the Mujahideen was just one of many such instances. Another is the Iran-Contra affair. A global web of operations and cooperating and competing factions, each with logistical networks dedicated to arms dealing, drug smuggling, and money laundering, the complexity of Iran-Contra is simply mind-boggling. Despite its involution, at nearly every level of these interlocking components and operations, one invariably finds the tendrils of BCCI.

BLACK EAGLE

When the Kerry Commission on terrorism, narcotics, and international operations was underway in the early 1990s, longtime BCCI executive Amjad Awan was one of the witnesses called to testify. Awan told the commission that he had acted as the banker for Manuel Noriega, the strong-man who had first come to power in Panama in 1983. Noriega would deposit "\$3 million at a time in \$100 bills" in BCCI, while Awan would disperse "\$20,000 payments to Panamanian politicians at Noriega's request."⁵⁹

Furthermore, according to Awan, Clark Clifford's partner Robert Altman had personally intervened to obscure the massive flow of Noriega-connected funds into BCCI. As BCCI collapsed and regulators and politicians subpoenaed internal bank documents, Altman hid them by having them relabeled as "attorney work product."⁶⁰

A sizable chunk of Noriega's wealth came from his deep involvement in the Latin America drug trade. According to Carlos Lehder, the Medellin cartel boss who had worked closely with Robert Vesco in the Bahamas, Noriega reached an agreement with Pablo Escobar and other Medellin leaders that made Panama a transshipment point for Colombian cocaine destined for the US. In exchange for "\$1000 for each kilogram of cocaine and a percentage of every dollar of drug proceeds flown to Panamanian banks," Noriega was purported to have guaranteed the safe passage of drug flights in and out of various airstrips across the country.⁶¹

Partial corroboration of Lehder's claims comes from Steven Kalish, an American drug smuggler who worked closely with Noriega's pilot, Cesar Rodriguez. Kalish was made a partner in Servicios Turisticos, a Panamanian airline owned by Rodriguez and Noriega, and was given "special military protection for shipments of money into the country."⁶² According to Kalish, the relationship between Noriega and the Medellin cartel did not fully blossom until 1984, when he arranged for some of their cohorts to be released from Panamanian jail.

Noriega was also a CIA asset and had been since 1967, becoming the Agency's eyes and ears in Panama. He became particularly close to George H.W. Bush when the future president was director of the CIA. Peter Dale Scott and Jonathan Marshall write that, in 1976, "CIA director George Bush arranged to pay Noriega \$110,000 for his services [and] put the Panamanian up as a house guest of his deputy CIA director."⁶³ Noriega enjoyed a similar camaraderie with Bush's rival, CIA director William Casey, who is alleged to have met with Noriega repeatedly in Washington, DC.

That Noriega served as both *de facto* drug baron and the CIA's man in Panama became an issue for the US during the early 1980s, when Casey launched the first operations to support the Nicaraguan Contras in their fight against the ruling Sandinistas of Nicaragua. According to various journalists writing in the late 1980s this operation was code-named "Black Eagle."⁶⁴

Howard Kohn and Vicky Monks, in their 1989 *Rolling Stone* article on the operation, stated that, very early on, Casey recruited Israel's Mossad "to arrange for the acquisition and shipping of weapons to the Contras."⁶⁵ As noted in the last chapter, Mossad had its own man in Panama, Michael Harari, who worked as an arms trafficker and security consultant for Noriega. The "Harari network," as it was later dubbed, overlapped with the drug smuggling networks that were operated in Panama by the Medellin cartel. Though he was no longer officially in the employ of Mossad by this point, Harari's activities were funded to the tune of \$20 million from Israel.⁶⁶

José Blandón, one of Noriega's top advisors, later told journalists that Harari had worked with Duane Clarridge, the head of CIA operations in Latin America, and Donald Gregg, Vice President Bush's National Security Advisor, to establish a network of bases for logistical support of the Contra conflict. Kohn and Monks appear to corroborate Blandón's story, writing that the vice president's office did

have a role in the Black Eagle operation and that the man on the ground had been Donald Gregg. They add that the airstrips in Panama utilized by the CIA were the same as those being used by the Medellin cartel and that the arrangement between these parties had first been set up by Israel.

Independent accounts show that the prime years that Black Eagle was purported to have been running, 1982 and 1983, were busy ones for the US and Israel.⁶⁷ In November 1982, the US government admitted to supporting rebel forces in Nicaragua. By March of the following year, the CIA had set up a \$50 million intelligence apparatus in Latin America that was largely focused on Nicaragua, and US military advisors were placed in Honduras to advise the main Contra group, the Fuerza Democrática de Nicaragua or FDN. In the summer of 1983, the *New York Times* reported that Israel, at the urging of the US, was providing arms, confiscated from the PLO in Lebanon to the Contras.

In 1984 and 1985, Black Eagle began to fall apart. This was in no small part thanks to Noriega. As Kohn and Monks noted:

While helping to raise funds for the contras, Noriega was pursuing a favorite pastime – adding to his store of potential political-blackmail material. An insatiable collector of “negative information” about both friends and foes, Noriega is known to have hidden video and audio equipment in government offices to record meetings and phone calls. Early in the Black Eagle operation, according to Blandón, Noriega began to compile a dossier about the role of Bush and his staff. In the dossier is said to be copies of status reports sent to Gregg and videotapes of meetings held in Noriega’s office, plus a special report that Blandón prepared about Black Eagle on Noriega’s orders.⁶⁸

With Noriega acting increasingly bold, tensions reportedly developed between US and Israeli operators throughout Latin America, each worried that the other would hang them out to dry if the link between the pro-Contra efforts and the Medellin drug flights was revealed.

Another issue was the increasing unpopularity of the Contra war in the US. Beginning in 1982, a series of laws passed by Congress limited the ability of the Reagan administration to provide military aid to Contra groups. This reached its apex with the 1984 Boland Amendment, which prohibited all US military aid to the Contras and hampered the CIA’s Nicaraguan operations. With a crisis mounting, Casey began to search for an alternative system that would allow him to continue the covert war. Soon, with the aid of his new protégé Oliver North, “the Enterprise” would be up and running.

The Enterprise appears to have been named as such because it was fundamentally a money-making endeavor, and its numerous tendrils and interlocking components cut across as many business ventures as they did covert operations. It was also an offshoot – if not a direct continuation – of Shackley’s private-intelligence apparatus. Richard Secord, who had been involved in the overbilling scam at the Pentagon that provided funding for EATSCO, was one of North’s right-hand men in the Enterprise’s money networks. Joining him was Albert Hakim, another veteran of Shackley’s world, as was Thomas Clines. As alluded to previously, the arms-for-hostage deals that ultimately torpedoed the Enterprise’s activities had come to North’s attention from a complex changing of hands. It had originated, however, in a meeting between Shackley and Iranian interests.

North, a marine and veteran of the Vietnam War, was apparently recruited into Shackley’s network in the early 1980s. In 1981, he joined the National Security Council (NSC), and in 1983 – right in the middle of Black Eagle – he became the NSC’s deputy director for political-military affairs. During his first two years at the NSC, however, he was an assistant to Robert “Bud” MacFarlane, who soon became Reagan’s National Security Advisor. MacFarlane’s career had depended on his development and maintenance of connections to prominent players. For instance, he had served as military assistant to Henry Kissinger and accompanied him on his secret trips to China. At the end of the 1970s, he was appointed by John Tower to head the US Senate Committee on Armed Services, and in 1981 he became an assistant to Alexander Haig. Tower’s critical role in the subversion of US national security by aiding Robert Maxwell in the PROMIS scandal is detailed in chapter 9. Notably, Tower and Maxwell had first been brought together by Henry Kissinger.

According to Joseph Trento, MacFarlane’s early work for Kissinger had been arranged by his mentor, Col. Jack Brennan, who was Nixon’s last chief of staff.⁶⁹ Brennan and MacFarlane had stayed in touch over the years, and, at some point, North, while working under MacFarlane, was introduced to Brennan’s associate, Lt. Col. James M. Tully. Tully was close to Shackley and Secord.

Trento writes that he was told by Marine colonel and sometimes CIA asset William Corson that North had informed him about his growing ties to this crowd, who were then being used to operate off-the-books operations for the CIA and the National Security Council. “It was then that I realized what had

happened,” Corson reportedly said. “These dumb bastards got sucked into the old Ed Wilson crowd: Shackley, Secord, Clines. The administration had let these guys in the tent, and it was only a matter of time before they owned the circus.”⁷⁰

THE STRUCTURE OF THE ENTERPRISE

The basis for the Enterprise was a company founded by Richard Secord and Albert Hakim in 1983 called Stanford Technology Trading Group International (STTGI). It was one of many similarly-named companies that the pair had set up. They had formed the nearly identical Stanford Technology Corporation in the 1970s, and had since set up StanTech Services S.A.; Stanford Technology Corporation Services, S.A.; and Scitech, S.A, among others. A year after STTGI was formed, North introduced Secord to Adolfo Calero, the leader of the FDN, the CIA’s preferred Contra group. An arrangement was made where, thanks to a sizable cash donation from Saudi Arabia, STTGI would buy arms and resell them to the Contras.

This basic business arrangement rapidly ballooned during 1985 and 1986. Throughout 1985, Manucher Ghorbanifar (who, as previously noted, had brought an arms-for-hostages deal to Shackley), Israel’s David Kimche, and Michael Ledeen met multiple times to discuss the possibility of an arrangement between the Reagan administration, Israel, and Iran. Ledeen often reported back to McFarlane, who was by then National Security Advisor, on these meetings. At the end of August of that year, a US arms package – including 100 TOW missiles – was dispatched to Iran via Israel.⁷¹ The initial financing for this shipment, which was routed through his accounts at BCCI, was provided by Adnan Khashoggi.

Ledeen was, at this time, operating from North’s office at the NSC, though he later claimed that North was unaware of the arms sales. North, he continued, was busy trying to arrange for the freeing of the hostages in Lebanon. Ledeen was likely dissembling: according to the Tower Report, McFarlane told President Reagan that Israel has “taken it upon themselves” to sell arms to Iran in order to try to get hostages released.⁷² Roughly a month after this first arms sale, Kimche contacted McFarlane with news that one of the hostages was to be released, and more would follow. Records show that North was tasked with handling this situation.

By October, North was holding meetings with Ledeen and Ghorbanifar as well as Al Schwimmer and other players on the Israeli side of the operation in DC. The arms sales continued smoothly for the next several months. January 1986 was when the operation took on another dimension. During the course of a meeting between Oliver North, Edwin Meese, and Amiram Nir, Israeli prime minister Shimon Peres' top counterterrorism advisor, Nir reportedly suggested to North that funds from the arms sales could be diverted to support the Contras. Shortly after this meeting, funds now destined for the Contras began to be routed through the Enterprise's byzantine maze of corporate shell and holding companies.

The Enterprise maintained dozens of accounts held in the names of various dummy companies, usually in Swiss banks such as Credit Suisse. The primary receiving accounts, which dispersed money outward into the corporate compartments set up for the ongoing operations, included Energy Resources International, Lake Resources Inc., and the Hyde Square Park Corporation.⁷³ North's Israeli co-conspirators may have had access to these accounts as well.⁷⁴

In order to manage this complex web, the Enterprise retained the services of Willard Zucker and the Geneva company he worked for, Compagnie de Services Fiduciaire or CSF. Zucker, a US tax lawyer, "had provided Hakim with financial services since the mid-1970s, when Hakim still lived in Iran."⁷⁵ Zucker's connection to these players is made all the more interesting because of his background. He had been affiliated with Investors Overseas Services and had gained a seat on the mutual fund's board during the ouster of its founder, Bernard Cornfeld.⁷⁶ There are various rumors and suggestions that Zucker was one of Vesco's proxies whom he arranged to get onto the IOS board.

Zucker's role in Vesco's takeover was obliquely referenced in a letter he wrote to Hakim concerning a trip he took to Seattle to discuss a series of business ventures with other Enterprise partners. Zucker states in the letter that he had met a businessman from Colorado who was involved in a venture with the politically connected oilman John M. King. The man offered to send Zucker materials relating to the venture, but Zucker declined. He added to Hakim that King "hates my guts because I helped bring down King Resources, the Colorado Corporation."⁷⁷

IOS had been involved with King Resources in some oil-and-gas ventures in the late 1960s, while King Resources acted as one of IOS' biggest clients. King was close to Edward Cowett, IOS' general counsel, director, and a member of its

executive team. When IOS began to fall apart, Cowett conspired to help King take control of the company from Cornfeld. It was not meant to be. King failed and his King Resources slid into bankruptcy, while Vesco, King's competitor, claimed the mutual fund.

In June 1982, CSF set up a Bermuda-based subsidiary called CSF Investments Ltd. Legal work for this company was carried out by Conyers Dill & Pearman – one of the preeminent firms specializing in offshore finance, with outposts across the Caribbean, London, and Hong Kong. The firm's cofounder, Nicholas Bayard Dill, was a powerful presence in Bermuda politics. He and his law partner, James Pearman, were directors of Coastal Caribbean Oils & Minerals Ltd. According to the National Security Archive's Iran-Contra chronology, Secord owned stock in this same company in the early 1980s.⁷⁸ Later, when Contra support operations were fully underway, CSF Investments was used to acquire aircraft.

The Enterprise maintained numerous companies to manage the aviation wing of the Contra support operations. Southern Air Transport (SAT), the CIA proprietary airline utilized in the Contra airlift that was previously Air America (and before that, Civil Air Transport), worked closely with an Enterprise dummy company, registered in Panama, called Albon Values Corp. David Rogers, a journalist for the *Wall Street Journal*, wrote that “public records in Panama City list employees in the Geneva firm, [CSF], as principals in Albon Values Corp.... Roland Farina, an accountant at CSF, and Jacques Mossaz, an attorney at the Swiss firm, are listed as principal officers in Albon Values, which was registered by a Panama City law firm, Quijano & Asociados, frequently used by CSF.”⁷⁹

Costa Rica was one of the main staging grounds for North's pro-Contra operations. Land belonging to John Hull, an American rancher, was the main location for the Contra airlift. Hull, who reportedly received a \$10,000 monthly retainer from the Enterprise, claimed to have been the CIA's main liaison with the Contras between 1982 and 1986.⁸⁰ His involvement in covert operations seems, however, to have begun before 1982. Two years earlier, a far-right paramilitary group used his ranch as their base to launch an attack on a left-wing Costa Rican radio station.⁸¹ Hull was also reportedly close to the Free Costa Rica Movement, that country's branch of the World Anti-Communist League.

In frequent contact with Hull was Robert Owen, who had been selected by North to serve as his own liaison to the Contras. Owen – unsurprisingly – had ties

to Shackley that went back to the Vietnam War, and through him he had met Neil Livingstone.

Livingstone, as discussed, had been involved in Panama with Michael Harari, which opens the possibility that he may have been involved with Black Eagle. After Owen served a stint on the staff of Senator Dan Quayle, Livingstone recruited him to work at Gray and Company, the PR firm set up by Robert Keith Gray during his time away from H & K.⁸²

Under the auspices of a PR campaign for the Contras, Livingstone set up a nonprofit organization called the Institute for Terrorism and Subnational Conflict, located in the Washington, DC, offices of the American Security Council. What it was really designed to do, according to the Congressional report on the Iran-Contra affair, was to act as an Enterprise cut-out to pay Owen for his work.⁸³ To receive these funds, Owen set up his own organization, the Institute for Democracy, Education, and Assistance (IDEA).

The same day that IDEA was formed, Owen set up a sister organization, the Council for Democracy, Education and Assistance.⁸⁴ One of the council's directors, aside from Owen, was a retired Air Force general, John Flynn, who had reportedly been recruited by Hull to serve in that role. The council took in some \$66,000 in donations for the Contras, all reportedly from the fundraising activities of conservative activist Carl "Spitz" Channell. In 1984, Channell had organized a tax-exempt foundation for the purpose of soliciting donations. This foundation, the National Endowment for the Preservation of Liberty was North's vehicle of choice for garnering private donations for the Contras and other worldwide "freedom fighters" being backed by the Reagan administration.

Through the National Endowment for the Preservation of Liberty, money provided by wealthy donors courted by North and his associates – individuals like Texas oilman Nelson Bunker Hunt, Ellen Garwood, the daughter of a prominent New Deal-era administrator, and prolific confidence man E. Trine Starnes – would be flushed into an offshore banking system.⁸⁵ Channell's partner was a PR man by the name of Richard Miller, who maintained a company called International Business Communications. Money from the National Endowment for the Preservation of Liberty would flow to International Business Communications, which in turn would deposit the money into bank accounts in the Cayman Islands under the name of "I.C., Inc." I.C., Inc. would then move the money to Enterprise bank accounts in Switzerland belonging to Lake Resources.⁸⁶

Another fundraising apparatus utilized by the Enterprise was Citizens for America.⁸⁷ Founded by conservative activist Lewis Lehrman, Citizens for America was, for a time, run by the infamous lobbyist Jack Abramoff. Citizens for America's executives met personally with President Reagan. The organization would reappear during the Franklin child abuse scandal in Nebraska (discussed in chapter 10), as Lawrence King, the man at the center of that sexual-abuse ring, was a board member of and donor to Citizens for America during the Contra years.

By 1985, cracks in the Boland Amendment were forming, and the covert apparatus was ready to take full advantage of the opportunities at hand. Congress was still blocking "lethal aid," but it authorized the State Department to move "humanitarian" supplies to the Contras. A special organization, the Nicaraguan Humanitarian Assistance Office (NHAO) was set up under the leadership of Ambassador Robert Duemling. From the outset, the NHAO was an extension of the Enterprise. It provided money to Owen's IDEA, and Owen himself became an NHAO consultant. The CIA, meanwhile, recommended and vetted the companies that the office utilized to move the aid.⁸⁸

This vetting process brought in a number of intriguing partners. One of these was the shrimp company Frigorificos de Puntarenas and its sister firm, Ocean Hunter. As previously discussed, Frigorificos was found to have been footing the bill for the storage of Robert Vesco's aircraft in Costa Rica and was itself run by representatives of the Colombian drug cartels. One principal of both companies, Luis Rodriguez, was found by the FBI to have been "funding the Contras through 'narcotics transactions.'"⁸⁹

At the same time that the State Department was unlocking funds for Frigorificos and its principals were busy at work in the blossoming cocaine trade, North, Owen, and rancher Hull were working closely with those behind Frigorificos and Ocean Hunter on developing maritime warfare capacity for the Contras.⁹⁰ Memos written by Owen refer to Frigorificos/Ocean Hunter ships being used as "motherships" for these operations. Incredibly, they also reference a "DEA person who might help with the boats."⁹¹

Another curious pair of companies that simultaneously received NHAO funds, got tapped by the Enterprise for military support, and were implicated in drug-running operations were SETCO Aviation and Hondu Carib. Hondu Carib had been formed by Frank Moss, who had been a pilot for SETCO. According to

the report of the Kerry Commission on narcotics trafficking, SETCO “had a long-standing relationship with the largest of the Contra groups, the Honduras-based FDN.”⁹² The aviation company, importantly, had been set up by “Honduran cocaine trafficker Juan Matta Ballesteros.”⁹³ Matta, described in the press as the “boss of bosses of Mexico’s cocaine industry,” mainly partnered with the Cali cartel, which, by the 1990s, had overtaken the Medellin cartel as the dominant drug empire in Colombia.⁹⁴

Matta and other members of his organization, the Guadalajara, were implicated in the kidnapping, interrogation, brutal torture, and murder of DEA agent Enrique “Kiki” Camarena, which took place in early February 1985. The cartel boss who had personally ordered the kidnapping of Camarena, Felix Gallardo, was reported to have bragged in court that he had “[supplied] arms to the Contras” and had brought together a network of drug traffickers “to finance their [the Contras] cause during 1983 and 1984, in exchange for protection.”⁹⁵

Phil Jordan, former director of the DEA’s El Paso Intelligence Center, later reported that he was informed by Mexican authorities that “CIA operatives” were present for the interrogation and torture of Camarena and had made tape recordings of the agent’s final hours.⁹⁶ Hector Berrellez, the DEA agent who led the investigation into Camarena’s death, stated that the CIA provided the DEA with those tapes. Camarena was first kidnapped by members of La Dirección Federal de Seguridad (DFS), a now-shuttered Mexican intelligence agency and secret police. When Felix Gallardo was boasting of his ties to the Contras, he also claimed that Contras were being trained at a law-enforcement training facility maintained by the DFS, which was acting as a front for the CIA.⁹⁷

Frigorificos and Ocean Hunter, SETCO and Hondu Carib – these are just a few of the CIA-vetted companies that were recommended to the State Department for the delivery of “humanitarian aid” to the Contras. There was also Vortex, a Miami-based aviation concern run by Michael B. Palmer. The Kerry Commission report notes that, at the time Vortex was getting NHAO contracts for supply runs, “Palmer was under active investigation by the FBI in three jurisdictions in connection with his decade-long activity as a drug smuggler, and a federal grand jury was preparing to indict him in Detroit.”⁹⁸ One of Vortex’s employees in this period, Joseph Haas, “was suspected of involvement in drug trafficking and had been a suspected marijuana trafficker since 1984.”⁹⁹ He had

also been a CIA contract agent but was “taken off” CIA’s payroll” in 1987 “because he had gone to work for a US law enforcement agency.”¹⁰⁰

Vortex was brought to the NHAO’s attention by Pat Foley, described in the Kerry Commission report as the “president of Summit Aviation.”¹⁰¹ What the report left out, however, was that Foley had been (or had continued to be) a CIA operative and had earlier flown 747s on behalf of Flying Tiger Lines, the aviation company set up by the Chennaults and where Robert Keith Grey had maintained a spot on the board.¹⁰² Summit Aviation, too, had a fascinating history: it had been founded by Richard C. du Pont Jr., a member of the illustrious DuPont chemicals family and the son of one of the great boosters of aviation in the 1930s. Besides Summit, Richard Jr. served as a director at Edward du Pont’s Atlantic Aviation, where the aforementioned CIA asset and Bush ally, James R. Bath, had served as vice president.

In September 1983, a Cessna 404 twin-engine propeller plane entered the airspace of the Nicaraguan capital of Managua and began a miniature bombing run. The aircraft was quickly shot down, and Sandinista authorities found that it had been dispatched from Costa Rica. A subsequent investigation in the US press revealed that the plane had come from a company called Investair Leasing Corporation, headed by the former vice president of the CIA proprietary airline Intermountain Aviation. Before its doomed flight, it had been purchased by Summit Aviation, which had modified it with bombing capabilities and machine guns.

SINGLAUB AND GEOMILITECH

The bombing attempt carried out by Summit Aviation foreshadowed some of the later activities of the Enterprise. For example, there was the case of Civilian Materiel Assistance (CMA), a militia group – likely a cover for members of the 20th Special Forces Group – that managed a Contra-support network and conducted cross-border raids with Contra forces from Honduras into Nicaragua.¹⁰³ The CMA’s active presence in the conflict was revealed in 1984 when one of its helicopters was shot down, killing two of the group’s members. Despite the exposure, the CMA’s head, Thomas Posey, continued the Contra support operations and was linked to arms deals taking place at John Hull’s ranch.

Working closely with the CMA, and then later with the Enterprise, was Gen. John K. Singlaub. Singlaub was a veteran of the old OSS China network, which means that his entry into the world of covert activities took place alongside seasoned operators such as Paul Helliwell and E. Howard Hunt. After the war, he continued his military career while serving as one of the CIA's clandestine warriors, popping up in special operations the world over. By the late 1970s, he departed from a high-ranking military position to protest Carter administration policies. It parallels the attitude of Shackley, with whom Singlaub was reportedly associated in Vietnam.

During the 1980s, Singlaub headed the US Council for World Freedom, the US branch of a global network of spies, criminals, Nazi exiles, fascist operators, and death squad leaders belonging to the World Anti-Communist League.¹⁰⁴ By 1984, he was serving as the chairman of the league itself. Prior to this, some of the leading lights of the organization included Roger Pearson, an anthropologist who maintained ties to groups such as Willis Carto's Liberty Lobby. Another was Swiss attorney Pierre Schifferli, who was rumored to have been involved in arranging massive weapon deals for UNITA in Angola.¹⁰⁵ When he wasn't arranging falsified end-user certificates for arms transfers or cavorting with a group called the Pinochet Foundation, Schifferli worked as one of the attorneys retained by Bruce Rappaport to represent the interests of Inter Maritime Bank.

The World Anti-Communist League and the US Council for World Freedom were interlaced with a host of like-minded pressure groups, dark-money fronts, private-intelligence apparatuses, and closed-door meeting places. These groups pressed for rolling back Cold War policies and boosting defense spending. More specifically, they pushed for the continuation and deepening of covert wars across the world; free trade policies, and other packages beneficial to multinational corporations; and the curtailing of civil and labor rights. Some of these, such as the American Security Council, appear to have participated in psychological operations aimed at the domestic population of the United States as well as abroad. Others, such as the Council for National Policy, helped broker the cozy relationship between evangelical Christians and the emergent New Right. High Frontier lobbied for the Strategic Defense Initiative, while the US Strategy Council brought together intelligence operatives with representatives of the Unification Church to coordinate policy and public relations activities, particularly through the Unification Church-controlled *Washington Times*.

Another group that operated in close proximity to the World Anti-Communist League was the Western Goals Foundation, a private-intelligence outfit set up by Congressman Larry McDonald in 1978. McDonald envisioned Western Goals as a clearinghouse, working in tandem with other private groups and law enforcement agencies to collect and share information on domestic groups deemed threatening to prevailing power structures. They engaged in propaganda via book publishing and, at one point, “solicited funds to create a computer database on American subversives.”¹⁰⁶ During the 1980s, Western Goals fell under the control of Spitz Channell, who used it as one of the vehicles for private fundraising on behalf of the Contras.¹⁰⁷ Notably, Western Goals’ effort to create a database on “American subversives” would be realized as part of the “Continuity of Government” protocol, which was developed by key players in the Enterprise and Iran-Contra and is discussed in chapter 9 in the context of the PROMIS scandal.

A Western Goals letter from 1983 lists a number of intriguing individuals comprising the advisory board. There was John Singlaub himself, as well as Adm. Thomas Moorer from the Nixon days. At this point, Moorer worked at both the American Security Council and H & K. Another Western Goals advisor was Roy Cohn. A 1982 *New York Times* article states that Cohn joined the foundation after being satisfied that it had “no ties to the right-wing John Birch Society” – despite Western Goals founder Larry McDonald having been a John Birch leader, and Cohn’s fellow advisory board member Roger Milliken having funded the society.¹⁰⁸

Cohn’s interest in Western Goals may have been tied to the wider pro-Contra networks that were coalescing across the United States in the early 1980s. At the time, Cohn was serving as an attorney to his close friend Rupert Murdoch. (Robert Parry has written that the two first became close due to their mutual support for Israel.) According to *New York Magazine*, “Whenever Roy wanted a story stopped, item put in, or story exploited, Roy called Murdoch.”¹⁰⁹ After Murdoch bought the *New York Post*, Cohn “wielded the paper as his personal shiv.”¹¹⁰

At the same time, Cohn was forging close ties with the director of the US Information Agency, Chad Wick, even hosting a luncheon in Wick’s honor that was widely attended by influential figures in the conservative press, as well as US senators and representatives. Soon after, then CIA director William Casey was

spearheading an extensive propaganda campaign to shore up public support for Reagan's Latin American policies, including support of the Contras.

This domestic effort was technically illegal, which caused the CIA to outsource the job to the private sector. As Robert Parry reported in 2015, Wick took the lead in obtaining private funding for the effort, and, just a few days after Wick promised to find private support, Cohn brought Rupert Murdoch to the White House. Parry later noted that, after this meeting, "documents released during the Iran-Contra scandal in 1987 and later from the Reagan Library indicate that Murdoch was soon viewed as a source for the private funding" for the propaganda campaign.¹¹¹

After that meeting, Murdoch became the top media ally of this Casey-directed propaganda effort and also became increasingly close to the Reagan White House. Murdoch, as a consequence, benefited greatly from Reagan's policies and his friendship with the administration, which allowed Murdoch to increase his US media holdings and to create the Fox Broadcasting Corporation in 1987.

In addition, Singlaub was named as a "consultant" to a Florida-based company called GeoMiliTech Consultants Corporation (GMT), which had been put together by Barbara Studley, a beauty queen turned conservative talk show host in Florida. Studley had also operated as a lobbyist and had worked at the Pentagon. The National Security Archive's Iran-Contra *Chronology* suggests that Studley may have even set up GMT at the behest of Singlaub, as he was reported to have "suggested" to Studley that she start the company in 1983.¹¹²

GMT worked with various arms dealers to source and transport munitions to conflict zones such as Nicaragua and Afghanistan. Among the arms dealers it worked with were Ernest Werner Glatt and his sometimes partner, Samuel Cummings. Cummings, by way of his company Interarmco, was a longtime weapons merchant for the CIA. Cummings' brother-in-law was none other than Senator John Tower, who in December 1986 was tapped by President Reagan to oversee the initial inquiry into the Iran-Contra affair.¹¹³ This was a conflict of interest of immense proportions. In addition, Tower, at the time, was close to Robert Maxwell, who had his own role in the Iran arms deals of this period and was actively working for Israeli intelligence. Also, by this point, Maxwell had secured Tower a place on the payroll of Israeli intelligence.

It is not surprising, then, that GMT had extremely close ties to Israel.¹¹⁴ The outfit's executive vice president, Ron Harel, was a "veteran of the Israeli Air Force

who specialized in ‘tactical cargo and light and early warning aircraft.’”¹¹⁵ He managed GMT’s overseas offices, which was conveniently located in Tel Aviv.

A sister company to GMT, Global Technologies Ltd., was also stationed in Israel and was overseen by Joel Arnon, an Israeli diplomat and military officer who was also a vice president of GMT. Global Technologies was located in Tel Aviv’s Asia House, a striking Bauhaus-style building that housed various diplomats and embassies. Asia House had been owned by the Israeli billionaire Shaul Eisenberg, who – as mentioned in chapter 3 – enjoyed close relations with the Israeli intelligence and security apparatus. In addition, GMT’s Israeli offices utilized the banking services of Israel Discount Bank. In 1986, portions of the money that were provided to Frigorificos and Ocean Hunter was deposited in Israel Discount Bank.¹¹⁶

Incredibly, there appears to have been ties between GMT and the clandestine activities of Robert Maxwell and those in his orbit. Key here was Nicholas Davies, the globe-trotting foreign editor for Maxwell’s *Daily Mirror* – where he was often known by the nickname that his boss had bestowed upon him: “Mister Sneaky.”¹¹⁷ According to Ari Ben-Menashe, Davies, like Maxwell, worked on behalf of Mossad, having been recruited in the 1970s from Strategic Intelligence Services, a British intelligence front led by a Special Air Service veteran named Anthony Pearson.¹¹⁸ By the 1980s, Davies – with Maxwell’s knowledge – was using his *Daily Mirror* duties to act as a cover for his involvement in Mossad-sanctioned arms trafficking.

Besides the *Mirror*, Davies also acted as the manager and representative of the Ora Group, “an Israeli company based in London.”¹¹⁹ Headquartered at Davies’ London home, Ora was set up with the aid of Ari Ben-Menashe, and operated as a key node in global arms flows. Among the “clients” that received arms – in this case weapons from the Soviet bloc – with the help of Davies and Ora was GMT.¹²⁰ In his book *Profits of War*, Ben-Menashe reprinted a number of internal documents illustrating the role played that Davies played in these affairs, including communications between Ora and GMT.¹²¹

Davies vigorously denied the allegations made by Ben-Menashe, and the *Daily Mirror* made a number of counter-allegations, including the charge that the documents in question were forgeries. Another contested claim was that Davies had traveled to Ohio to meet with arms dealers.¹²² Davies went out of his way to claim that he had never been to Ohio, yet this was quickly proven to be false by

various journalists.¹²³ Likewise, the *British Observer* turned up other Ora-related documents, which included a telex from Davies to “renowned American arms merchant, Richard J. Brenneke [sic].”¹²⁴ Brenneke, as discussed in this chapter, managed an offshore financial apparatus utilized by the American and Israeli intelligence assets active in Operation Black Eagle. Brenneke would later state that he had met Davies, but did not know that he was involved with the *Daily Mirror*.¹²⁵

Like all other shadow companies and strange entities that surrounded the Enterprise and Robert Maxwell’s broader network, GMT was involved with the complicated world of offshore banking. To carry out their operations, Studley called on the services of Jean de la Giroday, a managing director at Geneva’s Banque Cantrade, itself a subsidiary of Union Bank of Switzerland with branches in Geneva and on the Isle of Jersey. Together, Studley and Giroday set up a company called Consulentia Ltd.; GMT’s principals were told to avoid maintaining records of this company’s existence. Consulentia is just one of the many enduring mysteries of this intricate web: while GMT’s Consulentia was set up in 1984, Robert Vesco stated that, when he was looting IOS, he utilized the “Consulentia sub of Banque Cantrade” in 1970.

In summer 1985, GMT was involved in the acquisition of arms on behalf of the Contras. According to the chronology published by the National Security Archives, Studley and Singlaub arranged “a \$5 million shipment of AK-47 and RPG grenade launchers from Europe to Honduras onboard a 15,000-ton Greek flag freighter.”¹²⁶ The arms may have been sourced from Eastern Bloc countries like Poland or Bulgaria, as Studley wrote to North in October of that year, “vociferously complaining that another arms dealer, Mario [Delamico], who was associated with the Florida arms dealer Ron Martin, was essentially horning in on their sources of Soviet-style armaments.”¹²⁷

Several months after the October letter, in late December 1985, Studley and Gen. Daniel Graham – the vice chairman of Singlaub’s US Council for World Freedom and a close associate of CAUSA, the political arm of the Unification Church – attended a meeting with CIA director Casey. An unnamed CIA officer who was present at this meeting was asked by Congressional investigators if the meeting had involved a discussion of a complicated three-way trading scheme, developed by GMT as a means of sustaining finances and equipment for covert operations. The investigators described this scheme as “a circular arrangement in

which a trading company would be established to supply freedom fighter movements which Congress was unwilling to support for one reason or another. ... Israel would sell certain things, military equipment, to the People's Republic of China, who would supply Soviet arms, which would then be brokered.... Israel would be benefited by the United States through a high technology support or other compensation.”¹²⁸

A schematic outline of this trading arrangement that was entered into evidence shows the destination for the arms sourced from China.¹²⁹ They would go to US-backed rebels in Afghanistan, Angola, Nicaragua, and Cambodia. GMT, in other words, was proposing the creation of a multinational economic arrangement that would bind together the US, Israel, and China through a series of credit extensions, technology transfers, and arms deals.

It is quite possible that this was the ultimate plan for what the Enterprise was intended to become, though the official narrative holds that this arrangement was never completed. It seems clear that certain elements of the plan did go into motion. Israel and China intensified economic and political relations in the 1980s and both actively collaborated with the US in covert operations. Chief among these was the arming of the Mujahideen in Afghanistan. Jeffrey Epstein was later alleged to have been involved in such arms deals, specifically those involving the Mujahideen. It appears that he may have facilitated major facets of something very similar to GMT's US-Israel-China plan in collaboration with members of the Clinton White House, Chinese weapons firms and Southern Air Transport in the mid to late 1990s (more on this in chapter 17).

GMT's other claim to fame was that it appears to have been involved in some of the very first arm deals with Iran, ones that predated the Enterprise's formation but took place alongside the CIA-Mossad relationship during Operation Black Eagle. The plan was a swap: “trade 200 tanks for Iran's US-built F-14 fighter aircraft,” which had been sold to Iran in the 1970s.¹³⁰ Per this plan, Israel would have served as a cut-out for the tanks. It is quite possible that the scheme originated on the Israeli side of GMT. According to Alan Block, it was the first thing that Ron Harel had been involved with when he joined the company.

It is also possible that this was the groundwork for later arms-for-hostages arrangements. GMT worked closely with Israel Aircraft Industries (IAI), a major defense contractor for the Israeli military discussed previously in chapter 3. The founder of Israel Aircraft Industries, Adolph “Al” Schwimmer, had been heavily

involved in weapons arrangements with Iran during the rule of the shah, and these arrangements had continued in secret after the Islamic Revolution. According to many press reports, it was Schwimmer who first concocted the idea to trade arms in exchange for the (attempted) release of hostage William Buckley.¹³¹

EDMOND SAFRA'S FUNNY BANK

Besides BCCI and Credit Suisse, another set of banks utilized by the Enterprise were Republic National Bank, headquartered in New York City, and Trade Development Bank, headquartered in Geneva and sold to American Express in 1983. Both of these banks were controlled by Edmond Safra, a Lebanese-Brazilian businessman who hailed from a long line of bankers. By the early 1990s, Safra was a billionaire, with Republic National among the five largest banks in New York. Both Safra and his bank, however, were dogged by controversy. Safra himself died under suspicious circumstances after his bank was implicated in large-scale money laundering and the possible theft of “stabilization credits” provided by the IMF to a financially devastated, post-Soviet Russia.

A decade earlier, Republic National Bank was named – but never indicted – as having participated in a money-laundering network called “La Mina,” which was the subject of a sweeping federal investigation called Operation Polar Cap.¹³² La Mina, which washed money for Colombian drug cartels, was composed of a circular daisy chain of banks, mines, gold refineries, precious metal brokers, and jewelry stores and provided the financial infrastructure for “airplane manufacturers and fixed-base operators” as well as “aircraft used to ferry drugs.”¹³³

Unsurprisingly, one of the banks that factored into the La Mina daisy chain was BCCI. Elsewhere, Safra’s Trade Development Bank did business with loyal customers of BCCI such as Altaf Nazerali, a high-flyer in the world of securities fraud.¹³⁴

Trade Development Bank and Republic National Bank are discussed in the fourteenth chapter of the Congressional report on Iran-Contra.¹³⁵ There, Republic National is described as having “handled many of the Enterprise’s wire transfers.” Besides these sorts of transfers, the bank was further involved in a clandestine cash delivery system that took place “outside bank channels.” Nan Morabia, an officer at Republic National’s International Division, her husband Elliot, and their son David were utilized by the Enterprise’s money manager,

Willard Zucker, to “make cash drops to Hakim, Secord, and others on their behalf.”¹³⁶ Zucker would contact the Morabias with the amount required and tell them which individual the money was intended for. Then, that amount was deposited in an account at Trade Development Bank under the name “Codelis.” Sometimes, the money drops would take place at Republic National Bank itself. On at least one occasion, Robert Owen received \$7,000 from Morabia at the bank in New York City.

Nan Morabia’s FBI 302 (i.e., summary of the FBI’s interview with her) states that she had known Zucker for “approximately 8 to 10 years” and that his “account at [Republic National] was already established when she began working in the International section.”¹³⁷ She added that CSF maintained accounts at Trade Development Bank and that Safra had “contact with Zucker in Geneva.” She was not able to identify to the FBI, however, any potential business relations between Safra and Zucker, although she made clear that she assumed that such business did actually take place.

Yet, there were direct business relations between Republic National and CSF that were separate from – but by no means unconnected to – the Enterprise. In the summer of 1985, for example, CSF organized a Geneva-based company on behalf of Republic National called Republic New York Corporation Air Transport Services S.A.¹³⁸ The purpose of this company was to maintain a private aircraft on behalf of Safra’s bank. At the end of 1985, the ownership of the plane was transferred out of the CSF-managed company to a Swiss aviation company called Aeroleasing S.A., which continued to maintain the plane on behalf of Republic National.

Aeroleasing was one of the aviation companies contracted by the Enterprise to ferry personnel around the world for various purposes. The Enterprise’s expenditure lists included in the Congressional Iran-Contra final report show that, under a section titled “Mid-East (Iran Arms),” a total of \$226,998 had been paid to the company. The ultimate costs were likely much higher. In his testimony, Secord stated, “We owe an aeroleasing firm in Europe, I am told, about \$60,000. Something like that. We still owe the firm Southern Air Transport, here in the United States, quite a bit of money. I think it is something just under \$100,000. We can’t pay them.”¹³⁹

Gordon Thomas, in his biography of Robert Maxwell, states that Safra and Maxwell had enjoyed a long-lasting friendship. They particularly enjoyed, Thomas

writes, dining “on board the *Lady Ghislaine* when the yacht berthed opposite Safra’s home in Monte Carlo.”¹⁴⁰ Their relationship was not all pleasure, however. According to Thomas, Safra allowed Maxwell to use Republic National Bank accounts to launder money coming from Eastern Europe.

When Maxwell was active in the Eastern Bloc, his primary base of operations was Bulgaria. There, as will be noted in more detail in chapter 9, Maxwell was deeply involved in the thorny *Cold War issue* of tech transfers – the often-illicit movement of high technology from the West to the Soviet sphere. This likely brought him into contact with Kintex, a state-owned trading company that had been organized by the Darzhavna Sigurnost, the Bulgarian intelligence apparatus that was closely aligned with and ultimately answerable to the KGB. A CIA report on Kintex said it was a “central coordinator” of smuggling activities, with a “clandestine charter” to facilitate smuggling for Arab and Balkan drugs and arms traffickers and to “collect items of science and technology interest in the West.”¹⁴¹

Kintex was more than willing to deal arms to right-wing insurgencies as much as left-wing ones, with clients including those who opposed Soviet-backed forces. These included the Christian Falangists of Lebanon, the Grey Wolves of Turkey, and even the Contras of Nicaragua. Also closely tied to Kintex was Mohammed Shakarchi, a prominent Geneva-based currency trader and the owner of Shakarchi Trading. Shakarchi, who from his offices near the Zurich airport ran “the most sophisticated currency exchange and commodity trading operations in Switzerland” and courted state officials in Soviet-allied Bulgaria while being, at the same time, involved in the CIA’s covert support for the Mujahideen in Afghanistan. Between 1981 and 1989, a CIA front company called Argin purchased millions of dollars’ worth of rare currencies from Shakarchi, which were sold to raise money for the rebels.¹⁴²

One of Shakarchi’s US partners was Capcom, a commodity-futures firm that “was created by the former head of BCCI’s Treasury Department ... who capitalized it with funds from BCCI and BCCI customers.”¹⁴³ This wasn’t the only familiar face engaging in funny banking with Shakarchi. A classified DEA report stated that Shakarchi’s currency-exchange services were “utilized by some of the world’s largest trafficking organizations to launder the proceeds of their drug-trafficking activities” and that part of his network included accounts at Safra’s Republic National Bank.¹⁴⁴ Mohammed Shakarchi’s father, Mahmoud, was reportedly close to Safra.

Safra's name can also be found in Jeffrey Epstein's contact book, though the banker's last name is misspelled as "Saffra." There are two phone numbers listed for Safra and no addresses. Another individual in the book with ties to Safra, albeit through a rather circuitous route, is Michael de Picciotto. Picciotto, who had five phone numbers listed in Epstein's contact book, has been associated with Engel & Völkers, the massive German real estate company and, since 2020, has served on the board of Aston Martin. He got his start, however, working at Union Bancaire Privée, a Swiss bank controlled by his family. He had joined as the managing director for their London offices in 1988 and eventually became "responsible for UBP's global financial activities."¹⁴⁵

Union Bancaire Privée began life as Compagnie de Banque et d'Investissements of Geneva, founded by Edgar de Picciotto. Edgar, the uncle of Michael de Picciotto, came from a family with a long history in both banking and European diplomacy. The Picciotto family was fairly close to the Safras, and like Edmond Safra, Edgar de Picciotto was born in Lebanon. As their respective banking enterprises bloomed, the two became friends. In the late 1980s, when American Express disposed of Trade Development Bank, the Geneva bank that had formerly belonged to Safra, it was Edgar who bought it.¹⁴⁶ The merger of Trade Development Bank and Compagnie de Banque et d'Investissements led to its reformation into Union Bancaire Privée.

Edgar de Picciotto was also, according to SEC filings, a member of the board of advisors to Quantum Industrial Holdings, a division of the complicated investment network of George Soros. Quantum Industrial Holdings held the majority of the shares of Quantum Industrial Partners, one of the advisors to which was George Soros' brother Paul Soros. Paul's son, Peter Soros, appears in Epstein's black book with addresses in New York City and London and ten phone numbers.

Another item appearing in Epstein's notebook that ties into this network is Aeroleasing. Both of Epstein's books contain lists for the aviation company, for both its Geneva and Zurich locations.

THE MAINLAND SAVINGS CONNECTION

When US arms began flowing to Iran at the end of August 1985, it was Adnan Khashoggi who advanced the initial capital – through his BCCI bank

accounts – to put the thrust of the plan in motion. The initial “bridge financing” was \$1 million, followed shortly thereafter by an additional \$4 million.¹⁴⁷ Khashoggi subsequently claimed that this \$5 million, “plus an additional \$2.5 million whose purpose was unclear” came from a loan provided by Roland “Tiny” Rowland, the well-heeled British tycoon, corporate raider, and member of the Clermont Club who was briefly discussed in the last chapter. While Rowland’s connection to Iran-Contra affair is well documented – and will be discussed shortly – he denied the validity of Khashoggi’s claims.

While this denial might simply be a case of Rowland trying to put distance between himself and the affair, it happens that shortly prior to the initiation of the arms transfers, Khashoggi came into \$5 million via a surprising route: Mainland Savings, a Houston-based savings and loan. Mainland Savings, one of the S&Ls that collapsed spectacularly over the course of the 1980s, was plugged into a wider network of crooked land developers, organized crime associates, and other denizens of the murky world of covert operations.

Khashoggi’s ties to Mainland Savings dated back to 1977, when Mario Renda, an ambitious New Yorker with dreams of wealth and power, stepped off a plane in Riyadh, Saudi Arabia. He was then a partner in IPAD – the International Planners and Developers Construction Consortium – that hoped to gain a lucrative contract to build concrete homes in Jidda.¹⁴⁸ Khashoggi, it was reasoned, would be the key to unlocking the deep pockets of wealthy Saudis and, after a meeting with Renda, the arms dealer committed himself to the venture. While IPAD’s ambitions were ultimately never realized, it resulted in a long-lasting relationship between Khashoggi and Renda.

After IPAD fizzled out, Renda leveraged the contacts he gained through his introduction into Khashoggi’s inner circle and secured a position as the treasurer of Arab International Bank. Interestingly, in 1973, this bank had formed a joint venture with Lonrho, the corporate monolith controlled by Tiny Rowland.¹⁴⁹ Arab International Bank’s specialty was certificates of deposits (CDs): it would use vast petrodollar reserves to shop CDs around the world, seeking out the locations that had the highest rates of return. Renda positioned himself front and center in these efforts, which provided him with the idea for his next venture. In 1978, he returned to New York City and formed Arabas Inc., a “one-man firm” that was intended to broker deposits, likely on behalf of Arab clients.¹⁵⁰

The timing was fortuitous. Against the backdrop of early 1980s deregulation fever, Renda became connected to Martin Schwimmer. Schwimmer, rumored to be a money-launderer for the Lucchese crime family, managed the pension funds for several New York unions, including Teamsters Local 810, which was reportedly close to organized crime interests.¹⁵¹ A plan was then hatched: Renda and Schwimmer would begin brokering deposits of union pension fund money into S&Ls across the United States, collecting along the way commissions from lending institutions and fees from the unions. Arabas was renamed First United Fund, and soon Renda and Schwimmer were moving billions into a string of savings and loans.

By the end of the decade, Renda and Schwimmer had deposited money in 130 S&Ls, all of which collapsed. Renda's CDs were linked directly to massive borrowing at each of these institutions, which were generally unpaid. In addition, quite frequently, the borrowing was carried out by an interlinked network of organized crime associates. That collusion was undeniable. Besides the accusations of Schwimmer's involvement with the Lucchese family, Renda was rumored to have "controlled a lot of money being loaned for the benefit of Paul Castellano," the powerful head of the Gambino family and, until 1985, the chairman of the Commission, the Mafia's governing body.¹⁵² Notably, Castellano was one of several organized crime figures who were clients of Roy Cohn.¹⁵³

Khashoggi stayed close to Renda throughout these developments. One notable example of this involved a mobster by the name of Lawrence Iorizzo, the president of the mob-linked Vantage Petroleum Company. Iorizzo was close to Martin Carey, the brother of New York governor Hugh Carey and oilman Edward Carey. Vantage had taken over Carey's Petroleum Combustion International, which by that point had already carried out numerous dealings with Iorizzo. Iorizzo would later testify that Martin Carey had been involved in bootlegging gasoline with him and that the profits from these operations had been funneled into Hugh Carey's re-election campaigns.¹⁵⁴

Iorizzo, in other words, was clearly politically connected, and this was what had caught Renda's attention. Renda had wanted to help Khashoggi, who at the time was struggling to get the proper permits to build a helicopter landing pad at his home just outside New York City. An associate of Renda by the name of Leslie Winkler "told Iorizzo that ... Renda might be able to assist Iorizzo in getting a fat oil contract if Iorizzo used his powers of 'persuasion' in New York to help

Khashoggi.... Renda said if Iorizzo could ‘remove these obstacles,’ Khashoggi would be most appreciative.”¹⁵⁵

At the same time that they were concocting a way to get Khashoggi’s helipad up and running, Renda and Iorizzo agreed to embark on a classic bank bust-out scheme, akin to what Renda and Schwimmer were doing with the savings and loans. Renda would make deposits at a bank, which would then make loans to a Panamanian shell company controlled by Iorizzo – loans that would never be repaid.¹⁵⁶ The shell company that Iorizzo used was called Houston Holdings, and it had been purchased by Iorizzo from Steven Sandor Samos, a lawyer who maintained a lucrative trade in off-the-shelf Panamanian companies.¹⁵⁷ Iorizzo and Samos had been introduced by Renda’s friend Leslie Winkler, and one of Samos’ primary business associates was a Florida banker named Ray Corona – the partner of Leonard Pelullo in Sunshine State Bank.¹⁵⁸

Samos also made an appearance in the Iran-Contra affair. Southern Air Transport purchased a Panamanian company called Amalgamated Commercial Enterprises, which it used to “purchase and maintain planes carrying supplies to the contras.”¹⁵⁹ ACE was one of Samos’ off-the-shelf companies, and all of the company’s officers were employed by International Management and Trust Corp., a company run by Samos. Another noteworthy link involves how ACE utilized bank accounts at the Banco de Iberoamerica, a location that Samos was accused of using as a conduit for drug money laundering.¹⁶⁰ Banco de Iberoamerica was a subsidiary of the Arab Banking Corporation, a major international bank headquartered in Bahrain that offered floating rate notes on the open market on behalf of BCCI.¹⁶¹

Among the S&Ls where Renda and Schwimmer were brokering deposits of union pension fund money was Houston’s Mainland Savings. This same S&L became embroiled in a series of overly complicated financial transactions with Khashoggi and a slew of business partners, the origins of which go back to 1974.¹⁶² That was when Khashoggi purchased a large tract of property adjacent to the Galleria, a major shopping hub in downtown Houston that had been developed with the aid of the Marcos family of the Philippines. Khashoggi acted as front man for Imelda Marcos on more than one occasion.¹⁶³ Khashoggi let the land sit bare until 1979, when he was joined by Clint Murchison Jr., scion of the Dallas oil family. With \$15 million in financing courtesy of Texas Commerce Bank, the pair embarked on an ambitious development plan.

The plans never came to fruition and, three years later, Murchison exited the scheme. Khashoggi began looking for buyers for the land and began cooking up other real estate schemes. One of these was in Aspen, Colorado, where he and a developer named John Roberts planned to purchase property using a \$44 million loan from Commerce Savings, plus an additional \$14 million from San Jacinto Savings. In a now-obvious pattern, this money disappeared into the black void of Khashoggi's finances. What was left was a staggering debt owed to a string of banks and S&Ls.

Mainland Savings, flush with deposits from Khashoggi's friend Mario Renda, offered an ambitious way out of these problems by purchasing Khashoggi's Galleria-adjacent property for the grossly inflated sum of \$68 million dollars. Of this, \$22 million would be put up by Mainland itself, with the remainder provided by a loan from Austin-based Lamar Savings. The plan was: "The \$30 million in prior loans from Texas Commerce Bank and San Jacinto Savings would be paid off. Khashoggi would buy \$10 million in preferred stock at Mainland and use \$12 million as a down payment to buy foreclosed loans real estate (called 'cash for trash'), thus boosting its capital and keeping regulators at bay. That left \$16 million for miscellaneous costs and Khashoggi."¹⁶⁴

A problem arose when Mainland could only get Khashoggi's property valued at \$55 million, short of the \$68 million that they had originally hoped for. They were able to inflate the loan up to \$58 million, which covered most of the debts and miscellaneous costs – except for the \$10 million that was to be used by Khashoggi to buy Mainland stock and bad assets. Luckily for Mainland, Khashoggi had additional properties next to the Galleria-adjacent tract in question, which he had financed through S&L borrowing. Khashoggi was issued lines of credit by Mainland that were marked for developing those properties, but they were actually used to cover the missing \$10 million. But there was something else: "On the same day, Mainland signed a \$5 million letter of credit to Khashoggi."¹⁶⁵

The deal between Mainland and Khashoggi over these lines of credit was reached on August 1, 1985, just weeks before the arms transfers to Iran were underway. These transfers, of course, relied on a \$5 million advance from Khashoggi. As Pete Brewton notes, the \$5 million line of credit from Mainland vexed regulators and attracted the attention of the FBI. It was then discovered that Mainland's executives had worked to conceal it from the S&L's board of directors.

Khashoggi later denied that the \$5 million came from Mainland, instead claiming that Tiny Rowland had been the source of the funds. However, as mentioned, Rowland denied this. Mainland, for its part, insisted the money was a guarantee to Khashoggi for his purchase of \$10 million in Mainland stock – \$10 million, it must be reiterated, that was coming from Mainland itself.

It might be tempting to write the Mainland events off as a curiosity, another dead end in the hall of mirrors that is the Iran-Contra affair. There are, however, other ties between Mainland and Lamar Savings – the institution that loaned Mainland the bulk of the money for the Khashoggi deal – and the netherworld of BCCI and intelligence agencies. Besides Khashoggi, one of the major borrowers at both of these savings and loans was Mounzer Hourani, a Lebanese-American from Utah with extensive interests in Texas real estate.¹⁶⁶ Hourani might have had intelligence connections. “A former high-ranking officer at Lamar Savings,” writes Brewton, “said that Hourani claimed to have ties to the Mossad.”¹⁶⁷

Ties to Israeli intelligence or not, Hourani was certainly linked to Utah’s Orrin Hatch, who, as mentioned, was tightly connected to BCCI and to First American. Hatch stated that he had known Hourani “from the mid-1980s and was partly based on their shared devotion to the Mormon faith.”¹⁶⁸ Hourani, meanwhile, told *NBC News*’ Mark Hosenball that he had joined with Hatch and BCCI insider Mohammed Hammoud on “various private schemes to free US hostages held by terrorists in Lebanon.”¹⁶⁹

In 1986, Hourani was in hot water over his borrowing at Mainland, which by that point had collapsed and had been taken over by the Federal Savings & Loan Insurance Corporation. Hatch appears to have tried to intervene directly, penning a letter to the federal institution stating that a possible “resolution” could be found with respect to Hourani’s problems.¹⁷⁰ Four years later, as BCCI began to fumble toward collapse, Hatch once again acted as Hourani’s lobbyist. He reached out to the beleaguered bank requesting that they lend money to Hourani for a series of real estate ventures in Illinois, Minnesota, and Texas.¹⁷¹ Hourani himself then sent a proposal for financing. It is not clear if any proposed loans were ever actually provided.

Hatch has one more connection to figures in this saga. In 1985, during the peak of his Mainland borrowing and the initiation of the Iran weapons sales, Khashoggi arrived in Salt Lake City, Utah, with grand plans to build “two gold-colored 43 story office towers that would dwarf the nearby Mormon Church office

building, the tallest structure in town.”¹⁷² Khashoggi had been a presence in Salt Lake City since the 1970s, and this increased significantly during the 1980s. Yet, by 1987, construction on the towers had been abandoned and Khashoggi had fled Utah, leaving numerous unpaid loans and broken promises in his wake.

It was during this period, Hatch stated, that he had met Khashoggi. Details on their relationship are scarce, but, according to Hatch, their association was the senator “extending the courtesies he would to any big investor in Utah.”¹⁷³

“A PAN-EUROPEAN PLOT”

A key aspect of the covert operations of the Reagan era that is frequently overlooked is that, with respect to the complex trafficking of arms to Iran, Oliver North and the Enterprise were dipping their toes into a much wider swamp of political and economic corruption, arms trafficking, and money laundering on a truly colossal scale. As the conflict between Iraq and Iran heated up, companies, banks, intelligence agents, and smugglers poured arms and military materials into both sides of a bloody war.

Despite laws barring such activities, the conflict in the Middle East was a boom time for many. For instance, there was the so-called powder cartel, a “pan-European plot” to move propellant powder for artillery and other armaments to Iran.¹⁷⁴ At the top of this cartel was Bofors-Nobel, the Swedish arms combine that is now the Swedish subdivision of the massive UK-based defense contractor BAE Systems. Bofors had a close relationship with Iran that predated the revolution. In the early 1970s, the company entered into a business agreement with the country to build an armaments factory. Relations between the two were suspended following the revolution. However, a dip in Bofors’ balance sheet, a product of the downsizing of the Swedish military, led the company to embark on the lucrative path of embargo busting.

Moving propellant powder to Iran required numerous partners, complicit shipping agents, and payoffs to officials. The primary mechanism for coordinating this network was the European Association for the Study of Safety Problems in the Production and Use of Propellant Powders, a public relations group organized and set up by Bofors and other European weapons manufacturers following a series of disastrous plant explosions.¹⁷⁵ This provided a convenient cover for these

various arms merchants to come together, arrange the logistics for weapons orders, disperse the proceeds, and even inflate prices of their wares.

The Bofors powder cartel made extensive use of Italian companies for arranging shipping and payments. Soon, Italy had become the primary locus of this subterranean arms trade. In an October 1990 exposé in *Euro-money* magazine, the role of the French arms manufacturer Luchaire in the trafficking of arms to Iran was dissected.¹⁷⁶ Luchaire had two subsidiaries based in Italy, SEA and Consar, which were used to arrange the movement of weapons through the Islamic Republic of Iran Shipping Lines. The ships would log false destinations and then make their way to Iran via secret routes. The arms loaded on these ships were not only sourced from Luchaire, as SEA and Consar acted as intermediaries for numerous European companies involved in the trade.

One such firm was Defarm, which was actively collaborating with Bofors in the illicit movement of propellant powder.¹⁷⁷ The founder of Defarm was Nicola Dubini, who had cofounded Consar before he sold it to Luchaire. Another firm was a Portuguese arms brokerage called Defex, described in testimony as having a “close relationship” with Richard Secord, after having been introduced by Thomas Clines.¹⁷⁸ It became one of the companies utilized by the Enterprise. According to Albert Hakim, Defex sourced weapons from Eastern Bloc arms manufacturers and merchants, which were then purchased and resold to the Contras.

Behind these moves were various European banks, some shadowy and others well known. On the shadowy side, there was International Bankers Incorporated, which issued lines of credit to SEA and Consar.¹⁷⁹ The Italian branch of International Bankers Incorporated was located in a building owned by the scandal-plagued Banco Ambrosiano, which had been set up by Jean-Maxime Lévêque in 1982. Lévêque had previously been the president of Crédit Commercial de France, a sizable French bank that, incidentally, had lent Adnan Khashoggi large sums for his Salt Lake City ventures.¹⁸⁰ The major shareholders of International Bankers Incorporated included the Saudi businessman Akram Ojeh, a friend of Adnan Khashoggi’s, and Robert Maxwell.¹⁸¹

More well-known was the French merchant bank Banque Worms, which was nationalized by the Mitterand government in 1982. During the period when the French state owned the bank, it held 23 percent of Luchaire and aided in financing the flow of arms and powder.¹⁸² Joining Banque Worms in these efforts was a

renowned Italian bank, Banca Nazionale del Lavoro. The interactions were complex, as R. T. Naylor has described in *Patriots and Profiteers*:

Bank Melli [the Iranian bank handling their side of the financing] would order its Italian correspondent banks to issue LCs [lines of credit] on behalf of Luchaire's Italian subsidiaries, which sent them to Italy's Banca Nazionale del Lavoro.... BNL would use the original LCs as security to issue their own LCs in favour of the Luchaire parent firm in France. That firm sent the LCs to Banque Worms for negotiation. When the goods were loaded up on board ships, Banque Worms would present its LCs to BNL for payment, and BNL would do likewise with the correspondent banks of Bank Melli. The use of back-to-back letters of credit was a simple but effective device for breaking up the money trail.¹⁸³

London was another major hub for these activities, with various arms merchants playing a role in the flow of weapons as far back as 1981. Chief among these were Ben Banerjee, an arms dealer and owner of BR&W Industries, and his close associates Michael and Leslie Aspin. According to *Die Welt*, Banerjee and Michael Aspin were involved in negotiations between Oliver North and several representatives from the Iranian government in 1984 over the sale of \$264 million worth of TOW missiles. Subsequently, evidence was entered as part of a British court case that showed that Banerjee's BR&W Industries did indeed attempt to move 1,250 TOW missiles to Iran, which were obscured in customs invoices as "lift trucks."¹⁸⁴

These customs invoices were handled by BCCI, and they were "accompanied by telexes and letters on BCCI stationery of a nature and type ordinarily used by BCCI, showing BCCI providing counter guarantees and letters of credit involving the 'lift trucks.'"¹⁸⁵ What is more, according to Michael Aspin's brother, Leslie, these TOW missile sales were indeed part of North's operation. Leslie Aspin further claimed that he and North had opened three joint bank accounts at the Paris branch of BCCI to launder money for these sales and that one of these accounts was under the name "Devon Island." The Senate subcommittee investigating BCCI learned that BCCI Paris did indeed have a Devon Island account, but they were unable to acquire internal documentation for this branch.

The use of suspect invoice techniques, such as classifying TOW missiles as "lift trucks," seemed to be a habit of Michael Aspin's. In the early 1980s, he was working closely with a British arms dealer named Leonard Hammond, who also manufactured machine gun parts through his company, Delta Engineering. Hammond and Aspin used Delta Engineering to move machine guns to the Middle East and Africa, with a particular focus on South Africa. By 1981, they

were moving arms to Iran.¹⁸⁶ Frequently, these arms flows were mislabeled on invoices as “hydraulic lifting tools.”

Aspin and Hammond had a particularly close relationship with Kuehne & Nagel, a large German freight-and-logistics company.¹⁸⁷ When the arms dealers moved a thousand rifles to South Africa in 1980 – invoiced as “hi-lift hydraulic machinery spares” – K & N’s subsidiary Air Cargo handled the freight. In 1981, K & N worked with Aspin and Hammond in moving weapons destined for Iran. K & N, according to Aspin, played a role very similar to that which BCCI would later play in moving TOW missiles in 1984. He told *Spiegel* that “the management of Kuehne & Nagel knew about the illegal arms transports, planned the routes with necessary intermediaries, issued documents and change information.”¹⁸⁸

In 1981, right as these operations were being developed, Kuehne & Nagel was acquired by Tiny Rowland’s Lonrho.¹⁸⁹ Were these two events connected? It is impossible to say for sure, but there is reason to suspect that this was the case. As previously mentioned, one Lonrho freight cargo subsidiary has been identified as a participant in Edwin Wilson’s covert activities in Libya on behalf of the Shackley network. Lonrho obtained K & N shortly after the loss of that cargo company.

In addition to Italy and the UK, Belgium was a major node in this wide-ranging European network. Of particular interest are the allegations made in the ATLAS dossier, a confidential report drafted by the Belgian Gendarmerie in November 1994. ATLAS makes a series of startling accusations concerning an entity that they describe as “the Nebula” – a network of Belgian businessmen, politicians, and criminals who were involved in arms trafficking, diamond smuggling, drug running, and the like. At the center of the Nebula was Felix Przedborski, a businessman and Belgian diplomat who, since 1978, lived in Costa Rica, where he maintained dual citizenship.

There is a small, but steady stream of press reports independent of the ATLAS dossier that have linked Przedborski to various forms of corruption. Notably, in 1978, Italian police found drugs in a vehicle belonging to the Costa Rican embassy, with one of Przedborski’s employees at the wheel. That same year, one of Przedborski’s close associates who was serving as Monaco’s diplomat to Costa Rica, was arrested in connection with drug trafficking.¹⁹⁰

When the Costa Rican newspaper *La Nación* published a series of articles probing Przedborski’s connection to various criminal enterprises – based largely on reports already published by European journalists – “Don Felix,” as he was

known, responded litigiously. In the end, *La Nación*'s journalist, Herrera Ulloa, was charged with criminal defamation and forced to pay Przedborski "a fine equivalent to 120 days' wages."¹⁹¹

The ATLAS dossier names numerous individuals in Przedborski's network. Among these were his son Daniel, a Geneva lawyer who was poised to take over his father's complex. Interestingly, Daniel Przedborski, from 1984 through 2019, had worked at the law firm of Pierre Schifferli – Bruce Rappaport's attorney who, as mentioned, had been head of the World Anti-Communist League. Documentation from several lawsuits suggests that Daniel worked directly on some of Rappaport's affairs.

These are not the only familiar faces that appear in the dossier. In a list of banks used by the "Przedborski Group" for money laundering is Republic National Bank, with a note beside it stating that "in this bank it is a certain Safra who would be responsible for special transfers."¹⁹² This, of course, refers to Edmond Safra, thus directly linking the Przedborski Group to Contra support operations and to Republic National. The ATLAS dossier further links the Przedborski Group or Nebula to these support operations: "It is said that some of the weapons of Irangate would have been transferred to the Contras of Nicaragua by this network."¹⁹³

ATLAS identifies one of the lesser-known members of the Nebula as Bruno Goldberger, a purported real estate broker from Brussels. It adds that Goldberger worked "for a certain Globus Group," but the investigators who penned the document stated that they were unfamiliar with this entity. This was likely the Bulgarian state-owned trading company Globus. In *Evil Money*, Rachel Ehrenfeld cites a DEA report from 1989 that states that Globus "was formerly known as Kintex" – the Bulgarian firm tied to Safra's friend Mohammed Shakarchi and, possibly, Robert Maxwell.¹⁹⁴ The DEA report states Ehrenfeld recounted that "Globus transmitted Middle Eastern drug money to Switzerland via Shakarchi."¹⁹⁵

Przedborski's time in Costa Rica overlapped with the country being used a major hub for the Enterprise's pro-Contra efforts. The ATLAS dossier charges that, while he was serving a diplomat, Przedborski had embarked on a major business venture: the construction of a "tourist real estate project" in the Santa Elena region of Costa Rica.¹⁹⁶ Intriguingly, North was also using the dense jungles of Santa Elena as cover for secret airstrips that were used for Contra support flights.¹⁹⁷

Other connections to the Enterprise's operations can be seen via another bank mentioned as being part of Przedborski's network. This was Geoffrey's Bank in Belgium, described in the dossier as a conduit for arms-smuggling payments. Geoffrey's Bank had also been intimately connected to some of Roy Cohn's suspect business activities (see chapter 4). Geoffrey's Bank was controlled by Arno Newman, a friend of Cohn's, and his son, Geoffrey, for whom the bank was named. According to Belgian journalist Willy van Damme, the Newmans were closely connected to Pierre Salik, a clothing manufacturer with close ties to Israel's Mossad.¹⁹⁸ Salik, importantly, was named in the ATLAS dossier as a member of Przedborski's core group: it states that Salik's daughters "were promised in marriage to the two sons of Przedborski," though this never took place for reasons unknown.

A frequent visitor to Geoffrey's Bank – and a close associate of both the Newmans and Pierre Salik – was Jacques Monsieur, described as one of Europe's biggest arms dealers.¹⁹⁹ Like Salik, Monsieur was close to Israeli intelligence. For instance, in 1986, Belgian authorities recovered documentation outlining his contacts with both Mossad and Iran. When he was arrested in Turkey in 2002, in part for having sold "embargoed American spare parts and aviation technology to Iran," numerous press reports identified him as having been an active participant in the Iran-Contra affair.²⁰⁰

Willy van Damme writes that Monsieur's introduction to the world of arms trafficking came through a partner of the Newmans named David Benelie. As noted in chapter 4, David Benelie was really David Azulay, the brother of Avner Azulay.²⁰¹ Avner, a former Mossad agent, is best known as the business partner of the notorious commodities dealer Marc Rich, who himself worked closely with Israeli intelligence. Azulay was put in charge of the Marc Rich Foundation, the philanthropic appendage of Rich's empire. The foundation has maintained outposts in Zug, Switzerland and in Israel.

Rich has other ties to individuals and entities that populate this netherworld. There are rumors – albeit ones that are difficult to substantiate – that he was close to fellow oil trader John Deuss, who retained the services of Ted Shackley while Shackley was running his "private CIA." There are more demonstrable ties between Rich and Rappaport's Inter Maritime Bank and BCCI. In 1984, for example, the Rothschild Bank in Zurich loaned Rich the astronomical sum of \$50 million Swiss francs. The managing director of the bank at that time was Alfred

Hartmann, the money manager for Inter Maritime and a frequent BCCI front man.²⁰²

To complete the circle, the report of the US inquiry into BCCI states:

Marc Rich remains one of the most important figures in international commodities markets, and remains a fugitive from the United States following his indictment on securities fraud. BCCI lending to Rich amounted to tens of millions of dollars. Moreover, Rich's commodities firms were used by BCCI in connection with BCCI's involvement in US guarantee programs through the Department of Agriculture. The nature and extent of Rich's relationship with BCCI requires further investigation.²⁰³

Others named in the ATLAS dossier as involved in Przedborski-linked arms trafficking suggested Przedborski's group had close connections to the heights of Belgian political power. Featuring prominently among these names was Paul Vanden Boeynants, a meat-packing magnate who had been prime minister from 1966 to 1968 and again from 1978 to 1979. In the interim period, he served as Belgium's defense minister, where he presided over a series of controversial arms deals and a weapons buildup. An adamant cold warrior, Vanden Boeynants moved among the webs spun by groups such as Le Cercle and the World Anti-Communist League.

Vanden Boeynants had a particularly controversial relationship with Roger Boas, another figure whose name appears extensively in the ATLAS dossier. Boas oversaw the Belgian weapons manufacturer ASCO, which profited handsomely during Vanden Boeynants' years as defense minister. *De Morgen* reported that "as soon as the politician came to Defense in 1972, his company had probably not missed a single defense contract. ASCO ... saw its profits increase tenfold in the 1970s."²⁰⁴ Many of these deals bore the unmistakable signs of corruption, and allegations of bribes and kickbacks, embezzlement and money-laundering, harassment and intimidation often followed in their wake.²⁰⁵

There were also the accusations that Vanden Boeynants and Boas made use of a highly connected call girl ring headed by Fortuna Israel, better known as "Madame Tuna." According to *De Morgen*, Madame Tuna was placed on the payroll of one of Boas' ASCO subsidiaries, where her job title was listed as "decorator."²⁰⁶ This ring had connections to other familiar faces. Madame Tuna, it seems, was also an associate of Adnan Khashoggi, who reportedly called upon her services for help in obtaining lucrative contracts through subterfuge and blackmail. Boas was reported to have been introduced to Khashoggi and Akram

Ojeh – an investor, alongside Robert Maxwell, in International Bankers Incorporated – by the madame herself.

A direct line between this network of connections and the early 1980s flow of weapons to Iran may well exist. Named in the ATLAS dossier as a member of Przedborski's group was Abraham Shavit, Boas' general manager at ASCO. The dossier describes Shavit as the "right arm of Roger Boas."²⁰⁷ Shavit was well connected in Israel. For instance, in the 1970s, he served as the president of the Manufacturer's Association of Israel and, afterward, had a stint as the chairman of El Al, Israel's chief airline company that was involved in CIA-Mossad airlifts in the 1980s, including Operation Moses, and has also operated as a front company for Israeli intelligence. He was also reportedly a former Israeli intelligence officer and a close associate of Manuel J. Pires, a CIA-employed arms trafficker.²⁰⁸ Pires would later be identified as one of the Enterprise's middlemen in the Iranian arm sales.

Prior to the Enterprise's operations, in January 1983, ASCO's Malta branch was involved in the transfer of "aircraft parts, weapons and ammunition" to Iran via a contact at Bank Melli.²⁰⁹ Two ASCO Malta invoices for these show that the shipments were underwritten with a line of credit from BCCI's branch on Brompton Road in London. According to Gary Sick, one of ASCO's liaisons to Iran for these types of arrangements was the arms dealer Hushang Lavi – one of the witnesses who claimed to have inside knowledge of William Casey's October Surprise activities.²¹⁰

GUNS FOR IRAQ

Support for the Iran weapons arrangements was not universal within the Reagan administration and dissenting voices rippled through the corridors of powers. While such dissenters were unable to stop the virtually uncontrollable cascade of events, many of these individuals used the fallout from the scandal to concentrate their political power. Chief among these was George P. Shultz, President Reagan's Secretary of State. During the inquiry into the activities of the Enterprise, Shultz turned over significant documentation to investigators and provided detailed testimony. The official Iran-Contra report states that Shultz used the opportunity afforded by the scandal to "to regain control over counterterrorism policy. Following a strenuous bureaucratic struggle, Shultz

persuaded President Reagan to prohibit arms transfers to Iran and to announce that the Department of State would take the lead on such counterterrorism and diplomatic matters in the future.”²¹¹

Shultz testified that he only had fragmentary knowledge of the arms sales and that he had learned fairly late that they had taken place. Senate investigators found, however, that Shultz was far more knowledgeable about what was taking place than he had initially let on. Likewise, he had knowledge of the Iran sales far earlier than what he testified. Nonetheless, the record showed that his opposition to the sales was consistent. What is not mentioned, however, is that Shultz had interests involving Iran’s bitter enemy – Saddam Hussein’s Iraq.

Early on in his tenure as secretary of state, Shultz dispatched Donald Rumsfeld, who at the time was working as an executive in the private sector, to Iraq to meet with Saddam. The first of these meetings took place in December 1983, with a follow-up meeting in March 1984. Declassified documents illustrate the purpose of the visits was to move the US and Iraq toward normalizing relations, despite official condemnations of Saddam’s use of chemical weapons.²¹²

Shultz, however, had other things on his mind when he dispatched Rumsfeld. Before he had become Secretary of State, Shultz had been an executive at the construction giant Bechtel. Prior to Bechtel, he had served in multiple positions in the Nixon administration, first as Labor Secretary, then as the Director of the Office of Management and Budget, and finally as Treasury Secretary.²¹³ He was not the only Bechtel figure high up within the Reagan administration. Caspar Weinberger, who had served alongside Shultz in Nixon’s OMB, had also moved to Bechtel. Shultz and Weinberger carried on a multi-decade feud that spilled over into the Reagan administration. Weinberger, unlike Shultz, was a major booster of the Enterprise and had played a role in the Iran weapons transfers.

Bechtel, in the early 1980s, had launched an ambitious, multibillion-dollar project in the Middle East that sought to establish an oil pipeline that would move crude from Kirkuk, Iraq to the port of Aqaba, Jordan, on the banks of the Red Sea. A now-declassified memo from Rumsfeld, sent to the State Department during his December 1983 trip stated that he had “raised the question of a pipeline through Jordan. He [Saddam] said he was familiar with the proposal. However, he was concerned about the proximity to Israel as the pipeline would enter the Gulf of Aqaba.”²¹⁴

Weighing heavily on Saddam's mind was Israel's Operation Opera in June 1981, when Israeli military aircraft bombed an unfinished nuclear power plant. The Iraqis would be on the hook for sizable loans connected to Bechtel's project, and the possibility that Israel might destroy the pipeline would place a major burden on Iraq's wartime finances.

The Bechtel pipeline negotiations became something of a boondoggle, rife with subterfuge and intrigue. It intersected in odd ways with the Iran-Contra project, and formed something of a parallel – if not an entirely opposing – operation. In the spring of 1984, Iraq and Jordan agreed to grant Bechtel a contract for pipeline construction that was dependent on several conditions. These included \$500 million in financing from the US government; an agreement that American oil companies would take a sizable chunk of the oil moved by the pipeline; and that not only Bechtel, but American banks and the Export-Import Bank, would be involved in the guarantees for the project.²¹⁵ As Alan Block points out, the rationale for these demands was simple: put the US government and American businesses on the hook for the project, and they would act as a buffer against Israel.

The agreement operated smoothly until Iraq made an additional demand. It wanted “a ‘force majeure clause’ that would free Iraq from its obligation to pay interest on construction loans in the event of Israeli aggression.”²¹⁶ With this demand threatening to derail the whole project, an interesting figure interjected himself into the middle of the negotiations: Bruce Rappaport, Casey's good friend and a BCCI insider. Interestingly, one of the directors of Rappaport's Inter Maritime Bank, until 1979, had been a former consultant for Bechtel.

Rappaport wanted a discount on oil transported by the pipeline in exchange for guarantees from Shimon Peres that Israel would leave the pipeline alone. To sweeten the deal, Rappaport was prepared to grant Israel a portion of his profits from this oil deal. The deal with Israel would require two elements: a written security guarantee and an insurance fund for the pipeline set up by Israel. Israel, through Rappaport's intercession, agreed to the former but not the latter, and so the tanker magnate reached out to the Reagan administration for leverage over Israel. He turned to two attorneys he was close to, Samuel Pizar – the powerful attorney whose client list has included Armand Hammer and Robert Maxwell – and E. Robert Wallach. Wallach, in turn, brought Rappaport to the attention of Reagan's Attorney General Edwin Meese. Meese, in turn, managed to bring the

National Security Council into the mix, which believed that US government entities like the Overseas Private Investment Corporation could be used to organize the insurance fund.

Several years of torturous negotiations began, with Rappaport acting as a back channel between the US and Israel. One letter, written by Peres, was passed from Rappaport to Wallach to Meese and stated that the Israeli politician would discuss the matter with Shultz himself. It was ultimately for naught. The NSC backed out of the project under the leadership of Admiral John Poindexter, curiously one of Oliver North's chief allies and a major player in the movement of arms to Iran.

Despite this failure, in 1986, Rappaport received a sizable sum of money. Shultz concocted a plan to elicit a \$10 million donation from the Sultan of Brunei for the Contras. Elliot Abrams was dispatched to handle the money transfer, and he provided an account number at Credit Suisse bank in Geneva for the deposit. It was presented as an account for the Enterprise's Lake Resources, but when the money was transferred, it ended up in an account controlled by Rappaport. It was later written off as a mistake, with several numbers in the account flipped around and thus "coincidentally" depositing the money with Rappaport. Rappaport, for his part, would deny that he ever received the money – though some of his top personnel, as well as Bert Lance, later told Alan Block that Rappaport had indeed received the funds. Lance stated that the money was used for "pay-offs," while Jerry Townsend – a CIA officer who worked for Rappaport – said that Secord had personally asked him to try to recover the money.

The Bechtel pipeline negotiations were unfolding against a backdrop of what has been described as a geopolitical "tilt" designed to "draw Iraq permanently into the camp of America's Gulf allies."²¹⁷ A key component of this tilt was the expansion of lines of credit provided to Iraq that were arranged and guaranteed by the Commodity Credit Corporation (CCC), a New Deal-era public corporation set up to provide financing and protections for the US agricultural sector. Ostensibly, the CCC credits to Iraq were to be used strictly for agricultural purchases, with the US adding additional nonagricultural credits via the Export-Import Bank, the same entity involved in the Bechtel pipeline negotiations. The primary bank used to issue these credits was the Atlanta branch of Banca Nazionale del Lavoro (BNL) – the Italian bank that, as mentioned earlier, was working with Banque Worms in financing arms transfers to Iran.

In 1989, BNL-Atlanta was raided by the FBI, and revelations soon followed that the bank had been providing massive loans to Iraq that were “far in excess of the amounts reported to the Federal Reserve.”²¹⁸ These loans, in turn, were being used by Iraq to purchase weapons. Beside the CCC-guaranteed lines of credit that were mixed in with BNL’s lending, the possibility was raised that the CCC itself – with or without its knowledge – had acted as an underwriter of arms deals. An investigation into what was dubbed “Iraqgate” led to the verdict that there was, in fact, no conspiracy on the part of the CCC and the Reagan administration to arm Iraq. Yet, the overlap in time with the Bechtel negotiations and Donald Rumsfeld’s trips to Iraq seems to paint a different picture.

The Export-Import Bank is just one direct connection between the CCC/BNL affair and the Bechtel pipeline negotiations. Another was the connection that came from Rappaport himself – his close associate at Inter Maritime Bank, Alfred Hartmann. Hartmann, mentioned earlier in relation to the loans provided to Marc Rich, also maintained a high-ranking position at BNL. Given that Hartmann tended to appear at banks as a representative of BCCI, this may indicate a relationship between BNL and BCCI. Indeed, in 1991, the *New York Times* reported that BNL-Atlanta had been receiving massive transfers of money from BCCI and its subsidiary First American Bankshares.²¹⁹ These transfers, which were happening at the same time as the Iraq loans, appeared to have been made in order to keep the BNL branch afloat.

In the US Congressional hearings that investigated Iraqgate, the relationship between BCCI and BNL’s Italian leadership was further elucidated. According to a written statement provided by the head of BNL’s North American operations, BNL’s former managing director, A. Ferrari – who resigned in 1981 after his membership in the notorious P2 Masonic lodge was revealed – had been close to “Pakistani nationals connected to BCCI.”²²⁰ The statement further identified Ferrari as a close friend of Roberto Calvi, the head of Banco Ambrosiano who wound up dead under exceedingly murky circumstances. It also added that Ferrari and the head of BNL’s international division, A. Florio, had worked closely with the corruption-plagued Vatican Bank. Finally, the statement charged that Ferrari and Florio exclusively handled BNL’s “relationship with people like [Ghaith] Pharaon and Marc Rich.”²²¹

BCCI and BNL appeared together again in relation to a strange firm called Allivane International Group, which was described in a UK parliamentary inquiry

as a “ghost company.”²²² Allivane was, like BNL, a participant in the Bofors-led powder cartel that moved propellant powder, munitions, and weapons parts. At the same time, Allivane was participating in multiple illicit weapons deals with Iraq, and, by 1993, the company’s leadership was wanted for questioning in the US in relation to the BNL-Atlanta loans.²²³ Leaders included Allivane’s founder, Terry Byrne, who had previously worked at a company called International Signal and Control and, before that, a “New Jersey firm called Rexon Corp.”

Rexon was subsequently placed under investigation for, among other things, providing artillery-fuse parts to Iraq. International Signal and Control, meanwhile, had been founded by James Guerin who was linked, by the UK inquiry, to the Chilean arms dealer Carlos Cardoen, and who between 1984 and 1988 provided minerals used in munitions to Iraq.²²⁴ Ari Ben-Menashe, the former Israeli intelligence officer, has charged that Margaret Thatcher’s son Mark Thatcher was also close to Cardoen and had used this connection to broker the sale of armaments to Iraq. At the time, Thatcher was living in Texas, where he had cultivated contacts that included former Senator John Tower.²²⁵

While the relationship between Allivane and BNL remains vague, what is certain is that BCCI was working closely with both companies. It reportedly held several different accounts at BCCI during the mid-1980s and, in 1987, BCCI was “prepared to ensure the sale of 50,000 sets of fuses” by Allivane.²²⁶ Invoices obtained by British parliamentarians further indicated a business relationship between Allivane and a company called Space Research Corporation, which had been tied in other reports to Allivane’s successor Rexon Corp, to Carlos Cardoen and Mark Thatcher, and to BCCI.²²⁷

Space Research Corporation is best remembered for the man behind the company: Gerald Bull, a Canadian-born engineer and artillery expert who, prior to his 1990 assassination in the doorway of his Brussels apartment, had designed weapons systems for the Iraqis and the Chinese. He had also brokered the sale of arms to South Africa. Yet, his most famous effort was Project Babylon.

Commissioned by the Iraqi government, Project Babylon was intended to construct a series of space guns, based on Bull’s earlier designs for launching satellites into orbit. These guns would be used to fire projectiles high into the atmosphere or near-earth orbit in order to reach targets far beyond the range of normal artillery equipment.

The ownership structure of Space Research Corporation was fascinating. In the late 1960s, it was jointly controlled by the Great West Saddlery Company and Arthur D. Little, the Boston corporate consultancy firm and think tank. The CEO of Arthur D. Little at the time was General James Gavin. In 1982, Gavin, along with Clark Clifford's partner Robert Altman, joined the board of Financial General Bankshares. Great West Saddlery had been a defunct company taken over by Edward and Peter Bronfman – the nephews of Samuel Bronfman – and they transformed it into an investment vehicle.²²⁸ The acquisition of companies by way of Great West Saddlery was financed through Edper Investments, a holding company owned by the brothers. Edper, in turn, had been financed through the sale of Seagram's stock held by Edward and Peter Bronfman.

When the Iraqgate scandal began to break in the early 1990s, attention turned to former Secretary of State Henry Kissinger because, in 1985, he had taken a spot on the international advisory board of BNL. Furthermore, Kissinger's corporate consultancy firm, Kissinger Associates, counted the Italian bank as a client. Kissinger Associates, which had been set up in the early 1980s with seed money provided by a syndicate of large Wall Street firms led by Goldman Sachs, stacked its partner list with many prominent individuals. Lawrence Eagleburger held a spot at the firm from 1985 through 1989, right between stints as Reagan's Undersecretary of State for Political Affairs and George H.W. Bush's Deputy Secretary of State. Eagleburger had a long history with Kissinger, having served as his special assistant way back in the Nixon administration. Another Kissinger assistant from this period was Brent Scowcroft, who also ended up at Kissinger Associates before becoming Bush's National Security Advisor in 1989.

Both Eagleburger and Scowcroft were linked by government investigators and by the press to BNL, despite their protestations that they had played no role in the Iraq weapons deals. "On three occasions between 1986 and 1989," Rep. Henry B. Gonzalez of Texas recounted, "Mr. Scowcroft briefed the BNL board on international political and economic developments."²²⁹ Once back in government, Scowcroft pushed for the expansion of the Commodity Credit Corporation's Iraq program, and enlisted his underlings in the NSC to provide political pressure to ensure this came to pass.

Eagleburger, meanwhile, was identified as having been present at meetings between BNL managers and Kissinger Associates in 1987. Though he denied interactions with BNL, events during the year prior to this meeting suggest that

Eagleburger was being less than honest. In 1986, LBS Bank, the US subsidiary of Yugoslavia's Ljubljanska Banka, was set up in New York City, and Eagleburger joined the board of directors. Roughly 2 percent of LBS' business was carried out with BNL, and it had even purchased some of the loans that the Italian bank had made to Iraq.²³⁰ Two years after it had opened its doors, LBS Bank was implicated in a money-laundering scheme connected to the transfer of high technology to the Eastern Bloc.²³¹

Kissinger also had personal ties to George P. Shultz. As with Eagleburger and Scowcroft, the relationship between the men formed during the Nixon administration. Kissinger attested, "For decades, George and I talked practically every Sunday," and that if "in a position to choose a president, I would select George Shultz."²³² When Shultz first accepted the position as Reagan's Secretary of State, Kissinger was the first person he consulted.²³³ Reportedly, this consultation pertained directly to developing a roadmap for Middle East policy. It seems likely that the question of Iraq was among the subjects discussed.

Besides the personal relationship between Kissinger and Shultz, there was a line running from Kissinger Associates to Bechtel via William E. Simon, a director at the firm who had served as a consultant to the construction giant. He also served on the board of Tamco, a corporate concern of the Gouletas family, who are discussed in relation to Jeffrey Epstein in chapter 11, and was also connected to Covenant House and AmeriCares, discussed in chapter 10. Simon further maintained a position as chairman of an investment vehicle controlled by Suliman Olayan, a Saudi investor who had embarked on major joint ventures with Bechtel.²³⁴ Simon, too, had a long history with Kissinger. For instance, he had served as Shultz's successor as Nixon's Treasury Secretary, and while there he developed what Kissinger later described as an "affectionate comradeship" with the Secretary of State.²³⁵

Each of these facts is certainly suggestive. When put together, a portrait emerges of a network – wrapped inside the Reagan administration but extending beyond it into companies such as Kissinger Associates, Bechtel, and BNL – that was working to not only promote the "tilt" to Iraq but was actively aiding Iraq in its fight against Iran. Particular institutions such as BNL – and BCCI – appear to have worked both sides of the conflict, supplying money and logistical support for the flow of arms to Iran and Iraq alike.

Seen from this perspective, the Bofors-led powder cartel, which was interlinked with the activities of the Enterprise, was just one element in a truly international network of money laundering, backroom deals, and arms trafficking. This tapestry, in turn, was the backdrop for the dark maneuvers of factional infighting that cut across the governments of the countries involved.

To bring these matters full circle, it is worth turning to the matter, left unresolved in the official inquiry, of the ties of Kissinger Associates to BCCI. In 1986, a consultant with Kissinger's firm, Sergio de Costa, was recruited by BCCI to aid in the takeover of a bank in Brazil.²³⁶ Before the ink had dried on the paperwork, de Costa began to lobby Kissinger Associates to take BCCI on as a client. He found an ally at Kissinger Associates in Alan Stoga, a former chief economist at the First National Bank of Chicago – an institution historically linked to Rockefeller interests. Stoga – who had reportedly attended the 1987 meeting with BNL where Lawrence Eagleburger was also present – later communicated extensively with BCCI principals and even, on a handful of occasions, met with them in person.

When the BCCI inquiry was underway, Kissinger Associates painted a picture in which Stoga had pushed for the firm to take on BCCI on as a client, while Kissinger had been more reticent. This narrative was shaped by the files and communiqués that the firm had turned over to investigators, indicating that Stoga's talks with BCCI terminated in December 1988. Yet, the files turned over by BCCI itself complicated this picture: they showed that Stoga was still meeting with BCCI representatives a month later, in January 1989. Kissinger Associates stated that Stoga reiterated at this meeting that the talks could not continue, but BCCI's files stated that, at the meeting, it “was established that it is in our interest for both parties to continue with conversations. As such, the door for an eventual relationship remains open.”²³⁷

With BCCI's compounding notoriety and eventual collapse, a working relationship between the bank and Kissinger Associates was never cemented. Kissinger Associates did, however, make an “unofficial” recommendation for BCCI by referring them to the New York law firm of Arnold & Porter.²³⁸ One of the partners at Arnold & Porter, named directly on the referral to BCCI, was William D. Rogers, who had served beneath Kissinger in 1976 as the Undersecretary of State for Economic Affairs. Rogers had subsequently helped

Kissinger set up Kissinger Associates and was serving on the board at the time that the Arnold & Porter recommendation was being made.

RIVALRIES

Buried deep within the pages of testimony, declassified documentation entered into evidence, and summaries that make up the bulk of the published Iran-Contra proceedings, there are faint traces and hints of an internecine bureaucratic feud that trickled down into Contra-support operations. Scattered throughout this documentation, one finds references to an entity called “the Supermarket,” based out of Honduras. A leading military official stationed in Latin America, General John R. Galvin, described the Supermarket as a place where “a lot of weapons ... from somewhere overseas” were stored.²³⁹ An unnamed CIA officer who was called to testify, meanwhile, called the Supermarket a “private organization” that was operating in league with “international arms dealers.”²⁴⁰

The independent counsel’s final report (also known as the Walsh report) identifies the figures behind the Supermarket as Ron Martin and Colonel James McCoy, the latter having recruited the former sometime in late 1984. McCoy was a “former US military attaché to Nicaragua,” while Martin was “a Miami-based arms dealer who had been the focus of investigation by the Bureau of Alcohol, Firearms and Tobacco for many years.”²⁴¹ The report adds that Martin had “at one time been charged with providing arms illegally to narcotics traffickers.”²⁴²

The Supermarket actually predated the Secord-led Contra airlift that had been set up at North’s behest. This is clearly illustrated in the Walsh report and is alluded to by Howard Kohn and Vicki Monks in their reporting on Iran-Contra that appeared in *Rolling Stone*. Kohn and Monks write that, while Operation Black Eagle was breaking down and the Enterprise was being assembled, William Casey “turned to a third weapons smuggling operation.”²⁴³ Martin and McCoy were not part of Casey’s network of operatives; they were instead “entrepreneurs who had learned about the Contra slush fund and hoped to profit from it.”²⁴⁴

As the Enterprise swung into motion, a significant rivalry developed between the two groups. North’s personal notebooks illustrate that the Supermarket became a growing concern for the Enterprise during 1985. That spring, North wrote down information about Martin and McCoy’s operation that Secord had gleaned from Rafael Quintero, the CIA-trained Cuban exile who had become

involved with the Shackley network in the 1970s. Among the information listed was that Martin was wanted in Guatemala for “criminal activity” and that Defex – the Portuguese arms dealing outfit that Secord was close to – would not do business with them.

North also noted that there was “possible Martin interference w/Puerto Cortez [*sic*] delivery.” This was a reference to an Enterprise-organized weapons shipment from Portugal destined for Puerto Cortés in Honduras, which Martin had learned about through his own network of sources. He dispatched the Supermarket’s chief agent, the Cuban American Mario Delamico, who posed as one of Secord’s employees in order to obtain a cargo manifest from the ship, the *Erria*, when it docked. Martin later stated that he “used the manifest and other documents that Dellamico [*sic*] took from the *Erria* to convince [Mario] Calero that Secord was ‘ripping off’ the Contras.”²⁴⁵

Other notes made by North show that he was interested in where the money for the Supermarket had come from in the first place. On July 12, 1985, he wrote that he had received information that the “[Honduran] Army plans to seize all [weapons] when supermarket comes to a bad end,” and that “\$14 [million] to finance [the Supermarket] came from drugs.”²⁴⁶ Despite the relationship between North’s operations and drug traffickers, he used this link of the Supermarket’s financing to drugs – with Noriega allegedly being the connection here – to warn others to avoid them. North later stated that he was being guided in these decisions by William Casey himself.

Evidence of Martin’s wider involvement with the Latin America drug trade comes through his choice to employ Theodore Klein, a Miami criminal-defense lawyer, as his attorney. Klein had previously represented Jack DeVoe, a pilot and owner of a charter airline service that operated as a front for a Colombian-led cocaine-smuggling operation. DeVoe had entered the world of drug smuggling in 1970 and, by the 1980s, he was in league with a powerful drug smuggler named Pepe Cabrera, a partner of Carlos Lehder.²⁴⁷ When it came to laundering the proceeds of this smuggling operation, DeVoe looked to Jack Freeman – a veteran of Paul Helliwell’s law firm and, for a time, the in-house counsel for Castle Bank & Trust.²⁴⁸

According to Theodore Klein, Felix Rodriguez – a longtime actor in CIA shadow operations who was then connected to the Enterprise – had some sort of “business relationship” with the Supermarket.²⁴⁹ This particular connection may

help determine who might have been the actual benefactors of the Supermarket. By 1986, significant tensions had built up between Rodriguez and North, but the Walsh report shows extensive contact between Rodriguez and Donald Gregg, the former CIA official who had become Vice President Bush's National Security Advisor.

Rodriguez had first been introduced to North through William R. Bode, a State Department official who might have also been an asset for the CIA.²⁵⁰ That same day, Rodriguez met with Gregg to discuss "his [Rodriguez's] interest in going to El Salvador." Gregg promised to make introductions between Rodriguez and key people and reported the meeting to Vice President Bush as soon as it concluded. Less than a month later, Gregg arranged for a meeting between Rodriguez and Bush to discuss counterinsurgency operations in El Salvador.²⁵¹

When Rodriguez was running the Enterprise's Contra resupply operations from El Salvador, working under him as the day-to-day operations manager was CIA-trained Cuban exile Luis Posada Carriles. Posada was a real piece of work – during the 1970s, he had been one of the founding members of the Cuban exile terrorist group CORU, but he had maintained a close connection with US organized crime figures like Lefty Rosenthal before CORU existed. In the decade prior to his recruitment as a cog in the Enterprise's machinery, he had been identified as "big time trafficker" of Colombian cocaine into Miami.²⁵²

Records indicate that North was kept abreast of Rodriguez's repeated meetings with Gregg, but it is doubtful that he knew everything that was being discussed between the two. The Walsh report indicates that Rodriguez used those opportunities to express his misgivings about North and the Enterprise, at one point telling Gregg that North was "involved in the Edwin Wilson group."²⁵³

Whether or not this referred to something earlier in North's career, or simply to the presence of old Shackley network operators like Secord and Clines in the Enterprise, is not clear. However, the role being played by Clines in the Enterprise troubled Rodriguez to no end. The two had been friends going back to the Bay of Pigs, but they had split up over the covert involvement with Libya. Gregg wrote notes about this split that were later entered into evidence during the Iran-Contra hearings. He also noted that "Tom Clines = snake! (would sell his mother)."²⁵⁴

In Joseph Trento's *Prelude to Terror* – largely based on interviews he carried out with Edwin Wilson, Thomas Clines, and others from that nexus – he recounts that it had been Clines who had first introduced and brought Wilson and

Rodriguez together in 1973. Wilson, in turn, put Rodriguez in touch with the infamous arms dealer Sarkis Soghanalian, who at the time was looking for somebody to train the Falangists in Lebanon. According to Soghanalian, Wilson told him to take Rodriguez to Lebanon and “don’t bring him back ... get rid of him.”²⁵⁵

As the tension built between North and Rodriguez, Rodriguez appeared to have been leveraging his contact with Bush via Donald Gregg. The Walsh report states that, in early 1986, Rodriguez was causing “continual problems” by boasting of his “very close relationship with the Vice President and a number of his people.”²⁵⁶ On January 9, North wrote in his notebook “Felix talking too much about VP connection.” Several months later, notes made by North’s assistant Robert Earl added a few more pieces to the puzzle. During a meeting between NSC staffers and representatives (including Gregg) of the Office of the Vice President, Earl wrote the following: “Felix needs to be eased out w/honor,” “Felix claims working w/VP blessing for CIA,” “Mario Delameco [*sic*], Miami = Felix contact,” and “Calero–Martin link = a problem too.”²⁵⁷

The relationship between Rodriguez and the Supermarket on one side, and between Rodriguez and Bush on the other, raises an important question: was Vice President Bush the ultimate backer of Martin and McCoy’s operation? If so, it would likely reflect the ongoing power struggle, first addressed in the last chapter, between Casey and Bush. Casey, after all, was the ultimate backer of the Enterprise, having effectively outsourced CIA activities to North and the remnants of the Shackley network.

There is also other evidence that links Bush to the Supermarket. Howard Kohn and Vicki Monks, for example, noted that the Supermarket was popular among influential Contra supporters in Miami, precisely where Jeb Bush was doing private fundraising for the Contras and, according to a Customs report, was involved in gunrunning on behalf of the fighters.²⁵⁸ Intriguingly, *Newsweek* reported in 1988 that it had obtained an NSC report stating that “disclosure of ‘covert black money’ flowing into Honduras to fund military projects ‘could damage’ Vice President Bush.”²⁵⁹

There are also questions of potential connections to Robert Corson, the Houston land developer and rumored CIA asset who was the son-in-law of Bush’s friend (and potential intelligence cut-out) Walter Mischer. Corson, as discussed in the last chapter, was identified by controversial whistleblower Richard Brenneke

as his partner in money-laundering activities. Importantly, Brenneke further stated that Corson and the Supermarket's Ron Martin were business partners and had even jointly owned a casino in the Canary Islands for several years in the early 1980s.²⁶⁰ Also suggestive is a complex real estate deal in Florida that involved a thrift, controlled by Corson, called VisionBanc. VisionBanc and several other S&Ls lent money to Mike Adkinson, a reputed arms dealer, to buy up property in the Florida panhandle from St. Joe Paper Company, then controlled by DuPont interests.²⁶¹

When the deal was settled, the money from VisionBanc, never to be paid back, was swiftly tucked away in the Isle of Jersey branch of Bank Cantrade. This was the same bank where Jack Freeman was hiding the proceeds from Jack DeVoe's drug smuggling – and, as mentioned earlier, DeVoe used the same attorney, Theodore Klein, as Ron Martin. It was also the same bank from which GeoMiliTech had drawn its offshore finance managers.

A much more direct linkage comes in the figure of S. Cass Weiland, a Houston lawyer who was retained by Corson. Weiland appears extensively in North's notebooks, mostly in conjunction with figures circulating around the Supermarket. In 1984, North was following a project in Belize that involved both Weiland, then serving as counsel to the Senate Permanent Subcommittee on Investigations, and a Cuban exile named Sergio Brull.²⁶² Brull appeared later in the notebooks as a key contact for Martin and for John Molina, a Cuban American businessman who was shot to death in Panama in October 1987.

Molina, in the 1970s, was the president of UniBank, the Panamanian subsidiary of the WFC Corporation – the CIA-linked drug smuggling operation and money laundromat – that was co-owned by the First National Bank of Louisville.²⁶³ After WFC went bust, Molina continued to operate in the underworld and eventually became the chief banker for the Supermarket.

If Robert Corson, as Pete Brewton argues, was part of an intelligence apparatus that was tied up with George H.W. Bush, then Corson's connections to banks and to individuals linked to the Supermarket becomes indicative of a pattern. Tellingly, Belize, the country where Weiland and Martin's associate Brull was active, was a primary node for the drug-smuggling ring in which DeVoe was involved. According to a UPI report, "cocaine was flown to Belize and islands in the Caribbean, then to processing points in the United States.... The pure cocaine

was then brought to Miami where it was diluted and eventually distributed for street sales throughout the United States.”²⁶⁴

Brull was mentioned in a 1986 FBI interview given by Richard Secord that concerned an investigation that had been launched into the activities of Jack Terrell. Terrell, using the name “Colonel Flaco,” had worked with the Contras through his position in Civilian Materiel Assistance, the militia outfit used to train and assist the fighters that was connected to Singlaub, among others.²⁶⁵ He subsequently became a whistleblower, turning over information to Florida authorities linking Oliver North, Robert Owen, and John Hull to gun running and drug smuggling. This was prior to revelations about the Enterprise that followed the doomed flight of Eugene Hasenfus in October 1986.

Terrell also provided information to the media. In June 1986, he appeared on a television show called *West 57th*, where he made allegations that the Contra-support flights were also being used to move drugs into the US. Several days later, North met with assistant FBI director Oliver “Buck” Revell to discuss identifying Terrell as a terrorist suspect – one with potential ties to Nicaraguan intelligence, to boot! This was a clever move on the part of North. In 1984, North organized a special group within the NSC called the Terrorist Incident Working Group (TIWG), which in turn spawned a secretive subunit called the Operations Sub-Group (OSG). This apparatus, dedicated to counterterrorism activities, was made up of North’s allies across various agencies – including Buck Revell.

By designating Terrell a terrorism suspect, the FBI’s counterterrorism operation was plugged directly into the NSC through Revell, allowing North to have a direct means of monitoring the whistleblower. On July 17, 1986, North sent a memo to Admiral Poindexter stating that, concerning Terrell, the “FBI has notified the Secret Service and is preparing a counterintelligence/counterterrorism operation plan for review by OSG-TIWG tomorrow.”²⁶⁶

The FBI interviewed Secord just under a week later, on July 23, 1986. He told the agents that Terrell’s allegations were part of a “concerted effort” by an interconnected group of individuals. Operating in “collusion” with Terrell, Secord continued, was “Sergio Brulle [*sic*], a Cuban-American with a commercial business, a (FNU) [first name unknown] Gomez, whom he described as a bad Cuban involved with drug running.”²⁶⁷ Secord, in other words, was linking Terrell to the Supermarket, since Brull was tied to Martin. Gomez might have been none other than Felix Rodriguez, who frequently went under the alias “Max Gomez.”

This statement raises more questions than it answers. By tying Terrell to the Supermarket, was Secord trying to place Martin and McCoy's outfit under FBI counterterrorism surveillance? Or was there truth to this statement? If it was the latter, then it would seem that the Supermarket could have been trying to expose the Enterprise in the press and to US law enforcement. This would directly parallel the claims later made by Seymour Hersh: that a secret intelligence apparatus, run from the Office of the Vice President, had leaked information to the press concerning the missile sales to Iran.

Information and insider knowledge, it seems, was the weapon of choice in the shadow wars fought behind and beneath the bloody covert operations of the Reagan era.

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Obront also had ties to the Bronfman family. Pete Newman writes that "although he vehemently denies any venal implications in his friendships, Mitchell Bronfman was condemned in 1977 by having the Quebec Police Commission inquiry into organized crime

as having had an 'almost brotherly relationship' with Willie Obront, a convicted kingpin of Montreal's underworld." See Peter Newman, *The Bronfman Dynasty* (McClelland and Stewart, 1978), 225.

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"Austrian duke," and an "agent" of textile magnate Joseph Koret. In the 1980s D'Antin was married to Michaela von Habsburg, the daughter of Otto von Habsburg. See "The Princess and the P (for Press), *Daily News, (New York)*, December 11, 1980. Also, Michaela's former sister-in-law, Francesca von Habsburg, is listed in Jeffrey Epstein's black book.

- 158 Samos was married to Alma Robles Chiari, the heiress from a prominent and politically well-connected family. In 1977, Alma and Samos' partner, Ray Corona, attempted to purchase the National Bank of South Florida. The bank, a well-known drug laundromat located in Hialeah, was for sale by the First National Bank of Louisville. It had previously been owned by the WFC Corporation, which was partnered with First National Bank of Louisville in the ownership of Panama's UniBank, through which loans were granted to individuals and institutions. When WFC began to collapse in the late 1970s, First National Bank of Louisville was exposed to a compounding liquidity crunch. To compensate, WFC turned National Bank of South Florida over to First National Bank of Louisville, and in order to recoup losses First National Bank of Louisville placed it for sale. See James Ring Adams, *The Big Fix: Inside the S&L Scandal : How an Unholy Alliance of Politics and Money Destroyed America's Banking System* (New York: Wiley, 1991), 72–84.

Other potential buyers for National Bank of South Florida from First National Bank of Louisville included Gustavo Villoldo, a CIA-trained Cuban exile who was suspected of being a front man for the WFC's founder, Guillermo Hernandez-Cartaya. Villoldo would later resurface in the covert Contra support operations. According to Peter Dale Scott and Jonathan Marshall, Villoldo was sent in 1983 "into Central America by Vice President Bush's national security advisor Donald Gregg to advise the Contras on military strategy." This would closely conform to reporting on Operation Black Eagle. Later, during the feud between the Enterprise and the Supermarket, Oliver North toyed with the idea of using Villoldo to take the Supermarket's Mario Delamico "out of the picture." See Scott and Marshall, *Cocaine Politics*, 29, 59.

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- 163 James S. Henry, *Blood Bankers: Tales from the Global Underground Economy* (Basic Books, 2005), 48.
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- 252 On Posada, see Webb, *Dark Alliance*, 253-55; and Scott and Marshall, *Cocaine Politics*, 31. Posada has been identified as an associate of Philip (or Phillip) Arthur Thompson, a hitman, suspected serial killer, and FBI informant. Thompson, during the 1980s, turned up in the Wackenhut-Cabazon arms joint venture at the Cabazon Indian Reservation in Southern California. As discussed in chapters 8 and 9, this venture was intimately tied to, among other things, Iran-Contra and the Inslaw affair. Thompson had been involved in the security side of the arrangement and had acted as bodyguard for Michael Riconosciuto. Cheri Seymour writes that "Philip Arthur Thompson was originally sent in by Patrick Moriarty ... (Patrick Moriarty was Michael's father's partner of 40 years)." Cheri Seymour, *The Last Circle: Danny Casolaro's Investigation into the Octopus and the PROMIS Software Scandal*, 1st ed (Walterville, OR: TrineDay, 2010), page 301
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- 259 Colhoun, "BCCI: The Bank of the CIA," 17.
- 260 Brewton, *The Mafia*, 94.
- 261 Brewton, *The Mafia*, 331-57. Mike Adkinson, when he was not dealing arms, was a real estate developer from Houston. Sometime in the early 1980s, he had fallen in with a group of wealthy Kuwaitis. He began fronting for their real estate interests in Texas and was traveling in and out of the Middle East in this period. This was when he reportedly became involved

in gun-running, and Iraq was identified to have been one of the destinations of the arms he brokered. Adkinson stated that his "rise to stardom" was thanks to Herman Beebe, the crooked S&L player with ties to organized crime and the CIA. According to Brewton's sources, Adkinson was something of a front man for Beebe. One of their operations was Skyways Aviation.

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CHAPTER 8

CLINTON CONTRA

SEAL, THE SMUGGLER

On October 5th, 1986, the Enterprise took a mortal blow. At 9:50 AM, a C-123K military transport aircraft took off from the Ilopango military base, carrying a stockpile of rifles, ammunition, and explosives in its hull. These were to be air-dropped into the Nicaraguan jungle for the Contras – but the plane never made it to its destination. It was instead shot down by Sandinista forces, killing three of the four man crew. The sole survivor, Eugene Hasenfus of Wisconsin, was subsequently captured. Under interrogation, he began to detail what he knew of the wide-ranging plot to arm the Contra rebels.

The first official communication surrounding the plane came through Felix Rodriguez, who alerted Samuel Watson, an aide to Vice President Bush, that an aircraft had gone missing. A day later, on October 6th, Rodriguez contacted Watson again with an update. Soon, Oliver North was bound for El Salvador. Meanwhile, cover stories were being drafted in a desperate attempt to provide an alternative explanation of events. Despite their efforts, North and the Enterprise were out of luck and, within days, congressmen were calling for inquiries into the crash, the FBI began nosing around Southern Air Transport's Miami offices, and the press started to run stories about different aspects of their clandestine activities. It was all unraveling at a fast pace.

As with most things related to the Enterprise, mystery begat more mystery. Hasenfus, for example, had been hired to serve as a crewman on the doomed C-123K by a company called Corporate Air Service, which was registered in Pennsylvania but had offices in Miami. Corporate Air was “revealed to be a phantom company,” and its Miami location was actually Southern Air Transport's headquarters at the Miami Airport.¹

The history of the C-123K was itself a tangled web. In 1983, it had been purchased from the US Air Force by Harry Doan, the proprietor of a Florida

aviation company called Doan Helicopters. It had been picked up by the Enterprise in March 1986, via a front company called Udall Research Corporation. Udall, registered in Panama, was also involved in the construction of the airstrip in the Santa Elena region of Costa Rica. Papers recovered from North's safe described Udall as an "operating company."²

Udall was not alone in acquiring this C-123K from Doan. It had previously fallen into the hands of one Adler Barriman "Barry" Seal, the commercial pilot-turned-drug smuggler and CIA asset. Seal had picked up the plane, used it for drug smuggling flights, and then returned it to Doan Helicopters in July 1985. Seal, importantly, was connected to the same criminal figures that had been woven into the covert Contra support network. Beginning in 1981, Seal had begun to ferry cocaine on behalf of Jorge Ochoa, one of the Medellin cartel's founding members. In a few years, Seal's Medellin smuggling had expanded considerably. With police attention mounting in his home state of Louisiana, Seal set up a new base of operations in rural Arkansas.

The location that Seal selected was the Intermountain Municipal Airport in Mena, Arkansas, near the Arkansas-Oklahoma border. Mena was a small, unassuming town; yet, throughout the 1980s, the area encircling the airport became a hotbed of intrigue. In 1989, journalist John Cummings, in one of the first articles written on Seal in Mena, wrote that "Seal had virtually taken over a local aircraft repair-and-modification operation at the airport, and the good citizens of Mena began to notice some strange goings on: landings at night, tight security around Seal's planes, a hangar converted into a virtual fortress."³ There were also sightings of what appeared to be airdrops, the construction of airstrips deep in the woods beyond the airport, and even darker rumors that whatever was happening was sanctioned by the CIA.

The report of the Kerry Commission on narcotics later stated that "[a] ssociates of Seal ... were ... targets of grand jury probes into narcotics trafficking." Yet, these cases were dropped despite the "strong protests of State and federal law enforcement officials.... The apparent reason," the report continues, "was that the prosecution might have revealed national security information."⁴

Jack Anderson wrote in the *Washington Post* that, after Seal died in 1986, IRS investigators descended upon Mena and seized records and other documents from the smuggler's offices there. The IRS was keeping its report "under wraps," but Anderson relayed its name: "Contra Mena Connection."⁵ The absence of a public

release of this report allowed a comprehensive firewall to be set in place, permitting investigators to quietly detail the story of Seal and that of Iran-Contra.

That the plane shot down in Nicaragua had been used by Seal was written off as mere coincidence, with the intermediary figure, Harry Doan, acting as a convenient buffer. Unfortunately for the proponents of this narrative, the specter of Seal appears throughout the official documentation of the Iran-Contra case.

A May 1983 US Customs report noted that an aircraft piloted by Frank Moss and owned by his Honduran aviation company was involved in drug smuggling linked to Barry Seal. As previously mentioned, Moss and his aviation companies were entangled, not only with the Enterprise's Contra support efforts, but with repeat allegations of drug trafficking. Those allegations rang true in the case of this plane, tail number N90201, which made at least one airdrop of "large quantities of marijuana and cocaine at an isolated farm near Baton Rouge, Louisiana. The farm's address Rt. 6, Box 282E in East Baton Rouge, Louisiana, belong[ed] to Adler [Barry] Seal..."⁶ Given Moss' ties to Matta's drug trafficking operations, it seems likely that Seal himself was part of these wider smuggling networks. It would also align Seal with the Cali cartel in addition to his earlier Medellin ties, which paints a complicated picture of the unstable alliances and power competitions that raged beneath the surface of this covert world.

Journalist Daniel Hopsicker, in his biography of Barry Seal, writes that he obtained documents from the trafficker's widow which show that, in the 1980s, Seal was doing business with Summit Aviation. As mentioned in the previous chapter, Summit was controlled by the DuPont family, and was managed by Patrick Foley, a veteran of the CIA and Flying Tiger Line. It was Summit that had provided a small aircraft that was utilized for a bombing run in Nicaragua, while it was Foley who had recommended a drug-smuggling pilot to the State Department for the transportation of "humanitarian supplies" to the Contras. Foley, Hopsicker writes, was a "Seal associate whose name and number are in Barry's files."⁷

Summit was involved in the acquisition and trade of Beechcraft King Air, turboprop planes known for their flexibility and versatility. Seal, likewise, maintained his own King Air plane, and one, sporting the tail number N6308F, had a particularly interesting provenance. It was owned by Greycas Inc., a Phoenix, Arizona-based subsidiary of Greyhound Lines, the bus company. Greycas leased the plane to a company called Systems Marketing Inc., reportedly a subsidiary of another firm named Military Electronics.⁸ Systems Marketing provided the plane to Gene Glick, a real estate developer who, in turn, leased it to Seal.

According to Hopsicker, Glick “leased not just this but several other of Barry Seal’s planes and helicopters as well, during the time Seal was most active in drug and weapons smuggling. Other documents we uncovered revealed that Glick was also actively helping Seal purchase ocean-going vessels... ”⁹

Hopsicker reproduced an FAA form showing the leasing of the aircraft from Greycas to Systems Marketing. The form identified Systems Marketing’s vice president as a Leonard F. Lavoie. Press reports at the time suggested that Lavoie, at this time, was also affiliated with an aviation company called Skyways Travel & Tours, while his early career had revolved around Arizona real estate. During the 1970s, Lavoie had been the treasurer for the Halwin Corporation, which had been founded by a man named Allen Winter.¹⁰ Winter, notably, was a “known racketeer” who, prior to relocating to Arizona, had operated out of the Seattle area and had been particularly close to Dave Beck – Jimmy Hoffa’s mob-linked predecessor as president of the Teamsters union.¹¹

Both Winter and Lavoie had previously worked for the major Phoenix, Arizona, construction firm Del E. Webb Development Company.¹² Del Webb had developed major projects like Sun City, the famous retirement community; yet, what the builder and his company were best known for was their role in building and owning a number of Las Vegas casinos. Unsurprisingly, this brought him into close contact with organized crime interests, and to Bugsy Siegel and Meyer Lansky in particular – as well as to J. Edgar Hoover. According to Anthony Summers, Hoover – who rubbed shoulders with Webb at places like the Hotel Del Charro, a favorite haunt of mob-linked Texas oil bigwigs like Clint Murchison – appears to have protected the builder. “Hoover,” said Justice Department attorney William Hundley, “gave Webb a pass. He was his buddy.”¹³

Hundley added that “No bugs went in on Webb’s places.”¹⁴

It’s unsurprising, then, that Webb himself came to own a number of casinos – including the Sahara, which he had acquired with loans from major Wall Street entities like Lehman Brothers and Morgan Guaranty.¹⁵ He also ended up with the Thunderbird Hotel and the Flamingo, which means that the money of Del E. Webb Development Company had also freely mingled with that of the Moody family’s American National Insurance Company (ANICO).

That Lavoie appears in the chain of custody that delivered a plane from Greycas into the hands of Barry Seal illustrates, once again, the integration of organized crime networks into those of the intelligence community. It also makes one wonder

if Gene Glick, the builder who acquired the plane from Systems Marketing before leasing it to Seal, was himself tied into Del Webb's network.

Greycas itself was involved in large-scale financial crimes that also seemed nebulously linked to individuals in Seal's orbit: it was bilked for truly massive sums of money by a prolific confidence man by the name of Sheldon Player. Hopsicker writes that: "Player would sell Greycas heavy machine tools, lease them back, and then pretend to sublease the expensive devices to end-users."¹⁶ Sheldon would pocket the money – or perhaps move it on behalf of other parties – by siphoning it away into offshore bank accounts. According to Arthur Johnson, in his book *Breaking the Banks*, Player's preferred offshore banker was Gordon Aiton of Bank Intercontinental Ltd.¹⁷ The true owners of Bank Intercontinental, located in the Cayman Islands, are unfortunately unknown, though Aiton himself was the Cayman's former inspector general of banks.¹⁸

A second company controlled by Aiton, Investment Consultants Limited, was also involved in Sheldon Player's activities. Intriguingly, Hopsicker reproduced a document from this very company, showing that Aiton was in communication with Barry Seal.¹⁹ The document in question concerned payments and insurance for Seal's Lear Jet.

About a year after Moss' airdrops at Seal's farm, Seal had become a deeply involved in a curious DEA sting operation. What made this sting so odd was that its goal was propagandistic in nature: it was intended to produce concrete evidence of collusion between the Sandinistas and the Medellin cartel. In June 1984, Seal flew – allegedly – into Nicaragua, where he picked up a load of cocaine. The pickup was covertly filmed and photographed, but the ongoing DEA operation quickly derailed.²⁰ General Paul F. Gorman of the US Military Southern Command, publicly announced that evidenced had been found linking the Sandinistas to drug traffic. However, corroboration that Seal indeed met with Sandinistas has never been produced. While Seal wasn't named by Gorman, he was fingered in an exposé on the story published by the *Washington Times*.

This whole series of events raises a number of questions. The Southern Military Command had been linked to arms flows to the Contras, while the *Washington Times* was owned by the Unification Church – the China Lobby-aligned sect that, at the time, was involved in private fundraising for the rebels. As Peter Dale Scott and Jonathan Marshall note in their book *Cocaine Politics*, Seal and the photos from this odd DEA operation were featured prominently in North's notebooks and personal diaries at the time, and North had gone out of his way to acquire copies. One note

recorded by North, based on a report from the CIA's Duane Clarridge, stated that "DEA thinks CIA linked info to Gorman."²¹ Did the Enterprise, or the CIA, or some other party, intentionally disrupt the DEA operation?

Barry Seal's life was ultimately cut short by a hail of gunfire in Baton Rouge on February 19th, 1986. The official story is that the smuggler had been taken out by hitmen dispatched by the Medellin cartel, who had placed a bounty on Seal when it became known that he was involved with the DEA. It's possible, however, that there were other actors in play.

As Daniel Hopsicker reported, rumors have abounded that the source of the hit was really the CIA, or Oliver North, or even George H.W. Bush. It was alleged, for instance, that Seal had considerable evidence of the Vice President's sons, George W. and Jeb Bush, receiving a large amount of cocaine.²² Bob Thommasson, a Louisiana State Police officer, told Hopsicker that the FBI had taken charge of the crime scene and removed boxes from the trunk of Seal's car – boxes that contained "very very compelling documents and tapes."²³

There is also the question of the weapon used in the hit. It had been sourced from Jose Coutin, the owner of a gun store and fashion boutique in Miami.²⁴ Coutin had been one of many CIA-trained Cuban exiles, having served in Brigade 2506, though it is unknown if he participated in Bay of Pigs. In the 1980s, he was deeply involved in Contra support activities – and had been flipped into acting as an FBI informant. Through the information that he provided to the Bureau, we know that he was acquainted with a number of key players. These included the principals of Frigorificos, the Colombian cartel front company contracted by the State Department; the CIA and cartel-linked rancher in Costa Rica, John Hull; Tom Posey of Civilian Materiel Assistance, the militia-special forces group tied to the Enterprise and to John K. Singlaub; and Jack Terrell, the early Iran-Contra whistleblower.²⁵

Barry Seal's untimely death didn't put an end to the goings-on in Mena, however. Russell Welch, a state police investigator who had been monitoring Seal, noted that in 1987 there was a spate of "new activity at the [Mena] airport with the appearance of ... an Australian business ... and C-130s had appeared."²⁶

There were in fact two Australian companies, Southern Cross Aviation Inc. and Multi-Trade, that had set up shop in Mena in the immediate post-Seal years.²⁷ Southern Cross was an aircraft ferrying company with an apparent specialty in moving C-130s, while Multi-Trade was an aircraft interiors business. The two shared several common principals, who in turn took an active interest in the aircraft being

stored at Mena. One of Multi-Trade's executives, a former Australian air force pilot named Glen Conrad, held a stake in one C-130 that he subsequently sold to a company in Florida called African Air Trans Inc. Florida business records show that African Air was owned by Henry A. Warton, a fairly well-known pilot and smuggler with known ties to the CIA. African Air Trans Inc. is mentioned again in the next chapter as the C-130 it bought was tied to another CIA-linked company, E-Systems.

In December 1988, the C-130 took off from Mena, destined for somewhere in Africa. It was seized by US Customs in Florida. Press reports from 1991 state that the plane had been "accused of violating regulations on trafficking arms," and that Warton's company was actually a dummy front set up to obscure the real owner. The plane had actually been acquired, the article continues, by "an unnamed Israeli living in Panama who set up a fake American corporation and mortgage on the aircraft to 'cover his ass.'²⁸

Several years later, in the summer of 1991, another C-130 linked to Mena met an odd fate. It crashed on a runaway in Luanda, the capital city of Angola, killing all onboard – including Chuck Hendricks, a 34 year old aircraft mechanic from Arkansas.²⁹ Hendricks' parents, who lived in Mena, set out to learn what happened to their son, only to be confronted with a web of mysteries. The C-130 had been owned by a Delaware company called CZX Productions, and the crew had been hired by a German firm called Unitrann International. Both of these companies, in turn, were controlled by a shadowy German aviation specialist named Dietrich Reinhardt.

Reinhardt's name will be instantly recognizable to those familiar with the Iran-Contra affair. One of the companies he controlled, St. Lucia Airways, had been utilized by the Enterprise to ferry weapons to the Middle East. According to Albert Hakim, St. Lucia was a CIA proprietary firm.³⁰ If Reinhardt was involved with aircraft from Mena as late as 1991, it seems that whatever was taking place in Arkansas was an ongoing operation.

DOWN IN ARKANSAS

Hot Springs, Arkansas, was, to quote Roger Morris, the "Geneva of organized crime in the 1920s and 30s. It's where the barons, the gangster bosses came to meet."³¹ That association certainly continued through the decades. Influence over the city, considered a neutral territory for the different, often-competing criminal gangs, families and outfits, was held by Owney Madden, a New York gangster whose

distinctive nickname was “The Killer.” Madden was reportedly something of an ambassador for Meyer Lansky and counted among his close associates Frank Costello, who popped up in Hot Springs from time to time. New Orleans crime boss Carlos Marcello was reported to have held significant influence over Hot Springs as well.

There is some evidence, albeit circumstantial, that a young Bill Clinton might have had contact with these forces while he growing up in Arkansas. The man that Clinton had often referred to as “the most commanding male presence in his life” and a “father figure” was his uncle, Raymond Clinton.³² Outwardly, Uncle Raymond ran a profitable car dealership, but he was also known to have engaged in various vices and backroom wheeling and dealing. According to a former Arkansas FBI agent, Raymond “ran some slot machines that he had scattered about town,” while close business associates have admitted that the car dealer had “considerable dealings in the underworld.”³³

Along the way, Raymond began to collect political power. He cultivated ties to the state’s Democratic Party, but also political figures in surrounding states, like Alabama’s George Wallace.

These ties paid off in a big way for Bill Clinton in 1968. It was a big year for Bill: he had just won a Rhodes Scholarship to Oxford University in the United Kingdom, and he was on the verge of being drafted. Being shipped off to war in Vietnam would have derailed Oxford entirely – and so Uncle Raymond leapt into action. Using his political connections, he was able to secure for Bill a draft deferral.³⁴

Uncle Raymond tended to crop up at opportune moments such as these, where Clinton’s political destiny seemed to hang in the balance. In 1974, when Bill embarked on his first political campaign for Arkansas’ House of Representatives, Raymond arranged for a \$10,000 loan for his nephew from the First National Bank of Hot Springs. While Bill would lose the race, two years later he secured a position as Arkansas’ Attorney General. This was the springboard for his next venture, the 1978 campaign for governor. This campaign was a success, thanks in no small part to loans and donations from Arkansas’ economic elite. Here, once again, one could find the name of Raymond Clinton.

In addition to the assistance provided by Uncle Raymond and his friends, Clinton may have had other benefactors who helped shape his early political education, if not his career itself. There are hints, rumors, and intimations of a relationship with the CIA during the 1970s, particularly during his year at Oxford, which had been secured with the aid of Raymond. A former CIA officer told Roger

Morris and Sally Denton that he had seen Clinton's name on a list of informants used by the Agency's Operation CHAOS – the surveillance program aimed at the anti-war and civil rights movements. Another officer stated that “part of Clinton's arrangement as an informer had been further insurance against the draft.”³⁵ Reportedly, Clinton was regularly debriefed by the CIA, who he supplied with information concerning activist groups on British campuses.

The underworld figures like Barry Seal who haunted Mena seemed to always operate with much less than six degrees of separation from Clinton during his time as the state's governor. In his 1999 confessional expose, *Cross-fire: Witness in the Clinton Investigation*, former Arkansas policeman turned personal driver and security guard for Bill Clinton, L.D. Brown, recounts how Clinton encouraged him to seek out a post at the CIA.³⁶ Clinton allegedly went so far as to edit the essay Brown wrote for this employment application. The essay topic was drug smuggling in Central America. Upon receiving his application, the CIA put Brown in touch with none other than Seal.

Seal was far from being the only affiliate of Oliver North running a Contra-connected operation in Arkansas. Terry Reed, who had worked for North since 1983, claimed to have been put in touch with Seal by North and established a base just 10 miles north of Mena – in Nella, Arkansas – where “Nicaraguan Contras and other recruits from Latin American were trained in resupply missions, night landings, precision paradrops and similar maneuvers,” according to Alexander Cockburn and Jeffrey St. Clair.³⁷

Reed charges that another figure in this circle (with particularly close ties to Seal) was Dan Lasater.³⁸ Lasater was the ultimate Little Rock operator. During the day, he was renowned for his lucrative bond brokerage business, Lasater and Company; while, after nightfall, he had a reputation as a party animal. Lasater was plugged into the world of Arkansas cocaine, something he shared with his close friend, Roger Clinton. Roger was, of course, the brother of then-Governor Bill Clinton. It was revealed during the course of the Whitewater investigations that Roger Clinton had even spent several years working for Lasater.³⁹

Just like his close friends, scandal seemed to follow Lasater. In 1977, his private jet turned up in Las Vegas with Jimmy Chagra, a prominent drug trafficker, onboard. (Two years later, Chagra contracted hitman Charles Harrelson to assassinate Federal Judge John H. Wood Jr. in San Antonio, Texas.)⁴⁰

Several years later, in 1984, Lasater purchased a ski resort in a remote northern corner of New Mexico. According to journalists Denton and Morris, Lasater “was

given free rein to use Bill Clinton's name commercially to help promote the isolated development." They continue:

Undercover law enforcement agents later found the resort a center for drug running, what US customs called a "large controlled-substance smuggling operation and large-scale money-laundering activity." While Lasater held "Arkansas Week" at the resort with Governor Clinton's endorsement and entertained politicians from Santa Fe as well as Little Rock, local New Mexico sheriffs were hearing reports from Angel Fire reminiscent of Mena – strange nighttime traffic, sightings of parachute drops, even hikers' accounts of a "big black military-type cargo plane" seeming to come out of nowhere and swooping low and almost silently over a deserted mountain meadow near the remote ski area.⁴¹

Rumors of drug trafficking, money laundering, powerful military connections and the shadowy presence of military activity grew throughout the latter half of the 1980s and into the early 1990s. A tantalizing early reference to an "Arkansas project" connected to the Iran-Contra affair can be found in a legal declaration drafted by Daniel Sheehan in connection with the lawsuit he brought against the Enterprise on behalf of journalists Tony Avirgan and Martha Honey.⁴²

This "project" was reportedly a scheme to set up a training facility for anti-Communist insurgents – in this case, Laotian tribesmen. A key witness in Sheehan's lawsuit, Gene Wheaton, identified some of the backers of this project as Rick Wade, a private citizen from Alaska; William Bode, a State Department employee whose name appeared in Oliver North's personal notebooks; and Vaughn Forrester, an assistant to the pro-Contra Congressman William McCollum; and CIA officer Carl Jenkins. "Some managers of the Daisy Air Rifle Company," writes Sheehan, "provided property in western Arkansas for the training camp."⁴³

That there was interest in training Laotian tribesmen for anti-communist purposes isn't as strange as it might sound. In the early 1980s, prior to the spin-up of the Enterprise, the National Security Council ran an off-the-books operation aimed at supporting Laotian anti-communists that was financed via private donations to a slew of POW-MIA groups.⁴⁴ Many of the donors – including Nelson Bunker Hunt and Ellen Garwood – would subsequently emerge as major private donors to the Enterprise. And much like the case of private donations to the Contras, money for the Laotian operation moved through familiar banks. One of these was none other than Seoul branch of BCCI. This money, as reported in a memo by Senate investigator John Mattes, "was used to arm Laotian resistance groups in a covert network 'run by members of the NSC.'⁴⁵

Rick Wade, the private citizen named by Wheaton, had been active in the POW/MIA movement, and was likely connected to the NSC's operations. During

the 1980s, he had developed contacts with aides to Vang Pao, the Hmong opium warlord that had been so close to Ted Shackley and his team a decade prior. He became a lobbyist for the Hmong in Washington and elsewhere, and would meet with figures like Ellen Garwood and Robert Owen in order to garner materiel support for the tribesmen.⁴⁶

Gene Wheaton himself is an intriguing figure. A former Army criminal investigator and intelligence agent, Wheaton was on the periphery of the internal core of the Enterprise, and was thus privy to many covert operations unfolding during the 1980s.⁴⁷ His name appears within North's notebooks alongside those of Carl Jenkins, the CIA officer who had served under Shackley at JM/WAVE and in Laos.

Wheaton and Jenkins were close friends and business associates – they were both attached, at one point in the mid-1980s, to an air freight company called National Air Cargo – and it was through Jenkins that Wheaton found himself enmeshed in the world of the Enterprise. Jenkins, as mentioned in chapter 6, was connected with Charles Haynes and Vaughn “Bobby” Ross via a web of companies likely linked to covert operations. Ross, in turn, was a close associate of Barry Seal.

Attempts to investigate Clinton's role in these sorts of operations and more broadly in the Iran-Contra affair were scuttled by Clinton's confidantes, who consistently denied he played a role in the scandal. According to the *Wall Street Journal*, former IRS investigator William Duncan teamed up with Arkansas State Police Investigator Russell Welch in what became a decade-long battle to bring the matter to light.⁴⁸ Yet, of the nine separate state and federal probes into the affair, all were shut down.

Duncan would later say of the investigations, “[They] were interfered with and covered up, and the justice system was subverted.” A 1992 memo from Duncan to high-ranking members of the attorney general's staff notes that Duncan was instructed “to remove all files concerning the Mena investigation from the attorney general's office.” The attorney general, serving under George H.W. Bush, at that time, was William Barr. As mentioned before, Barr had been a former CIA officer before then joining the Agency-linked law firm of Shaw, Pittman, Potts & Trowbridge.

Reed alleged that one of the CIA's point men in the Arkansas operations was a man who claimed to be the general counsel for Southern Air Transport and went by the name Robert Johnson. Johnson seemed to give Governor Clinton his marching orders, and was particularly incensed when Bill's wayward brother, Roger Clinton, was busted in 1985 for peddling cocaine. As previously mentioned, Roger's

pendant for cocaine was one he shared directly with Lasater, who testified that the two had frequently indulged in the drug together.

Johnson reportedly told Clinton that he was “Mr. Casey’s fair-haired boy” and that Arkansas had been the CIA’s “greatest asset.” Johnson went on to deliver to Clinton the following message: “Mr. Casey wanted me to pass on to you that unless you fuck up and do something stupid, you’re No. 1 on the short list for a shot at the job that you’ve always wanted. You and guys like you are the fathers of the new government. We are the new covenant.”⁴⁹

According to Terry Reed, who witnessed these happenings, he would later learn that Robert Johnson was none other than William Barr. These allegations place Barr’s use of the alias Robert Johnson in an interim period where little is known about Barr’s activities – he had served as Deputy Assistant Director for Legal Policy in the Reagan White House until September 1983, and then had joined President Bush’s Justice Department in 1989. As previously discussed, it was between the months of September and October 1983 that Casey’s pre-Enterprise support for the Contras began moving in a concrete way, and it was also in this same period that Manuel Noriega had entered the picture. The answers that Barr provided to the Senate Judiciary Committee states that between 1983 and 1989, he had returned to the CIA-linked firm of Shaw, Pittman, Potts & Trowbridge, and in 1985 had become a partner at that firm.⁵⁰

As for Roger Clinton, after he was released from prison in 1986, he went to work at Calumet Farms, a Horse Farm in Lexington, Kentucky.⁵¹ Calumet’s owner, J.T. Lundy, had been a longtime friend and business partner of Lasater, who was something a big name in the inner circle of Lexington’s elite. Lundy boasted his own roster of organized crime contacts. One figure who flickered in and out of Calumet was Robert Libutti, a brash “New Jersey gambler, racehorse consultant” and associate of the Gambino crime family.⁵² All in all, it was an interesting environment for a politician’s brother out on parole who was ostensibly seeking to clean up his act.

Just across the street from Calumet were a pair of curious horse farms. One was owned by Nelson Bunker Hunt, of the Dallas Hunt family, who had been one of Oliver North’s prominent private Contra donors. Next door was Murty Farms, purchased in 1984 by fellow Texan – and fraternity brother of Nelson Hunt – George Aubin.⁵³ Aubin was part of the savings and loan crowd down in Texas, and was something of a mentor to a mega-borrower named John Riddle. Besides looting S&Ls, Riddle had a taste for aviation, which was expressed through his ownership of

a company called First Western Airline. According to Ari Ben-Menashe, First Western “was used as a cutout by the Israelis and the CIA to transport American arms to the Middle East.”⁵⁴

Additional information about the Mena operations was provided in a deposition given by the controversial Iran-Contra whistleblower Richard Brenneke. His allegations, made in the summer of 1991, were recently summarized in a lawsuit filed on behalf of Linda Ives, the mother of Kevin Ives. Kevin’s body was found, along with that of his friend Dan Henry, on train tracks near Alexander, Arkansas, under exceedingly strange circumstances.⁵⁵ According to this summary, Brenneke claimed that he had flown “10 to 12 flights of a C-130 into the Mena, Arkansas, airport” and “took guns and paramilitary forces from Mena to Panama.”⁵⁶ Cocaine was being flown back from Latin America to the Mena airport, where it was dispersed to, among others, representatives from New York City organized crime.

One of the most fascinating parts of Brenneke’s allegations is that he moved money that had been paid by the organized crime figures for the drugs into accounts in a Panamanian bank held in the name of International Fund for Mergers and Acquisitions (IFMA), a company where he was acting as vice president. IFMA was reportedly not only utilized by the CIA, but by Michael Harari, Mossad’s man in Panama, to launder money and arrange arms shipments in Latin America.⁵⁷ The company’s president was Ramon d’Onofrio, a businessman with a long track record of shady deals and bankruptcies.⁵⁸ A *New York Times* article identified d’Onofrio as a business associate of Alfred Buhler, a lawyer from Lichtenstein, who was reported by the paper as being protected by the CIA itself.⁵⁹

Another d’Onofrio business partner was Charles Hurwitz, the bigtime corporate raider who, from his humble beginnings as a prominent commodities trader Bache & Co., had developed extensive holdings ranging from the Kaiser Aluminum Corporation to Arkansas real estate to the United Financial Group (UFG), the largest S&L in Texas.⁶⁰ Hurwitz filled UFG’s asset sheets with junk bonds peddled by Drexel Burnham Lambert, which also owned a 10% stake in the S&L. This wasn’t Hurwitz’s only involvement with the Drexel Burnham junk bond kings: a sale of \$450 million worth of junk bonds were sold to help a Hurwitz company, Maxxam, take over California’s Pacific Lumber.⁶¹

UFG was subsequently bought by the New York bonds trader and financier Lewis Ranieri, who appears in Jeffrey Epstein’s contact book with eight phone numbers and two addresses listed. Ranieri is best known for his role in developing the first market for mortgage-backed securities.

Hurwitz, while he was still riding high on Drexel's runaway junk bond train, developed several business ventures with the mob-linked S&L bigwig from Louisiana, Herman Beebe.⁶² As mentioned in the previous chapter, Beebe had, during the 1970s, owned a warehouse where explosives destined for Cuban exiles were stored – explosives that were meant to be moved by Barry Seal, prior to a Customs sting.

Herman Beebe had a tendency to appear at the same S&Ls where Mario Renda could also be found. Renda, as noted in the previous chapter, was Adnan Khashoggi's friend with a penchant for seeding fraudulent borrowing with Teamster pension fund deposits. A list of banks controlled or suspected of being controlled by Beebe from a 1985 Comptroller of the Currency report included Mainland Savings of Houston. This is the same S&L where Renda had brokered deposits and where Khashoggi had involved himself in an aforementioned series of bewildering deals. Were Renda and Beebe operating in concert?

A smoking gun is hard to discern, but the two both hung out – and arranged deals – at the La Costa resort in Southern California. La Costa, as noted in chapter 1, had long been a mob hang-out; it had been built with the aid of Teamster pension fund loans, and Burton Kanter was listed as the resort's agent at the time it was incorporated.

Beebe had other potential ties to Iran-Contra. The same Comptroller of the Currency report that named Beebe-linked banks also listed Palmer National Bank in Washington DC.⁶³ If Beebe did control Palmer, it was hidden. The bank's founder was Stefan Halper, a DC bureaucrat who had held various positions within the Nixon, Ford, and Reagan administrations. Halper's father-in-law was Ray Cline, the old OSS and CIA veteran who, at the time, was working with John Singlaub of GeoMiliTech.

Palmer was also where the National Endowment for the Preservation of Liberty, the Contra fundraising apparatus set up by Spitz Channell on behalf of the Enterprise, held its bank accounts. According to internal NEPL documents acquired by Pete Brewton from the National Security Archives in DC, the NEPL maintained accounts at only one other bank: Irving Trust, the New York City-based commercial bank. Irving Trust was also the major financier, alongside Drexel Burnham Lambert, of Charles Hurwitz's Pacific Lumber takeover.⁶⁴ Irving Trust which subsequently be purchased by Bank of New York with the aid of Bruce Rappaport. Bank of New York and Rappaport's Inter Maritime Bank (IMB) would become intertwined when the stake held by BCCI in IMB was purchased by BNY.

Irving Trust also maintained a branch in Little Rock, Arkansas. In the late 1970s, an intern at this branch was James T. Riady, the son of a prominent Indonesian banker and businessman named Mochtar Riady. Together, the Riady family, originally from China's Fujian province, and their close relationship with another giant of Arkansas business, Jackson Stephens, would become crucial to understanding what exactly was happening in Arkansas during Clinton's time as governor.

BANK BUILDING

The last time we encountered Jackson Stephens, he was aiding BCCI's takeover of First General Bankshares – later rechristened as First American Bankshares – and its subsidiary, National Bank of Georgia. He had been brought into the fold through his friendship with one of NBG's big shareholders who had been courted by BCCI, Bert Lance, who Stephens had brought to Arkansas with some of BCCI's representatives for negotiations over the purchases.

When Lance began searching for buyers of his NBG stock, BCCI wasn't the only interested party that he brought to Stephens' attention. There was also Mochtar Riady, a politically-connected Indonesian banker and financier who commanded the Bank of Central Asia, "the third largest private banking firm in Indonesia" that held some \$100 million in assets.⁶⁵ In the years to come, the wealth of Mochtar and his son, James Riady, would swell into the billions, all marshaled under the auspices of an umbrella corporation called the Lippo Group. Their meteoric ascension was thanks in no small part to the strategic partnership the Riadys had with Jackson Stephens and Stephens Inc., which developed soon after the Indonesians dropped out of the NBG purchase.

How Riady first entered the picture is telling. According to various press reports, Riady had been introduced to Stephens by Bert Lance, while Lance had first come into contact with Riady through an introduction made by Robert B. Anderson, a once-well regarded figure in politics who had become a specialist in offshore banking. Anderson and Riady, meanwhile, had been brought together several years prior by an unnamed executive from New York City's Chemical Bank.⁶⁶

Chemical, at the time, had established a significant presence in south-east Asia: it had opened branches in Hong Kong; maintained business operations in Singapore; and in Indonesia, it had embarked in a joint venture with the Riady family. Chemical Bank would ultimately maintain a long-running alliance with

Riady interests. In 1988, their joint venture expanded when they teamed up with Royal Bank of Scotland and Jardine Fleming (a Hong Kong partnership between the merchant houses Jardine Matheson and Robert Fleming & Co.) to set up the Multinational Finance Corp, or Multicor. According to Mochtar, Multicor was set up first and foremost to “expand Bank Central Asia’s financing channels and financing capabilities.”⁶⁷

While Riady was toying with buying into National Bank of Georgia, commentators and regulators began to suspect that something else was afoot. One common concern was that Riady wasn’t acting alone, and that he was serving as a front for Indonesian political interests that hoped to gain political and economic leverage in the United States.

Interestingly, in this same period, William Casey had a series of dealings with Indonesian interests. These activities later came back to haunt Casey during his confirmation hearings for the CIA, when he was questioned if he had failed to register as a foreign agent for Indonesia.⁶⁸

When he was working in the private sector as an attorney for Rogers & Wells – a time discussed extensively in chapter 6 – Casey took on as clients a complex of interrelated Indonesian interests.⁶⁹ There was Pertamina, the country’s state-owned oil company, and the Ramayana Indonesian Restaurant in New York City. There was also Indonesian Enterprises Inc., a holding company that had been set up for the restaurant. Pertamina was the major interest in this holding company, holding all of its Class B stock. Indonesian Enterprises issued Class A stock, in turn, to various banks and oil companies that were doing business with Pertamina.

Holders of Class A stock included Bruce Rappaport’s InterMaritime Bank, which was engaged in a convoluted succession of fraudulent tanker chartering deals with Pertamina.⁷⁰ Elias Kulukundis, mentioned previously as a close business associate of Edward Carey, was also involved in these chartering activities. Investment capital from Kulukundis and Rappaport further mingled in the tanker companies of a “mystery man” named Steven Davids-Morelle, whose Tankers International Navigation Corporation joined Pertamina’s tanker chartering and in the purchase of Indonesian Enterprises Inc. stock.

Was there any sort of connection between Casey’s relationship with Indonesian interests and Anderson’s encounter with the Riadys? The picture is murky, and records of Anderson’s own Indonesian activities isn’t readily accessible. What is certain, however, is that Anderson was another member, alongside Rappaport, of Casey’s “Hardy Boys” clique, which is certainly suggestive that some sort of

collusion was taking place. Furthermore, the list of Indonesian Enterprises, Inc.'s Class A stockholders includes Dresser Industries – the Texas oil concern closely intertwined with Bush family interests – where Anderson had sat on the board of directors.

It is worth diving a little deeper into Anderson's biography before returning to Stephens and Riady, because it is both an illustrative case of high-level political corruption and also intersects in numerous ways with key figures in this ongoing history. With a background in law, Anderson had served in a number of mid-level bureaucratic positions in Texas in the 1930s, including stints as the state's Assistant Attorney General and as the state tax commissioner. In 1937, he became the general counsel for the W.T. Waggoner estate, headquartered in Vernon, Texas. The Waggoner estate was a large ranching empire that extended its reaches into banking and various other industries, real estate development and the like.

The Waggoner family, like many of the great Texas clans, was a source of political clout, and Anderson was soon found mingling with the Texan elite. One impressive early encounter was his purchase of the KTBC radio station, which he then sold to Claudia Alta "Lady Bird" Johnson, Lyndon Johnson's wife, in 1943. It subsequently became a major source of revenue for the Johnson family. Anderson also acted as a lobbyist for powerful Texas oil interests, and was particularly close to early industry giants like Sid Richardson, Clint Murchison, and the Bass family. He could also be found at the helm of the Mid-Continent Oil and Gas Association of Texas, which brought together a wide range of businessmen involved in all different aspects of oil production.

At the urging of these deep-pocketed petroleum interests, Anderson was brought into the Eisenhower administration. In 1953, he was made Secretary of the Navy, and a year later he moved and became the Deputy Secretary of Defense. In 1955, he left government and took a position as president of Ventures Ltd., a Canadian mining company controlled mostly by American and British industrial and financial interests, before returning to the public sector again as Eisenhower's Secretary of the Treasury. There, he arranged for lucrative tax relief packages for Texas oil. By 1961, he was back in the private sector again, this time managing his own business consultancy – the Anderson Group – located at Rockefeller Plaza. He also joined on as a limited partner at Carl M. Loeb, Rhoades & Co., the Wall Street brokerage firm that was closely interlinked with Bronfman interests (the Loeb-Bronfman connection will be discussed in chapter 11).

During his time with Loeb, Rhoades & Co., Anderson developed two important connections. The first was to Bank of America, which was central to the later development of BCCI. In 1964, Anderson joined forces with Bank of America and Belgium's Banque Lambert to set up the World Banking Corporation, an offshore facility in Bermuda that was set up for dealing in the emerging Eurodollars market.⁷¹ That same year, he joined Bank of America's council of advisors.

He also forged ties with Rockefeller interests. He had been connected to the Rockefellers during his time in the Eisenhower administration – if not earlier, given the presence of the Rockefeller family in Texas. Then, during the mid-1960s, he became an investment advisor for Standard Oil of Indiana. In 1969, this led Anderson, acting on behalf of Standard, to set up an investment consortium in partnership with Maurice Tempelsman, a major player in the international diamond market, that would push for American-led interests in the Congo.⁷²

Tempelsman, interestingly, had ties to American intelligence. With numerous interests across Africa, he recruited veterans of the Agency to navigate that world. As Arthur Levy points out, “In the 1960s Tempelsman hired as his business agent the CIA station chief in Kinshasa, Larry Devlin, who helped put Mobuto into power and afterward served as his personal advisor.”⁷³

There was yet another line leading from Tempelsman to Casey's “Hardy Boys” that was independent of Anderson. According to Alan Block, one of Rappaport's top lieutenants, Jerry Townsend, was a “former” CIA officer who had worked in Turkey, Zambia, and Burundi with Tempelsman. Block adds that “Tempelsman was part of Rappaport's group, according to Townsend.”⁷⁴

Then there were the ties between Anderson and the banking circles around BCCI. In the early 1980s, he was found on the board of the Paris-based Saudi European Bank, which was owned by the BCCI-linked Saudi European Investment Corporation N.V. Other principals in the Saudi European Bank included John Connally, the former governor of Texas and George Shultz's predecessor in the Nixon administration as Treasury Secretary. When Connally was running against Reagan in the early days of the Republican presidential campaign against Carter, Bechtel had initially backed him before switching to support the eventual president. Connally, at that point, embarked on a voyage as a real estate developer, partnering with the infamously corrupt Ben Barnes – also a former Texan politician – in deals that involved tapping a slew of savings and loans for fraudulent loans.

The S&L connection to Saudi European was strong. Its board also counted with the presence of Charles Keating, whose American Continental Corporation and

Lincoln Savings and Loan, pumped out bad loans at an astounding rate after the Reagan administration led the deregulation of the S&L industry. Keating and Connally were close, with the banker having served at first as Connally's West coast finance chairman during his political campaign, followed by a shorter stint as campaign manager. Interestingly, one of Connally's campaign workers, Joyce Downey, later went to work for Connally and Barnes before relocating to Arizona, where she worked as the office manager for John Singlaub's US Council for World Freedom, the American branch of WACL.⁷⁵ USCWF happened to be located next door to the headquarters of Keating's American Continental Corporation.

In 1984, Keating's Lincoln Savings invested \$18 million into Saudi European's holding company, the Saudi European Investment Corp.⁷⁶ Keating then joined Saudi European's international advisory board, while Saudi European began issuing lines of credit to Keating's companies. According to a report in the *Los Angeles Times*, the "bank and its parent company acted as sham financiers and buyers in Keating's efforts to book profits at Lincoln."⁷⁷ A subsidiary of Lincoln called Amcor Investments – which was involved in several complicated real estate arrangements with John Connally – sold an option it held to Saudi European in order to buy a "profits interest" in General Oriental Securities Limited, an offshore corporation set up by the corporate raider Sir James Goldsmith for takeover purposes.⁷⁸ Goldsmith, as previously mentioned, was part of the Clermont Club and was also one of the main businessmen, along with Robert Maxwell, sought out by Rothschild Inc. to help the elite banking family expand its influence in the US financial system.⁷⁹

In December 1986, Keating, utilizing a subsidiary of his American Continental Corporation called Dungiven, organized a Bahamian investment corporation called Trendinvest.⁸⁰ Joining the board of directors was one of the busiest man in shadow banking, Alfred Hartmann, who could also be found alongside Anderson, Keating and Connally at the Saudi European Bank. Among the other stakeholders in Trendinvest was Gesellschaft Fur Trend Analysen, a West German firm that specialized in computerized currency trading, and Royork and Company, a subsidiary of the Royal Bank of Canada. Through this offshore vehicle, Keating was able to funnel tens of millions of S&L money out the United States – money that, in the end, had to be paid back by the US taxpayer. Thus, the fact that Riady's meeting of Bert Lance, and by extension Jackson Stephens, was made by Anderson, reveals the type of networks that enabled the Riady-Stephens partnership.

The story of Jackson Stephens is inseparable from Arkansas' longest running and most prestigious law firm, Rose Law. Rose's beginnings went back to the 1820s,

when Arkansas was still a territory instead of a state. One of its founders was Robert Crittenden, a Kentucky-born lawyer who had been appointed by President James Monroe to act as the governor of the Arkansas territories. His partner was Chester Ashley, one of Arkansas' very first senators. From these beginnings, Rose Law was woven into the fabric of the state itself, and remained closely tied to the Arkansas' political and economic elite.

Arkansas, to quote journalist L.J. Davis, boasted a "ruling oligarchy, a small and relatively powerless middle class and a disenfranchised, leaderless populace."⁸¹

Through the 1970s and into the late 1980s, a period which saw Stephens' star rise in Arkansas, Rose was headed by C. Joseph Giroir. In addition to his status as a high-powered attorney, Giroir was a specialist in securities. In the 1960s, Giroir worked far from Arkansas, in the offices of the Securities and Exchange Commission in Washington, DC. While little is known about his activities in the capital, what is certain is that, when he returned to his home state, he brought with him an adamantly pro-business outlook and a drive for modernization.

Once settled at Rose, he went about upgrading Rose's home-spun inclinations for the nascent information age. "He brought the firm billable hours, computers and high-premium securities work, then got in trouble with his side business – buying and selling banks while wearing too many hats for his shallow pockets, and using Rose lawyers to do the work."⁸²

One particularly controversial banking escapade in which Giroir was embroiled involved a string of borrowing from a fraud-riddled savings and loan in Pine Bluff, Arkansas, called FirstSouth. Regulators were intrigued by whatever relationship Giroir had with the S&L. While he was dipping into their loan basket, he had also become a stakeholder in First-South and was writing legal advice to the S&L on paper with a Rose Law letterhead.⁸³ FirstSouth, by the time it collapsed in 1986, had doled out a big pile of loans that were never paid back. Among their biggest borrowers – and defaulters – was Clint Murchison Jr., the organized crime-linked Texas oil player.⁸⁴

A small group of lawyers who worked under Giroir would later become powerful actors in state and federal politics and, while at Rose, they were involved with the firm's strangest dealings. This group was composed of Webster Hubbell, who would become Associate Attorney General under President Clinton; Clinton's future White House counsel Vince Foster; and the soon-to-be First Lady, Hillary Rodham Clinton. This trio, like their boss, had an appetite for shady business dealings. All three were partners in a company called Midlife Investors, which had

been set up in the early 1980s by E.F. Hutton. “Hubbell, Foster and Rodham Clinton each kicked in \$15,000 and named each other – rather than their spouses – as beneficiaries.”⁸⁵ Through Midlife, the trio dumped money into companies being targeted by corporate takeover artists like James Goldsmith.

Clinton in particular liked to haunt the corporate boardrooms and offices, often spending more time working on business affairs than the daily law work demanded by Rose. As L.J. Davis writes,

She was only one of two Rose partners to act as a corporate director, serving at various times on the boards of four companies and earning \$64,700 in 1991 from director’s fees alone. (Her 1991 salary from Rose was in the vicinity of \$110,000; her husband earned \$35,000 and got to live in a free house.) She was on the board of Wal-Mart, a Rose client that Stephens had launched on the road to glory. (Rodham Clinton also owned \$80,000 worth of Wal-Mart stock.) She served Southern Development Bancorp, a holding company created to give development loans in rural Arkansas, which, according to the *Washington Post*, paid Rose somewhere between \$100,000 and \$200,000 in fees. In 1989 she joined the board of TCBY yogurt company, which occupies the tallest building in Little Rock. TCBY then proceeded to pay Rose \$750,000 for legal work during the next few years.⁸⁶

Such was the backdrop to the grand ambitions of Stephens and Riady for a sprawling business complex. Not satisfied with playing in Arkansas alone, the pair made a very early stop-over in Macau, where they bought up massive blocks of stock in the storied Seng Heng Bank, which allowed them to gain full control over the company.⁸⁷ The sellers had been the trio of Cheng Yu-tung, Ho Yin, and Lu Daohe. Cheng had been the founder of two interlinked Hong Kong-based conglomerates, Chow Tai Fook Enterprises and New World Development Company Limited. Through these two large corporations, he had become one of the city’s richest individuals. Cheng was very close to Stanley Ho, another Hong Kong billionaire who held the monopoly over Macau’s casino industries. In 1989, Stephens and Riady, curiously enough, sold Seng Heng to STDM, a company controlled by Stanley Ho.⁸⁸ Ho will appear again later, in chapter 16, as one of his close business partners, Ng Lap Seng, was a key figure in the so-called Chinagate scandal of the mid-1990s.

Cheng’s associate in Seng Heng, Ho Yin, is worth examining briefly. Like Cheng and Stanley Ho, Ho Yin was another Hong Kong-based businessman with numerous Macau holdings. What he was most infamous for, however, was his role in Macau’s illicit gold trade, which flourished due to international regulations governing gold markets from the end of World War II through the early 1970s. His particular largess derived from the ties he had cultivated with the nascent Chinese

Communist Party, having made contacts with Mao and Zhou Enlai shortly after the revolution.⁸⁹

His work managing funds for the Party earned him a spot among the so-called “Red Fat Cats,” and he even held a position on the Standing Committee of the Chinese National People’s Congress. In Macau, meanwhile, he ran multiple public companies and for a time served as vice president of the Macau Legislative Assembly. He also ran numerous businesses, including multiple banks, through which his gold trade flowed. Among these banks was Seng Heng. Until 1974, when gold trading was deregulated, “\$40-50 million worth of gold passed through the narrow door of Seng Heng annually.”⁹⁰ All in all, this made a very interesting purchase on the part of Stephens and Riady.

Seng Heng wasn’t the only bank the duo bought in 1983. That was also the year they began purchasing the stake held by Midland, Texas, oilman John Hendrix in the First Arkansas Bankstock Corporation (FABCO). As part of the deal, FABCO issued additional stock that could be purchased exclusively by Stephens and Riady; combined with Hendrix’s holding, Stephens Inc. and Lippo achieved control over FABCO as a joint venture.⁹¹ This takeover granted them control over a wide network of Arkansas banks that were held by FABCO. These included Worthen Bank & Trust Co of Little Rock, First National Bank of Hots Springs, the National Credit Corp of Pine Bluff, and the First National Bank of Mena.⁹²

That the latter bank was located in the same town where the CIA had set up shop and where drug smuggling was taking place raises all sorts of questions.

However, at the same time, the acquisition of these banks was part of a wider effort by Stephens and Riady to build out an Arkansas banking empire. They turned to Joseph Giroir, the head of the Rose Law Firm, to lobby for changes in state laws that restricted the range of activities that bank holding companies could carry out.⁹³ Giroir then purchased several banks, which were subsequently sold to Stephens and Riady. For his efforts, Giroir received money, a large block of Worthen stock, and a spot on Worthen’s board. Rose Law became counsel to Worthen, and the bank itself was transformed into something of a flagship for Stephens’ interests.

CLINTON’S DEVELOPMENT MACHINE

In late 1984, Governor Bill Clinton unveiled an ambitious economic development plan for the state of Arkansas. It was a sterling example of Clinton’s commitment to a “pro-business” vision of government, and a direct foreshadowing of the sorts of

economic policies that would become the norm during his time as US president. As one Arkansas newspaper put it, Clinton's agenda "would wed some state agencies, their activities, funds and fund sources to efforts of the private sector."⁹⁴ It included the creation of a science and technology hub to "seed the birth of new firms, industries and innovations in Arkansas," and a capital fund that would "aggressively lend higher risk capital to ... member banks."⁹⁵

The centerpiece of Clinton's plan, however, was the transformation of Arkansas Housing Development Authority, established in the 1970s, into the Arkansas Development Finance Authority (ADFA). The transition was more than a cosmetic change – the mandate for the new agency was to "do in the field of business development what it does in the field of housing development." A month later, in January, Clinton outlined how the ADFA would work. It would "sell a wide range of tax-exempt revenue bonds to generate revenue. The money would then be passed to financial institutions for low-interest economic development loans."⁹⁶

The fortunes of Jackson Stephens became intimately entangled with the activities of the AFDA. Stephens Inc., for example, was frequently utilized by the ADFA to underwrite the bonds it issued.⁹⁷ Stephens' Worthen Bank, meanwhile, sometimes acted as the trustee for loans made by the ADFA.⁹⁸ The bank itself directly interlocked with the agency itself: the president of the Worthen branch in the city of Pine Bluff, Arkansas, James Stobaugh, sat on the ADFA board. To make matters even more incestuous, one of the recipients of a major ADFA loan, Arkansas Freightways, was a freighter company in which Stephens Inc. held the controlling stake.⁹⁹ Rose Law, of course, was Arkansas Freightways' legal representative of choice.

The ADFA seems to have had a particularly close relationship with Beverly Enterprises, a subsidiary of Stephens Inc. that managed a national nursing home chain. Bobby Stephens (no familial relation to Jackson Stephens), the vice president of Beverly Enterprises, sat alongside Stobaugh on the board of the ADFA. Unsurprisingly, Beverly Enterprises profited handsomely from ADFA bond issuance, and retained the services of Rose Law. Several Rose Law associates, including Webster Hubbell, owned stock in Beverly.¹⁰⁰ Beverly would later pop up in the Inslaw Affair – discussed in the next chapter – due to allegations that it was using the infamous, compromised version of the PROMIS software.

Besides Stephens Inc., the ADFA was a great economic boon for Clinton's friend Dan Lasater and his bond business, Lasater & Company. Larry Nichols, the ADFA's marketing director who had been dismissed by the governor, charged that the

agency had been “set up by Clinton for Dan Lasater.”¹⁰¹ The reason for Nichols’ dismissal is intriguing: the press had learned that he had been using ADFA phones to make long-distant calls to Contra leaders, which he insisted had been authorized by ADFA head Wooten Epes. While there might have been a bit of hyperbole and vindictiveness to Nichols’ allegation, it is true that Lasater & Co. acted as an underwriter for bonds issued by the agency.¹⁰² There seems to have been a high degree of competition between Stephens Inc. and Lasater & Co. when it came to these underwriting contracts, but there was at least one direct link between the two companies. Michael Drake, formerly of Stephens Inc, was the vice president of Lasater & Co.

The ADFA’s first industrial development loan was granted to a strange company in Russellville, Arkansas called Park-On-Meter, Inc, or POM for short. It was another clear-cut example of Arkansas nepotism: the law firm that handled the legal work on the loan was Rose Law, while POM’s founder and president was Seth Ward II – the brother-in-law of Webster Hubbell. Alexander Cockburn, who penned a series of articles on POM, noted that “Worthen Bank ... appeared among the institutions that from time to time had liens on POM.”¹⁰³

In *Compromised*, Terry Reed and John Cummings wrote that the initial ADFA loan to POM was intended for the expansion of their industrial capacities in connection with a subcontract the company had gained from Iver Johnson’s Arms, a New Jersey-based firearms manufacturer.¹⁰⁴ In addition to parking meters, POM was dipping into the armament business: on behalf of Iver Johnson’s, Reed and Cummings claimed, POM was constructing bolts and carrier assemblies for M16 rifles. Iver Johnson’s, in turn, had been tapped by the CIA for covert weapons production, and the M16s were ultimately destined for the Contras in Nicaragua.

Howard Schneider, a journalist for the *Washington Post*, found that the “Iver Johnsons company near Little Rock, which the book [*Compromised*] portrays as being the center of the gun-manufacturing effort, did ship a load of weapons to Nicaragua through a Mexican distributor” – precisely the arrangement that Reed and Cummings described.¹⁰⁵ POM itself was found to have had a contract to make gun parts on behalf of Iver Johnson’s, though Seth Ward Jr. told the *Post* that it had been firing pins, not bolts. Iver Johnson’s, for its part, identified the arms as M1 rifles, not M16s.

Gary Webb observed a stark similarity between the gun manufacturing operation in Arkansas and a similar operation that had taken shape on the Cabazon Indian Reservation in Riverside County, California.¹⁰⁶ What had started off as a

takeover of the tribe as part of a plan to develop a gambling hub by John Philip Nichols, a mobster with reputed CIA ties, had transformed into an intricate joint venture with the Wackenhut Corporation and a handful of other firms (at least one of which was a direct CIA cut-out company) to develop weapons systems.¹⁰⁷ Some of these, such as a line of light-weight machine gun pistols, were intended to be provided to the Contras.

These activities at Cabazon were at the center of journalist Danny Casolaro's investigation into the network that he dubbed "the Octopus" and Cabazon played a key role in the Inslaw affair or PROMIS scandal – the subject of the next chapter.

Contra leader Eden Pastora – who later ran afoul of the Enterprise and was the target of an assassination attempt in May 1984 – attended at least one weapons demonstration at Cabazon. The list of those present for this demonstration included John Vanderwerker, a CIA research and development specialist, G. Wayne Reeder, a crooked developer close to Nichols (Reeder, incidentally, was a major S&L borrower with close connections to Herman Beebe), and Earl Brian, a close friend of Ronald Reagan and the controlling interest behind several tech firms.¹⁰⁸ Brian, who was purported to have arrived at the demonstration with Reeder, would emerge as a central player in the Inslaw Affair.

Michael Riconosciuto, a chief witness in that case, was also present at the demonstration, and would subsequently charge that the alterations made to Inslaw's PROMIS software were made at Cabazon.

Riconosciuto further attested to personal knowledge of Contra-oriented weapons development taking place at POM in Arkansas. He told Alexander Cockburn that POM had entered into an arrangement with Wackenhut and Stormont Labs, a California-based genetics research and pharmaceutical company, "to develop chemical and biological weapons that could be deployed in chemical guerrilla warfare."¹⁰⁹

An Army "chemical unit" was purported to have supplied POM with "chemical agents," while the parking meter manufacturer, as part of its end of the arrangement, prototyped explosive devices such as grenades and bombs that would disperse the chemicals.

Internal documentation from Cabazon Arms, the joint venture between Wackenhut and the Cabazon tribe, does allude to Stormont Labs in the context of "agents and production techniques related to biological war." The document in question, obtained by Casolaro and today logged in an archived collection of his surviving papers, was a letter from Nichols to a Harry Fair at Tactical Technology in

Arlington, Virginia. That would be the Tactical Technology Office of the Pentagon's DARPA, which Fair was connected to in the mid-1980s.¹¹⁰

Mentioned elsewhere in the papers of the Cabazon-Wackenhut joint venture was a company called the First Intercontinental Development Corporation (FIDCO), described by author Cheri Seymour as a purported National Security Council front company.¹¹¹ Directors of FIDCO included Michael McManus, an attorney who served as an assistant to Reagan's chief of staff, George K. Pender and Kenneth Roe of Burns & Roe, and Clinton Murchison Jr.¹¹² As mentioned earlier, Murchison Jr. himself was in and out of Arkansas, borrowing heavily from the Rose Law-linked FirstSouth savings and loan.

When questioned about Riconosciuto's claims, Ward Jr. told a journalist from *The Nation* that POM wasn't in the chemical warfare business. The company was instead busy making "re-entry cones for the nuclear warheads on MX missiles and nozzles for rocket engines."¹¹³ Intriguingly, the US Army's 354th Chemical Company, since April 1981, had been located in Russellville, Arkansas. This unit maintained property directly adjacent to POM's industrial complex.¹¹⁴

Riconosciuto told Alexander Cockburn and Bryce Hoffman, a journalist for *The Nation*, that since 1981, POM had been in the business of making drop tanks – auxiliary fuel tanks attached to the exteriors of aircraft – for C-130s. However, Cockburn and Hoffman were not able to confirm via the FAA, which regulates tank manufacturing, that POM was an authorized producer. Cockburn writes that when Hoffman contacted the FAA, "the official with whom he spoke apparently misunderstood his question on drop tank regulations and assumed he was a prospective manufacturer. 'Oh! So you must have one of those Southern Air Transport contracts.'"¹¹⁵

OFFSHORED

One of the weirder intersections in the ADEFA complex was between the development agency and the Coral Reinsurance Company, which had been set up in the offshore haven of Barbados. Reinsurance is basically insurance for insurance companies: it allows company A (in this case, the primary insurance firm) to offload portions of its risk onto company B (the reinsurance company). The reasons for this are multifold. It offers a buffer or protection for the insurance company from risks, while also – and perhaps more importantly – allowing insurance companies to engage in expanded business practices that might otherwise

have been blocked by government regulations requiring particular asset to risk ratios. Often, insurance companies will set up their own reinsurance companies for this exact purpose. In order to hide the ownership structure, offshore havens are selected to create these companies.

This is exactly how Coral functioned. It took debt and other risks off the books of its parent, though this parent was hidden through proxies. On the other side of this firewall, in actual control of Coral, was American International Group (AIG), the international insurance and finance monolith that, during the 2008 financial crisis, was bailed out by the US government to the tune of \$180 billion dollars. In the Financial Crisis Inquiry Report, published in 2011, AIG was identified as having a lengthy history of engaging in overly risky ventures, frequently carried out with little to no hedging or protection.¹¹⁶ AIG's creation of Coral is just one example of this.

In order to hide its connection to Coral, AIG had called upon the resources of Goldman Sachs, which in turn did the actual legwork in setting up the reinsurance company. Overseeing this operation was the head of Goldman's stock and bonding trading department, Robert Rubin.¹¹⁷ Rubin would subsequently serve as co-chairman of Goldman, starting in 1990, before transitioning to a storied career in public service. At the beginning of 1993, Bill Clinton – now president – appointed him as the director of his National Economic Council. A year later, Rubin was sworn in as Clinton's Treasury Secretary. He served in that position until 1999 and, upon leaving the government, he went to work at Citigroup. As will be noted in chapter 16, Rubin was the person who signed off on Jeffrey Epstein's first visit to the Clinton White House in early 1993.

Goldman Sachs organized Coral in a such way that AIG would not appear as a stockholder. Instead, stocks would be spread around to a small and select group who had been handpicked by Goldman. One of these was Samuel Zell, a shady property-flipper from Chicago who had ties to the Gouletas family, whose significant ties to Epstein are detailed in chapter 12, as well as to Burton Kanter. In 1976, Zell and Kanter, along with a handful of other associates, were indicted for hiding money gained from real estate deals in Helliwell and Kanter's Castle Bank.¹¹⁸

The ADFA, however, was the largest holder of stock in Coral Reinsurance.¹¹⁹ It fueled its purchase in Goldman's private offering with a hefty, multi-million dollar loan from the Chicago branch of Japan's Sanwa Bank, which had a history of money laundering allegations. For instance, Sanwa's Los Angeles branch had been a depository for money pilfered by the Marcos family of the Philippines.¹²⁰

Interestingly, Terry Reed and John Cummings write in *Compromised* that the ADEFA loan to Park-on-Meter was purchased by Fuji Bank of Japan.¹²¹ Fuji Bank has a history of involvement with Sanwa Bank, and the two banks have undertaken several different merger projects since the 1970s.

What brought the ADEFA to the attention of Goldman Sachs and AIG? It is strange that a fairly obscure state government development agency, albeit one teeming with ties to intelligence networks and criminal enterprises, would be selected by these major Wall Street businesses to effectively underwrite AIG's reinsurance apparatus. The answer is that the deal was arranged through the ADEFA's powerful insider, Jackson Stephens. It turns out that Stephens boasted all sorts of business connections with AIG. For example, an offshore company called Beverly Indemnity was doing some work underwriting policies issued by AIG. Beverly Indemnity was itself something of a hidden subsidiary of Beverly Enterprises, and was run by Beverly's general counsel, Robert Pommerville.¹²²

The nursing homes managed by Beverly Enterprises were insured by National Union Fire and Home Insurance of Pittsburgh, an insurance company 100% owned by AIG.¹²³ National Union Fire and Home had its own connections to the world of offshore insurance hijinks. According to financial journalist Lucy Komisar, the AIG subsidiary was providing insurance to Victor Posner's NVF Corp. via an offshore company called Chesapeake Insurance.¹²⁴ Posner's NVF, as mentioned in chapter 6, had been one of the firms represented by William Casey in the years just prior to his time as Reagan's CIA director. Importantly, Reagan offered the position of deputy director of the CIA to Maurice Greenberg, then the head of AIG. Greenberg, who had maintained longstanding ties to the agency, declined the offer.¹²⁵

Greenberg's ties to the CIA are nested within a wider history of involvement of AIG with the world of intelligence. These ties stretched back to the earlier years of the company, when it was known as American International Underwriters, and was overseen by the company's founder, Cornelius Vander Starr. Starr had set up a string of insurance companies across the Asia and the Pacific region, which became key nodes in the wartime intelligence apparatus. Starr himself went to work for the OSS, which brought him into contact with other "China hands" like Paul Helliwell. These insurance companies were deployed as cover for OSS agents, many of whom had started off as Starr's employees.¹²⁶ In addition, AIG's longtime general counsel, Duncan Lee, had served in the OSS as the special assistant to William Donovan. After the war, he went to work as counsel for the CIA's Civil Air Transport.

Incredibly, Lee was eventually outed as having acted as a mole for Soviet intelligence within the OSS.¹²⁷

The connection between Starr and Helliwell was of particular importance. In 1963, Helliwell and Inge Gordon Mosvold – a frontman for Daniel K. Ludwig, the mysterious billionaire shipping magnate – set up the Bank of the Caribbean Limited. It was something of a paper bank, established and then left on the shelf. During the mid-1960s, it was picked up by American International Underwriters and rechristened as Underwriters Bank Limited. The directors of the bank were all individuals connected to Helliwell and Kanter's Castle Bank, signaling that the insurance complex that would become AIG was woven into the same hot money networks utilized by the CIA and organized crime.¹²⁸

That Sam Zell, with his own dealings with Kanter and Castle Bank, would end up alongside the ADFA as a stockholder in AIG's Coral Reinsurance suggests that these networks are in fact linked directly together. Also instructive is the fact that Paul Helliwell himself seems to have been involved in the very first offshore reinsurance companies, which he set up on behalf of George Eccles (who sat on the board of the Moody-controlled American National Insurance Company, or ANICO).¹²⁹ AIG, meanwhile, took credit itself for developing the practice of offshoring reinsurance companies.¹³⁰ Given the intertwined history of Helliwell and AIG, it is possible that both stand together at the genesis of these deceptive financial tactics.

BCCI RETURNS

Jackson Stephens liked to spread around his money and political influence. He was not content trafficking just with the Clintons and Arkansas interests, even if they were being propelled at a rapid pace toward the White House. He was also intent on cozying up to their counterparts in the Republican Party – the Bush family. In the late 1980s, Stephens was a member of the Bush-led “Team 100” project, which was a coterie of deep-pocketed GOP donors who had contributed at least \$100,000 to the party (a *Washington Post* article on the Team 100 noted that donors included “major Drexel Burnham Lambert clients Frank Lorenzo, Ronald Perelman, T. Boone Pickens, and Saul Steinberg”).¹³¹ During this same time period, Stephens' wife Mary Anne served as the co-chair of the Bush for President campaign's Arkansas wing.¹³²

Few cases, however, are as telling as the encounter between Jackson Stephens and Harken Energy, a small oil company oddly full of influential principals – the best known among them being George W. Bush, who was both a stakeholder and director. The story of Stephens and Harkens brings, among other things, BCCI back into the picture, and also sets the stage for the deepening relationship between BCCI-linked individuals and the banking networks down in Arkansas.

Harken was created in July 1973. The company was incorporated in California by two Wall Street traders, Phil Kendrick Jr. and Henry L. Mulligan.¹³³ Their early target was Australia, which was viewed at the time as a place with untapped drilling potential. They soon entered into a consortium alongside Esso and Exxon and, before long, Harken had a dozen wells producing a modest amount of crude. In 1983, Kendrick and Mulligan unloaded Harken to a syndicate led by a pair of New York attorneys, Alan and Wayne Quasha. A sizable share of Harken stock was purchased by an offshore company called North American Resources (NAR). NAR was a joint venture of the Quashas and the Richemont Group.

Richemont is based in Switzerland, but first began in South Africa under the leadership of its founder, Antony Rupert. Richemont had been formed on the basis of Rupert's predecessor company, set up in 1947, called the Rembrandt Group. Rembrandt had been closely tied to European financial interests. For example, Edmund L. Rothschild, then chairman of N.M. Rothschild, had served on the board of Rembrandt. Even the initial fortune that Rupert used to set up Rembrandt can ultimately be traced back to European origins. In 1943, he had become the head of the South African subsidiary of the Distillers Company, the Scottish alcohol and pharmaceutical giant that, as noted in chapter 2, was intimately connected to the Bronfmans.

The Quashas, meanwhile, are perhaps even more interesting than their South African business partner. Alan and Wayne Quasha worked at the law firm founded by their father, William Quasha, who – throughout the 1970s and 1980s – operated from his base in the Philippines. Jonathan Kwitny, in his classic work, *Crimes of the Patriots*, linked Quasha directly to Nugan Hand, the Australian bank that was utilized by Ted Shackley, Edwin Wilson, and others in their network. General LeRoy Manor, a counter-insurgency specialist, had become the chief of staff for the US Military Pacific Command before retiring and taking a position running the Nugan Hand office in the Philippines. He tapped Quasha to serve as the office's attorney.¹³⁴

Nugan Hand's Philippines office was closely tied to the country's corrupt leader, Ferdinand Marcos. General Manor had known Marcos since his days in the US Pacific Command, when the two negotiated over the land rights for American military bases in the Philippines. Kwitny adds that "Marcos' brother-in-law, Ludwig Rocka, actually shared the Nugan Hand office suite, and Rocka's International Development & Planning Corporation took over the suite after Nugan Hand's collapse."¹³⁵ Rocka himself moved money through the bank, while Ferdinand Marcos and his wife, Imelda, were rumored to do the same. Quasha himself appears to have had ties to the Marcos family. When Marcos was facing stiff political opposition in 1986, he penned a controversial statement in support of the leader.¹³⁶

It was subsequently revealed that the Marcos family hid away massive amounts of money and gold, pilfered from the Filipino citizenry, the public coffers, and the country's gold mines, in secret Swiss bank accounts – namely, those at the Union Bank of Switzerland.¹³⁷ According to Kwitny, Union Bank of Switzerland also appeared in the course of the Nugan Hand affair: "Bernie Houghton [one of the bank's founders] was well acquainted with a traveling official of the Union Bank, and had brought him around to Nugan Hand representatives in Asia to make introductions."¹³⁸

David Armstrong, who penned an expose of Harken in *Z Magazine* in 1991, noted that Union Bank of Switzerland maintained connections to other figures involved with the oil company. Harken was closely connected to a Denver, Colorado-based company called Frontier Oil & Refining Co. – where Alan Quasha served as chairman of the board – which was taken over in the late 1980s by the Richemont Group's Antony Rupert. Armstrong writes that "When Rupert acquired Frontier in a leveraged buyout in 1988, he announced an \$85 million 'revolving credit facility' with Union Bank of Switzerland, replacing all of refiner's previous 'working capital facilities.'"¹³⁹

Union Bank of Switzerland also had a history with one of Harken's more surprising investors: the billionaire hedge fund manager George Soros. Shortly after the Quasha-Rupert takeover of Harken in 1983, Soros became the next biggest shareholder in the company after them. In 1984, an arrangement was made where Harken would act as the "exclusive agent and manager of Soros Oil Inc."¹⁴⁰

Two years later, Harken would gain two additional – and equally surprising – shareholders. For one, there was the Harvard Management Company, the body set up under the auspices of the Harvard Corporation to manage the elite university's investments. Less than a decade later, Harvard and Soros would be found alongside

each other again in arranging the privatization and looting of Russia state-owned industries shortly after the collapse of the Soviet Union.

As Russ Baker has shown, the longtime head of the Harvard Corporation, Robert G. Stone, was intimately familiar with the elite circles where business and intelligence mixed. Intriguingly, the president of the Harvard Management Corporation, Michael Eisenson, stated that “There were not too many degrees of separation between Stone and the Quashas.”¹⁴¹

There were also not too many degrees of separation between Stone and the Quasha’s partner, Antony Rupert. Stone’s father-in-law was Godfrey A. Rockefeller, a cousin of the better-known David, Nelson and Laurance brothers and a college friend of George H.W. Bush. In the late 1960s and early 1970s, Godfrey played a central role in organizing the World Wildlife Fund (WWF); according to a memorial published by the fund after his death in 2010, he had even hired their “first staff and chief scientist.”¹⁴² This would have certainly brought Godfrey into direct contact with Rupert, as the Southern African businessman had been personally recruited into the organization by Prince Bernard of the Netherlands in 1968.¹⁴³

Also joining Harken in 1986 alongside Harvard was the son of Godfrey’s friend – George W. Bush. It was also the year that Harken bought up Spectrum7, a beleaguered oil company that had been formed from a merger between Bush Exploration – set up originally as Arbusto Energy by George W. Bush in 1977, with investment capital provided in part by CIA asset Jim Bath as well as the oil concerns of Ohio businessmen William DeWitt Jr. and Mercer Reynolds III.¹⁴⁴ Spectrum was reportedly barely even an oil producer, “less concerned with recovering oil than in creating tax shelters. The company specialized in selling limited partnerships, which generated generous write-offs before the tax laws were revised in 1986.”¹⁴⁵

Russ Baker writes that within several years of the deal between Bush Energy and Spectrum, DeWitt and Reynolds were “on the ground floor” of an insurance and reinsurance company called Midwest Employers Casualty Company (MECC).¹⁴⁶ Stephens Inc. – which, as noted above, was actively connected to the world of reinsurance – was one of the big stockholders in MECC.

When Spectrum was purchased by Harken, Bush, formerly Spectrum’s CEO, joined Harken’s board of directors. He also received a sizable chunk of Harken stock, and a high-dollar consultancy fee that he continued to receive after he went to work on his father’s presidential campaign in the late 1980s. In December 1988, Bush took a low-interest loan out from Harken, which he used to purchase more of the company’s stock. As the 1980s drew to a close, Harken had drawn itself even deeper

into the orbit of Bush-connected interests. It organized a commodities trading subsidiary, which formed a close working relationship with Enron.¹⁴⁷ Enron's president, Kenneth Lay, had been a big supporter of George H.W. Bush since the 1980 election, and the company would later become one of George W. Bush's greatest political benefactors.¹⁴⁸

However, it was in 1987, before Bush re-upped his Harken stock, that the company crossed paths with Clinton's and Bush's backer, Jackson Stephens. After the Spectrum7 buy-out, Harken had a debt problem, and was in need of further financing in order to resolve its core issues. They turned to Stephens Inc., which quickly went to work and brought in the Union Bank of Switzerland.¹⁴⁹ Union Bank bought up Harken stock via Stephens, but soon the bank ran into a "regulatory snag." The stock was then moved to another client of Stephens Inc., Sheikh Abdullah Taha Bakhsh, who was a close business associate of two BCCI insiders: Khalid bin Mahfouz and Ghaith Pharaon. Union Bank of Switzerland, for its part, had its own BCCI ties. Together with the criminal bank it owned a Swiss bank called Banque de Commerce et de Placements (BCP). Representing BCCI interests at BCP was the ubiquitous Alfred Hartmann.¹⁵⁰

Despite these efforts, by 1989, Harken was in trouble yet again. The commodity trading subsidiary proved disastrous, costing Harken some \$17 million in losses by the end of that year. Soros exited at the same time, and along the way managed to convince Harken to sell their stake in the lucrative Crystal Oil Company of Louisiana to his Quantum Fund N.V. Harken's future was now uncertain, as the company faced a cash shortage. Yet, suddenly, in January 1990, it landed an inexplicable oil deal with the mineral-rich country of Bahrain. David Armstrong wrote that the deal gave "Harken the exclusive exploration, development, production, transportation and marketing rights to most of Bahrain's offshore oil and gas reserves. The territories covered by the pact lie sandwiched between the world's largest oil field, off the shore of Saudi Arabia, and one of the biggest natural gas fields, off the shore of Qatar."¹⁵¹

The cast behind Harken's landing of this deal, which came at such a crucial time for the company, is full of the usual suspects. There was David Edwards, who acted as a go-between for Harken and Bahrain. He had previously worked for Stephens Inc. and had been involved in the Harken-Union Bank of Switzerland negotiations. There was Bahrain's prime minister, Sheikh Khalifa bin-Salman al-Khalifa, whose brother was a BCCI stockholder in 1990.¹⁵² And there was also the US ambassador to Bahrain, Charles Hostler. He was reportedly close to BCCI frontman

Mohammed Hammoud, who, as discussed previously, was tied up in various business and political ventures with Senator Orrin Hatch and Adnan Khashoggi. And what about Abdullah Taha Bakhsh, the man who ended up with Union Bank of Switzerland's Harken shares? In October 1990, the *New York Times* reported that he had "acquired a 9.6 percent stake in the Worthen Banking Corporation, a bank holding company based in Little Rock, Arkansas."[153](#)

Endnotes

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- 40 Jimmy Chagra utilized as his bodyguards members of "The Company," an entity described in FBI files as a network of former US special forces soldiers, police officers, and US Customs officials involved in drug smuggling and other illicit activities. The Company was set up and operated by Bradley Bryant and Andrew Thornton II, with a base of operations in rural Kentucky (Thornton was a former Lexington, Kentucky narcotics detective). Sally Denton's reporting on The Company illustrates that their connections went very high in the world of Kentucky politics, even extending to the office of governor John Y. Brown. If this all sounds very reminiscent of what was taking place in Arkansas at the exact same time, it probably wasn't coincidence. Brown was close to both Clinton and Lasater (Lasater stated that he had been first introduced to cocaine by Jimmy Lambert, a business partner of Brown who was close to The Company). Bill and Hillary Clinton and Lasater traveled together on Lasater's private plane to the 1983 Kentucky Derby, and while there Lasater passed "a paper bag

containing \$300,000 in cash" to Brown via Lambert. In a strange line leading back to the world of Ted Shackley's "private CIA" network, Denton writes in her book that the ATF strongly suspected that The Company was tied to Edwin Wilson and Frank Terpil's activities.

On The Company, see Sally Denton, *The Bluegrass Conspiracy* (Avon, 1990). On Lasater's money pass, see Denton and Morris, *Partners in Power*, 419-20.

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Neil Bush, son of George H.W. Bush, sat on the board. On Reeder and Beebe, see Pizzo, Fricker and Muolo, *Inside Job*, 332. On Reeder and Silverado, see Brewton, *The Mafia*, 261.

Reeder was also reportedly close to C.H. and Jake Butcher, brothers from Knoxville whose banking empire went bottom-up in the 1980s due to a blizzard of fraudulent loans and overspending. According to one source, Reeder posted C.H.'s bail money when the Tennessee banker went down for fraud. See David Martin, "He's No Angel," *The Pitch*, September 14, 2004.

A 1987 interview with Michael Riconosciuto, founded in the papers of journalist Danny Casolaro, also mentions the Reeder/Butcher link. A reference in the document is made to "the Butchers and the Joe Duncan affair that involved the letter from Meese's wife." This refers to an incident where Edwin Meese's wife wrote a letter declaring that she and her husband supported Joseph Duncan, the son of Tennessee congressman John J. Duncan, who had become mired in legal issues due to his association with the Butchers. The Duncan family controlled a Knoxville, Tennessee thrift called Knox Federal Savings and Loan Associate, and in 1981 had apparently conspired to transfer control of the lending institution to the Butcher brothers. In exchange, C.H. Butcher arranged to have large, outstanding debts Duncan owed to United American Bank of Knoxville—owned by Jake Butcher—forgiven. See Philip Shenon, "Meese's Wife Writes to Judge in Praise of Convicted Friend," *The New York Times*, November 6, 1987; John E. Yang, U.S. Sues Congressman, 2 of his Sons for Roles in Collapse of Tennessee Bank," *Wall Street Journal*, November 11, 1987).

The Butcher brothers are worthy of deeper scrutiny. They appear as major players in James Ring Adam's book *The Big Fix: Inside the S&L Scandal* (Wiley, 1990). Adams writes that Jake Butcher "was a close friend of President Jimmy Carter and Carter's confidant, the Georgia banker Bert Lance" (p. 87). Lance, on one occasion, was a guest of honor at a dinner at Jake's illustrious mansion, named "Whirlwind" (p. 88). According to one of insiders to Butcher's banking world, another dinner guest at times was Bruce Rappaport (p. 192). Yet another close associate of the Butchers that is named by Adams—and something that is reflected in numerous newspaper society pages from the 1980s—was Kentucky governor John Y. Brown. On John Y. Brown, drug smuggling, and the connection to Clinton and Lasater, see endnote 40 above.

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CHAPTER 9

HIGH TECH TREASON

THE MAKING OF A MAXWELL

Born in what is now part of Ukraine, “Robert Maxwell” was the last in a series of names used by Jan Ludvick Hoch, with his earlier aliases including the names Abraham Hoch, Jan Ludvick, and Leslie Du Marier. The name Robert Maxwell emerged at the behest of one of his superiors in the British military, which Maxwell had joined during World War II. He left the village of his birth prior to the war, when the Third Reich began its expansion, and made his way to Britain. Maxwell’s parents and his siblings are believed to have died in the Holocaust.

Robert Maxwell was involved with the British intelligence service MI6 during the war and, after the war, was befriended by Count Frederich vanden Huevel, who had worked closely with Allen Dulles during the war.¹ Dulles went on to be the first civilian director of the CIA and, during the war, was busy running interference for prominent Nazis and actively undermining FDR’s “unconditional surrender” policy for senior Nazi leadership.²

The chaos of post-war Europe allowed Maxwell to plant the seeds for what would become his future media empire. Thanks to his contacts with Allied Forces in post-war Berlin, he was able to acquire the publishing rights for prominent European scientific journals and, in 1948, those interests were folded into the British publishing company Butterworth, which had long-standing ties to British intelligence.³ In the early 1950s, the company was renamed Pergamon Press, and this company soon became the cornerstone of Maxwell’s media empire.

Pergamon’s access to prominent academics, scientists, and government not only led to Maxwell acquiring great wealth but also attracted the interest of various intelligence agencies – British, Russian, and Israeli among them – all of which attempted to recruit Maxwell as an asset or as a spy. When MI6 attempted

to recruit Maxwell for the service shortly after the war, it concluded, after conducting an extensive background check, that Maxwell was a “Zionist – loyal only to Israel.”⁴ His subsequent relationship with MI6 was choppy and largely opportunistic on both sides, with Maxwell later laying some of the blame for his financial troubles on MI6’s alleged attempts to “subvert” him. Yet, it would not be until the early 1960s that Maxwell was formally approached and successfully recruited by Israeli intelligence, which sought to make use of his access to the various prominent businessman and world leaders that he had cultivated while growing his media empire.⁵

A few years after being officially recruited as an asset of Israeli intelligence, Maxwell ran for public office, becoming a member of the British Parliament for the Labour Party in 1964. His bid for re-election failed, which left him out of office by 1970. Around that same time, he also lost control of Pergamon Press, after a failed takeover attempt by Saul Steinberg prompted a government inquiry into Maxwell’s management of the company. That inquiry concluded that Maxwell “is not, in our opinion, a person who can be relied on to exercise proper stewardship” of a publicly held company.⁶ Nevertheless, Maxwell reacquired control of the company a few years later in 1974.⁷

Having nearly lost everything, Maxwell devoted his time to consolidating control over an ever-growing web of interlocking companies, trusts, and foundations that now encompassed much more than media concerns. During this time, he also began developing deep ties to prominent politicians, businessmen, and their fixers, a group that Maxwell proudly referred to as his “sources.” Among these early “sources” were soon-to-be UK prime minister Margaret Thatcher; Israel’s biggest arms dealer and one of its powerful oligarchs, Shaul Eisenberg; financial behemoths such as Edmund Safra; and master manipulators such as Henry Kissinger. Another early “source” was George H.W.Bush, who was then part of the Nixon administration and would soon serve as CIA director before becoming Reagan’s vice president and then US president himself.⁸

Maxwell’s sources and influence extended well beyond the West, with many of his most prominent contacts residing in Eastern Europe and in the Soviet Union. He had cozy relationships with dictators, intelligence officials, and even organized crime lords such as Semion Mogilevich, sometimes referred to as the “boss of the bosses” of the Russian mafia.⁹ It was none other than Robert Maxwell who orchestrated the entry of Mogilevich-connected companies into the United States,

a move that was accomplished after Maxwell successfully lobbied the state of Israel to grant Mogilevich and his associates Israeli passports, thereby allowing them easier access to US financial institutions.¹⁰

The expansion of Maxwell's prominent contacts paralleled the growth of his media empire. By 1980, he had acquired the British Printing Corporation, which he renamed the Maxwell Communication Corporation. Just a few years later, he bought the Mirror Group, publisher of the British tabloid the *Daily Mirror*.¹¹ This was followed by his acquisition of publishers like MacMillan and later the *New York Daily News*. Money "borrowed" from some Maxwell-owned companies was allegedly used to finance Mossad activities in Europe and elsewhere; then, the funds were restored before the absence was noticed by company employees not privy to these operations. Maxwell later derailed this well-oiled system by dipping into these same funds to finance his own ostentatious and salacious habits as well as attempts to further expand his already bloated media empire well beyond its means.

During this period, Maxwell's ties to Israeli intelligence deepened in other ways, particularly during the time when Yitzhak Shamir was prime minister. Shamir, previously a leader of a terrorist group known as Lehi or the Stern Gang, deeply loathed the United States, a sentiment he confided to Maxwell during one of Maxwell's visits to Israel.¹² Shamir told Maxwell that he blamed the Americans for the Holocaust because of the US' failure to support the transfer of European Jews to Palestine prior to the war.¹³ Shamir's very negative views about the US likely informed Israel's more aggressive espionage operations that targeted the US during this time and in which Maxwell prominently figured.

A BROKEN PROMIS

One of the most brazen and successful operations ever conducted by Israeli intelligence on a global scale involved its sale of a bugged software program to governments, corporations, and major financial and scientific institutions around the world. That software program, known as the Prosecutor's Information Management System or PROMIS, was originally created and marketed by Inslaw Inc., a company created by former NSA official Bill Hamilton and his wife Nancy.

In 1982, Inslaw leased its revolutionary PROMIS software to the US Justice Department, then headed by Edwin Meese III, Ronald Reagan's most trusted

advisor, Attorney General and, later, an advisor to Donald Trump following the 2016 election. The success of the software, which allowed integration of separate databases and information analysis on a previously unimaginable scale, eventually caught the attention of Rafi Eitan, the notorious and legendary Israeli spymaster as well as the handler of the “*most damaging spy*” in American history, Jonathan Pollard.¹⁴ Eitan, at the time, was serving as the then-head of the now defunct Israel intelligence service known as Lekem (sometimes written as Lakam), which focused specifically on espionage related to scientific and technical information and discoveries. Eitan *had first learned* of PROMIS some time in 1982. That December, using the alias Dr. Ben Orr, Eitan entered the US and unsuccessfully attempted to attend an official demonstration of PROMIS.¹⁵ He returned in February of the following year and was given a demonstration of a new version of the software, advanced PROMIS, by Bill Hamilton himself.¹⁶ During that trip, a former Inslaw employee then working at the Department of Justice, C. Madison “Brick” Brewer, gave “Dr. Orr” a copy of the software.¹⁷ With the software in his possession, Eitan sought to install a “trapdoor,” also often referred to as a back door, into the software. He would then orchestrate the marketing of this modified version of PROMIS throughout the world, providing Israeli intelligence with a direct window into the operations of its enemies and allies. According to the testimony of ex-Israeli intelligence official Ari Ben-Menashe, he, on Eitan’s orders, *contacted* an Israeli American programmer living in California.¹⁸ That programmer then planted a “trapdoor” or back door into the software that would grant the Eitan-led Lekem covert access to any database connected to a device on which the software was installed. To help market the compromised version of PROMIS, Eitan sought out a man named Earl Brian. Brian was a long-time associate of Ronald Reagan who had previously worked for the CIA in covert operations, beginning with the Vietnam-era Phoenix program, and had been in charge of Reagan’s healthcare program when Reagan was governor of California.¹⁹ It was through his healthcare-related ventures that Brian had first met Eitan.²⁰ In 1982, however, Brian was attempting to build a new business empire, this one focused on technology. It was later disclosed that Attorney General Ed Meese’s wife, at the time, was a major investor in two companies controlled by Earl Brian and those investments had been made with money loaned to Meese’s wife by a close associate of Brian’s.²¹ In speaking with Rafi Eitan, Brian acknowledged the revolutionary efficacy of PROMIS. The software could track anything, specifically

money and people. Instead of praising its innovative approach to data analysis, Brian expressed his frustration that the software enabled US federal investigators to successfully track and target money laundering and other financial crimes. He also expressed frustration that he had been left out of the profits on PROMIS, the development of which he had followed closely for several years.²² As their conversation wore on, Eitan and Brian *hatched a plan* about how to best utilize and market the modified version of PROMIS.²³ This agreement between Eitan and Brian eventually led to two different versions of bugged PROMIS software, one bugged by Israel for the main purpose of spying on the operations of foreign governments and intelligence services and one bugged by CIA-linked entities and individuals for the main purpose of engaging in financial espionage and money laundering. However, what would later become known as the Inslaw affair, sometimes also called the PROMIS scandal, began first with the version of PROMIS that had been stolen and then modified by Israel. With the bugged version of PROMIS ready, Brian attempted to use his company Hadron Inc. to market the bugged PROMIS software around the world, though he first had tried to buy out Inslaw to do so. When that effort failed, Brian launched a second effort to buy out Inslaw using a company called SCT that had been financed by Allen & Co., the company of the organized crime-linked Charles and Herbert Allen who were, among other things, business partners of Leslie Wexner's mentors Max Fisher and A. Alfred Taubman (see chapter 13).²⁴ *Wired* described Allen & Co. as having "close business ties to Earl Brian."²⁵ As will be noted in chapter 12, another figure associated with Earl Brian was Allan Tessler, the lawyer for the Epstein-connected Gouletas family who was added to the board of Wexner's The Limited in the late 1980s. Notably, Allen & Co. owned a significant amount of common stock in Earl Brian's Hadron.²⁶ Unsuccessful and unable to buy out the Hamiltons, Brian turned to his close friend, then-Attorney General Ed Meese, whose wife, as previously mentioned, had also invested in Brian's business ventures. Soon, the Justice Department abruptly refused to make the payments to Inslaw that had been stipulated by the contract. They were essentially using the software for free, which Inslaw claimed was theft.

Meese's actions forced Inslaw into bankruptcy and Inslaw *subsequently sued* the Justice Department, with a US court later finding that the Meeseled department "took, converted, stole" the software through "trickery, fraud, and deceit."²⁷ With Inslaw out of the way, Brian sold the bugged software to Jordan's and Iraq's

intelligence services, a major boon for Israel, and to a handful of companies. Despite this, Eitan was unsatisfied with Brian and Hadron and their progress in selling the software. He quickly turned to the person he thought could most effectively market and sell PROMIS to governments of interest all over the world: Robert Maxwell.²⁸

THE SPY AND THE SALESMAN

Maxwell's prominent roles in the PROMIS software scandal and the Iran-Contra affair during the 1980s were facilitated by his purchase of numerous Israeli companies, several of which were either fronts or "providers of services" for Israeli intelligence. The most notable of these was Scitex, where Yitzhak Shamir's son Nachum was a major executive throughout the 1990s and early 2000s, and Degem, a computer company with a large presence in Central and South America as well as in Africa.²⁹

According to Gordon Thomas and Martin Dillon, even before Maxwell's purchase of Degem, it had been used by Mossad as a cover for agents, particularly assassins, who would use its offices as a cover before conducting kidnappings and murders of individuals linked to groups with ties to or sympathies for Israel's enemies, particularly the PLO.³⁰ Some of the most notable events occurred in Africa, where Mossad assassins used Degem as cover to launch killings of members of the African National Congress. In Latin America, Degem was also used as cover for the Mossad to infiltrate terrorist and narco-terrorist organizations such as Peru's Sendero Luminoso (known in English as the Shining Path) and Colombia's National Liberation Army or ELN.³¹

Through Degem and other Maxwell-owned companies based in Israel and elsewhere, Maxwell marketed PROMIS so successfully that Israeli intelligence soon had access to the innermost workings of innumerable governments, intelligence services, and corporations around the world. Many of Maxwell's biggest successes came in selling PROMIS to dictators in Eastern Europe, Africa, and Latin America. Following the sale, and after Maxwell collected a handsome pay check, PROMIS' unparalleled ability to track and surveil anything – from cash flows to human movement – was used by these governments to commit financial crimes with greater finesse and also to hunt down and disappear dissidents. Israeli intelligence, of course, watched it all play out in real time.

In Latin America, for instance, Maxwell sold PROMIS to *military dictatorships in Chile and Argentina*. There, PROMIS was used to facilitate the mass murder that characterized Operation Condor, as the friends and families of dissidents and so-called subversives were easily identified using PROMIS.³² PROMIS was so effective for this purpose that, just days after Maxwell sold the software to Guatemala, its US-backed dictatorship rounded up 20,000 “subversives” who were never heard from again. Of course, thanks to their backdoor in PROMIS, Israeli intelligence knew the identities of Guatemala’s disappeared before the victims’ own families. Israel, along with the United States, was also *intimately involved* in the arming and training of many of the same Latin American dictatorships that had been sold the bugged PROMIS software.³³

Though Israeli intelligence found obvious use for the steady stream of sensitive and classified information, their biggest prize was yet to come – top secret government laboratories in the United States. Eitan tasked Maxwell with selling PROMIS to US labs in the Los Alamos complex, including Sandia National Laboratory, which was (and is) at the core of the US nuclear weapons system.³⁴ Notably, Maxwell’s eventual sale of PROMIS to these laboratories occurred during the same period in 1984 when Eitan tasked one of Israel’s top nuclear experts with supervising Jonathan Pollard’s espionage of U.S. nuclear secrets on Israel’s behalf.

In order to plot how he would accomplish the sale of PROMIS to Los Alamos, Maxwell consulted one of his “sources,” none other than Henry Kissinger. Kissinger told him that, in order to sell PROMIS to these sensitive laboratories, he needed to enlist the services of then-Senator for Texas John Tower, who was the then-head of the Senate Armed Services Committee.³⁵ At the time, Tower was searching for lucrative opportunities as the sun was setting on his Senate career. Maxwell quickly struck a deal with Tower and then, using Mossad money, paid Tower \$200,000 for his services, which included opening doors – not just to the Los Alamos complex, but also to the Reagan White House.³⁶ Tower would arrange a trip for Maxwell to travel to Sandia National Laboratory, where he would market PROMIS. Unlike most other PROMIS sales, this one would not be handled by Degem, but a US-based company called Information on Demand.

Robert Maxwell had purchased Information on Demand from its founder, Sue Ruge – a former librarian – through the Pergamon Group in 1982. This was also the very year plans were made by Rafi Eitan and Earl Brian to subvert PROMIS.³⁷

Its offices were just a few doors down from the home of Isabel Maxwell and her first husband Dale Djerassi, the son of the scientist credited with creating the birth control pill.

According to FBI files obtained by Inslaw Inc. via a FOIA request in the 1990s, San Francisco's FBI field office began to look into Information on Demand, just a year after Maxwell had acquired it. The San Francisco office's interest in the company was aroused in October 1983 and the FBI subsequently interviewed Ruge about the business and its activities.³⁸ She told the FBI that the company's sources "include over 250 computer data bases" and that company uses these to "locate single facts as well as provide answers to complex questions dealing with such areas as comprehensive marketing research, custom data summaries, sophisticated literature searching, current awareness service and global information capability."

One of these databases included Lockheed's Dialog database and "the Defense Technical Center which is connected to the Department of Defense (DOD) which contains classified information." She asserted, however, that the company "has no password for access and further no need for access." Elsewhere in the document, it notes that Information on Demand claimed not have any access to classified information "to the best of their knowledge," but did "[include] information concerning government and various available means of tapping government information databases."

The FBI asked Ruge about one client of the company in particular, whose name and identifying information is redacted in its entirety, but notes that this mysterious client had worked with Information on Demand since at least 1973. Subsequent efforts by Inslaw Inc. and others to learn the identity of the redacted client have been unsuccessful since 1994.

Notably, just one month before the FBI opened an investigation into Information on Demand and interviewed Sue Ruge, another related Maxwell-owned firm, Pergamon International Information Corporation (PIIC), *had sent a letter* to then-CIA Director Bill Casey, offering to provide the agency with access to patent databases.³⁹ The only redacted portion of the letter is the identity of PIIC's Executive Vice President, who had written the letter to Casey. After Ruge had been interviewed, FBI interest in Information on Demand peaked in June 1984, when a formal investigation was opened. This took place after two employees of Sandia National Laboratory, who worked in technology transfer,

approached the Bureau over Information on Demand's efforts to sell PROMIS to the laboratory.⁴⁰ Those employees were compelled to contact the FBI after obtaining information from employees of the National Security Agency (NSA) regarding "the purchase of Information on Demand Inc. by one Robert Maxwell, the owner of Pergamon International." The specific information on this purchase from the NSA is included in the report but redacted in its entirety. Two months later, one of the Sandia employees followed up with the Bureau, suggesting that the NSA and FBI jointly investigate Information on Demand, but was essentially stonewalled and told to take it up with FBI headquarters. The FBI case file is specifically coded as a foreign counter-intelligence investigation, suggesting that the case was opened because the FBI was made aware of the alleged involvement of a foreign intelligence service in some aspect of Information on Demand's activities that related specifically to the "dissemination, marketing, or sale of computer software systems, including but not limited to the PROMIS computer software product."⁴¹ It also noted that Maxwell himself had previously been the subject of a "security investigation" conducted by the FBI from 1953 until 1961. Notably, 1961 is the year that Maxwell was formally recruited as an Israeli intelligence asset. The FBI investigation likely focused on Information on Demand's ties to Mossad, which were later reported by author Gordon Thomas. Per Thomas, the money used to run and operate Information on Demand's California office "would come out of one of the Mossad accounts in Credit Suisse."⁴²

In early August 1984, FBI headquarters and other higher-ups in the Ed Meese-led Department of Justice, which itself was complicit in the whole sordid PROMIS affair, ordered the New Mexico office to halt its investigation into Information on Demand, Maxwell, and PROMIS. The cover-up, oddly enough, continues today, with the FBI *still refusing, decades later*, to release documents pertaining to Robert Maxwell and his role in the PROMIS scandal.⁴³

Several months following the shuttering of the FBI investigation into Information on Demand, in February 1985 Robert Maxwell again returned to Sandia National Laboratories, signing the contract for the sale of PROMIS and listing himself as President and CEO of Information on Demand. A few months later, he passed that role on to his daughter Christine, who served as the company's president and CEO up until her father's death in 1991, according to *her résumé*.⁴⁴ Upon the collapse of his business empire shortly after his demise, which

also resulted in the closure of Information on Demand, Christine created a company called Research on Demand that offered similar services and specialized “in Internet – and Big Data analytics-related market studies for companies in the Telecoms.” In addition, Isabel Maxwell, who lived in close proximity to the company’s offices in Berkley, CA, told *Haaretz* that she had also worked for Information on Demand, which she refers to as “her sister’s company,” following her 1989 divorce from Dale Djerassi.⁴⁵

THE CIA AND PROMIS

As previously mentioned, there were eventually two different modified versions of PROMIS containing different backdoors – the first having been developed by Israeli intelligence and the second having been developed by CIA-linked entities and individuals. The CIA version appears to have been focused mainly on the banking industry while the Israeli/Lekem version seemed to have been mainly marketed to intelligence agencies and other parts of the public sector that dealt with classified state information.

Though some authors have tried to paint the CIA’s acquisition of PROMIS as having happened well after Eitan’s theft of the software, it has since emerged that the Agency was offered a government copy of PROMIS as far back as 1981, thanks to a government memo obtained by Emma Best. Best wrote that, despite the CIA having denied buying the software:

This memo [...] shows that the Agency was offered the PROMIS software along with a list of other pieces of government owned software and the hardware necessary to run them. Since CIA didn’t disclose this or search those records, it’s unknown if they acquired an initial copy of the software this way. Even if it did not, it undermines their claims to have fully cooperated and searched every reasonable record and Agency component as they didn’t search their software requisition records.

The Department of Justice also repeatedly stated that, aside from a notable exception, they didn’t provide copies of PROMIS to anyone else or distribute it throughout the government. These memos, however, show that the software was being offered throughout the federal government from the beginning, making versions of the software readily acquirable for anyone in the government to review or toy around with prior to Earl Brian and Edwin Meese’s scheme to defraud INSLAW while modifying (i.e. inserting backdoors) and distributing the software through the U.S. and overseas.⁴⁶

This timeline muddles the conventional narrative and raises the possibility that the supposedly “dueling” versions serving Israeli intelligence and US intelligence

were perhaps more inter-related and collaborative in nature as opposed to competitive, as some authors like Gordon Thomas have claimed. Ari Ben-Menashe, in an interview for this book, attested to the collaborative nature between both the Israeli and CIA's version of PROMIS, with Robert Maxwell himself engaging in unspecified collaborations related to the CIA version of PROMIS.

The CIA version of PROMIS was modified by a man named Michael Riconosciuto, who altered the software at Cabazon Indian Reservation near Indio, California. At the reservation, Riconosciuto had worked for Wackenhut (now G4S Security), which – at the time – provided security for critical infrastructure and high security government facilities. Wackenhut, in 1981, had entered into a joint venture with the Cabazon Band of Mission Indians, which was focused on establishing a “production facility, called ‘Cabazon Arms,’ on the one square mile of Cabazon-owned desert land near Indio.”⁴⁷ This joint venture was briefly discussed in the previous chapter. In speaking to author Cheri Seymour, Riconosciuto noted that the company's board of directors was stuffed with former top figures in US intelligence and law enforcement. Riconosciuto corroborated to Seymour that he had been the one to modify PROMIS and he also fingered Earl Brian as the mastermind of the scheme. “A man named Earl Brian was spearheading a plan for worldwide use of the software, but essentially, the modified software was being pirated from the owners, Bill and Nancy Hamilton,” Riconosciuto had told Seymour.⁴⁸ Riconosciuto alleges that he was targeted by the government after signing an affidavit to assist the Hamiltons' case. In that document, he had stated his role in the modification of the PROMIS software.

The modification of PROMIS was hardly Riconosciuto's first interaction with intelligence or even with Earl Brian. Per Seymour, Riconosciuto had been recruited by the CIA while at Stanford University and Riconosciuto “and Earl Brian had traveled to Iran in 1980 and had paid \$40 million to Iranian officials to persuade them not to let the hostages go before the presidential election,” a scheme better known as the October Surprise (see Chapter 6).⁴⁹ Per Riconosciuto, Brian's role in the October Surprise was related to his theft of PROMIS. He later testified that the software “was stolen as a favor to software-company executive Earl Brian, a friend of Meese's, for Brian's help in persuading the Iranian government to hold on to the embassy hostages until the 1980 election was over.”⁵⁰

Regardless of exactly when US intelligence developed and began using a bugged PROMIS, the software was subsequently developed for many uses, including on nuclear submarines of the United States and the United Kingdom and for tracking of nuclear material inventories and long-range ballistic missiles. However, one of the most unsettling uses of the software, on which both the US and Israel collaborated, was its use to keep track of dissident Americans.

This use of PROMIS was spearheaded by Oliver North. North had decided to turn PROMIS' power against Americans, particularly perceived dissidents. Beginning in 1982, as part of the highly classified Continuity of Government (COG) program, North used the PROMIS software at a 6,100-square-foot "command center" in the Department of Justice, as well as at a smaller operations room at the White House, to compile a list of American dissidents and "potential troublemakers" if the COG protocol were to ever be invoked.⁵¹ According to a senior government official with a high-ranking security clearance and service in five presidential administrations who spoke to *Radar* in 2008, this was:

A database of Americans, who, often for the slightest and most trivial reason, are considered unfriendly, and who, in a time of panic might be incarcerated. The database can identify and locate perceived 'enemies of the state' almost instantaneously.⁵²

In 1993, *Wired* described North's use of PROMIS in compiling this database as follows:

Using PROMIS, sources point out, North could have drawn up lists of anyone ever arrested for a political protest, for example, or anyone who had ever refused to pay their taxes. Compared to PROMIS, Richard Nixon's enemies list or Sen. Joe McCarthy's blacklist look downright crude.⁵³

The COG program defined this "time of panic" as "a national crisis, such as nuclear war, violent and widespread internal dissent, or national opposition to a US military invasion abroad," whereby the government would suspend the Constitution, declare martial law, and incarcerate perceived dissidents and other "unfriendly" in order to prevent the government's (or then-serving administration's) overthrow.⁵⁴ This secretive database has often been referred to as "Main Core" by government insiders and it still exists today. Journalist Christopher Ketcham, citing senior government officials, reported in 2008 that, at that time, Main Core was believed to contain the names of as many as 8 million

Americans.⁵⁵ Since then, it is highly likely that the number of Americans included in the Main Core database has grown considerably.

Author and investigative journalist Tim Shorrock also covered other disturbing aspects of the evolution of Main Core back in 2008 for *Salon* and further noted that Main Core, at the time, was said to contain “a vast amount of personal data on Americans, including NSA intercepts of bank and credit card transactions and the results of surveillance efforts by the FBI, the CIA, and other agencies.”⁵⁶

Bill Hamilton of Inslaw had told Shorrock at the time that he believed that “U.S. intelligence uses PROMIS as the primary software for searching the Main Core database” and had been told as much by an intelligence official in 1992 and an NSA official in 1995.⁵⁷ Dan Murphy, former deputy director at the CIA, had told Hamilton that the NSA’s use of PROMIS was “so seriously wrong that money alone cannot cure the problem.” “I believe in retrospect that Murphy was alluding to Main Core,” Hamilton had told Shorrock.⁵⁸

In 2019, citing a former US intelligence official with direct knowledge of the U.S. intelligence community’s use of PROMIS and Main Core from the 1980s to 2000s, I reported that Israeli intelligence played a role in the U.S. government’s deployment of PROMIS as the software used for the Main Core domestic surveillance database system.⁵⁹ Per this source, Israeli intelligence remained involved with Main Core at the time of the August 1991 death of journalist Danny Casolaro. This same official told me that, shortly before his death, Casolaro had obtained copies of computer printouts from the PROMIS-based Main Core domestic surveillance database system from NSA whistleblower Alan Standorf, among other items. Standorf was found murdered a few months before Casolaro’s life-less body was discovered in a hotel room.⁶⁰

The source also stated that Main Core’s contents had been used for the political blackmail of members of Congress and their staff, journalists, and others by Walter Raymond, a senior CIA covert operator in psyops and disinformation who served on President Reagan’s National Security Council after Main Core was created.⁶¹ If used for this purpose by Raymond in the 1980s, it is highly likely that Main Core has also been used by other individuals with access to the database for blackmailing purposes in the years since. In addition to their collaboration on Main Core, there is also the possibility that the CIA and Israel’s Lekem collaborated and shared at least some of the intelligence reaped from the different

versions of PROMIS. As previously detailed, Israeli intelligence and the CIA were already collaborating on major aspects of Iran-Contra during this same period. Yet, these networks also appear to have been intimately involved with the sale of the PROMIS software themselves.

For instance, one connection of Iran-Contra to PROMIS can be seen in the visit Contra leaders made to Cabazon for weapons demonstrations, which was mentioned in the previous chapter. Another clear example of overlap is Robert Maxwell. Yet, another and arguably the most compelling evidence for the overlap can be found in a 1985 letter written by William Bradford Reynolds, Assistant Attorney General in the Civil Rights Division, to William F. Weld, then-the US Attorney in Boston. The letter told Weld that PROMIS (misspelled as Promise in the letter) was being provided to Sheik Khalid bin Mahfouz, a Saudi billionaire and banker who had owned a personal 20% stake in BCCI and was mentioned in connection with BCCI in Chapter 7.

That letter states the following:

Dear Mr. Weld: As agreed Messrs. Manichur [sic] Ghorbanifar, Adnan Khashoggi, and Richard Armitage will broker the transaction of Promise [sic] software to Sheik Khalid bin Mahfouz for resale and general distribution as gifts in his region contingent upon the three conditions we last spoke of. Promise [sic] must have a soft arrival. No paperwork, customs, or delay. It must be equipped with the special data retrieval unit. As before, you must walk the financial aspects through Credit Suisse into National Commercial Bank [which bin Mahfouz chaired]. If you encounter any problems contact me directly. Sincerely, WM. Bradford Reynolds, Assistant Attorney General Civil Rights Division.⁶²

This letter implicates key figures involved in Iran-Contra weapons deals, i.e. Khashoggi and Ghorbanifar, as also selling PROMIS software for covert purposes. In this case, they were specifically selling it to a man tied to the banking industry, more specifically BCCI. As it turns out, the global banking industry was a major target of the bugged PROMIS software. As will be mentioned shortly, this was partially facilitated by BCCI and affiliated entities as BCCI was known to use PROMIS and had other connections to its illicit uses.

One of the key companies involved with the bugged PROMIS' entry into the global financial system was tied to a major figure in BCCI's entry into the American financial system, Jackson Stephens, discussed in the previous chapter as well as chapter 7. While Israel's bugged version of PROMIS was being marketed worldwide by Robert Maxwell and his front companies, the CIA's equivalent was marketed, in part, by the Jackson Stephens-owned Systematics.

Systematics was a data-processing company that, like other prominent Stephens-owned firms, was represented by the Rose Law Firm, which – as noted in the last chapter – had deep ties to the Clinton family and its political machinery. Two partners in the Rose Law Firm who would later serve in the Clinton administration, Vince Foster and Webster Hubbell, went on to acquire significant financial interests in Systematics through ownership in Alltel, which acquired Systematics in the early 1990s.⁶³ Notably, Rose had also represented Systematics as part of a lawsuit related to the efforts of Jackson Stephens and others to bring BCCI into the American financial system. As noted in chapter 7, Systematics was a defendant alongside Jackson Stephens, another Stephens owned company Stephens Inc., Agha Hasan Abedi, Bert Lance, and Eugene Metzger relating to their hostile takeover attempt of FGB. Rose Law represented Systematics in this lawsuit. As was also noted in chapter 7, Stephens had been involved in BCCI's affairs because he “wanted FGB to use a company he controlled, Systematics Inc., for its data processing business.”⁶⁴

Unlike Maxwell's fronts used to market PROMIS, Systematics was more focused on selling software and data-processing services to financial institutions than governments and intelligence agencies. Acquired by Stephens in the 1960s, Systematics primarily serviced banks and, by the 1990s, was “one of the leading vendors in the United States and, reportedly, in some 40 foreign countries, of computer software and services for the banking industry.”

According to former *Forbes* assistant editor James Norman in his book *The Oil Card: Global Economic Warfare in the 21st Century*, Systematics was also “a primary vehicle or front company for the National Security Agency in the 1980s and early 1990s to market and implant bugged software in the world's major money-center banks and clearinghouses as part of the Reagan/Bush ‘follow the money’ effort to break the Soviets.”⁶⁵ The late journalist Michael Ruppert and others have asserted that this “bugged software” was none other than the PROMIS software. Ruppert specifically cited Systematics as “a primary developer of PROMIS for financial intelligence use.”⁶⁶

Norman, in his reporting which was censored by *Forbes*, alluded to the role of National Security Council member Norman Bailey in urging the involvement of the NSA in surveilling the flow of money through SWIFT, Fedwire, CHIPS, and other financial transfer mechanisms. In his censored report, Norman wrote that Bailey “confirms that within a few years the National Security Agency ... had

begun vacuuming up mountains of data by listening in on bank wire traffic. It became a joint effort of several Western governments with the Israelis playing a leading role.” Norman further noted that the NSA’s ability to spy on financial transactions was directly enabled by Systematics.

As will be discussed in greater detail in chapter 16, Norman had learned that one of the main individuals overseeing this NSA program for Systematics was Vince Foster of Rose Law and subsequently the deputy White House counsel during Bill Clinton’s first term until his death in 1993.

Yet, Norman’s censored report, later published in *Media Bypass* magazine, went even further and revealed that Systematics not only aided NSA surveillance of the financial system, it was also intimately linked to money laundering efforts:

Systematics has had close ties to the NSA and CIA ever since its founding, sources say, as a money-shuffler for covert operations. It is no secret that there were billions of dollars moving around in “black” accounts – from buying and selling arms to the Contras, Iran, Iraq, Angola and other countries to paying CIA operatives and laundering money from clandestine CIA drug dealing. Having taken over the complete computer rooms in scores of small U.S. banks as an “outsource” supplier of data processing, Systematics was in a unique position to manage that covert money flow. Sources say the money was moved at the end of every day disguised as a routine bank-to-bank balancing transaction.⁶⁷

Norman also alleges that Jackson Stephens’ efforts to bring BCCI into the US were related to this situation:

Systematics’ money-laundering role for the intelligence community might help explain why Jackson Stephens tried to take over Washington-based Financial General Bankshares in 1978 on behalf of Arab backers of the Bank of Credit and Commerce International. BCCI’s links to global corruption and intelligence operations has been well documented, though many mysteries remain.

According to a lawsuit filed by the Securities and Exchange Commission, Stephens insisted on having then-tiny Systematics brought in to take over all the bank’s data processing. Representing Systematics in that 1978 SEC case: Hillary Rodham Clinton and Webster Hubbell. Stephens was blocked in that takeover. But FGB, later renamed First American, ultimately fell under the domination of BCCI through Robert Altman and former Defense Sec. Clark Clifford. According to a technician who worked at First American in Atlanta, Systematics became a key computer contractor there anyway.⁶⁸

A 1995 document sent on behalf of Inslaw’s founders to then-independent Counsel Ken Starr by Inslaw lawyer Elliot Richardson supports several of Norman’s claims.⁶⁹ That document states that Systematics had “covertly implanted [software] into the computers of its bank customers” that allowed “allied

intelligence agencies surreptitiously to track and monitor the flow of money through the banking system” and had done so at “the behest of the U.S. National Security Agency (NSA) and its partner in Israeli intelligence.”⁷⁰ Inslaw also stated that the software was used by these same intelligence agencies in the “laundering of money, especially drug profits.”

Systematics did, in fact, appear to have ties to Israeli intelligence, as Richardson asserts. The company was known to have a subsidiary in Israel that, according to a former Israeli intelligence officer, was operated by contractors for the Mossad and sold software to banks and telecommunications companies.⁷¹ According to Richardson’s letter, that Israeli subsidiary of Systematics also had a Massachusetts-based front company, which was partially owned by a former U.S. intelligence official named Harry Weschler. Furthermore, Systematics also had dealings with Israel’s PROMIS salesman *par excellence*, Robert Maxwell. According to Bill Hamilton of Inslaw as cited by Cheri Seymour, Systematics entered into a joint venture with Robert Maxwell, who was allegedly acting on Israel’s behalf. In that venture, Maxwell and Systematics sold bugged versions of PROMIS to five banks, most of which were Swiss.⁷² This again suggests that the “CIA version” of PROMIS was more of a complement to the “Israeli version” Robert Maxwell was best known for marketing, rather than a competitor. It also further hints at collaboration between Israeli and US intelligence for the purpose of placing backdoors into global financial flows.⁷³

This focus on obtaining a secret window into the in and out-flows of the global banking system enabled not only the covert tracking of funds, but presumably allowed funds to be covertly hidden and financial crimes to be effectively covered up or rendered invisible. This was likely why BCCI employed the PROMIS software after its theft by the DOJ, as one of its subsidiaries, First American Bank, reportedly “filtered PROMIS money” (i.e., laundered the money generated from the sale of the stolen PROMIS software), according to the late journalist Danny Casolaro.⁷⁴

Returning to the matter of Vince Foster, the Hamiltons of Inslaw have also provided considerable evidence that Foster’s distress prior to his 1993 death appears to have been related to concerns about litigation involving Systematics and PROMIS.⁷⁵ James Norman, the previously mentioned journalist who was then writing for *Forbes*, reported in 1995 that Foster had been known to be under counterintelligence surveillance at the time of his death. Norman has also stated

that it was suspected at the time that an adversarial government, allegedly the Chinese, had bought “high-level code, encryption, and other secrets via Foster’s Swiss bank account and Israeli banks” and that *Forbes* had declined to publish these allegations (and by extension Norman’s reporting on the matter) because, among other concerns, they didn’t want to make any public statements about Systematics’ role in the affair.⁷⁶ As will again be noted in chapter 16, another assistant editor of *Forbes* at the time, alongside Norman, was the daughter of Harry Weschler, the former CIA official who partially owned the Israeli subsidiary of Systematics. Norman subsequently intimated that this connection played a role in the censoring of his reporting.

Vince Foster’s death, which many regard as suspicious despite it being officially labelled a suicide, is discussed in more detail in chapter 16, as the very event that marked one of Jeffrey Epstein’s earliest visits to the Clinton White House makes an odd appearance in Foster’s controversial “suicide note.”

E-SYSTEMS

Another company that surfaces in the allegations surrounding Systematics and the Inslaw affair is E-Systems, a Dallas-based defense contractor specializing in computer software and systems. Authors James Norman and J. Orlin Grabbe have both discussed E-Systems as having a particularly close relationship with Systematics. However, the CEO of Alltel, a successor company to Systematics has denied that any such relationship exists.⁷⁷ Among the claims made by Grabbe and Norman is that sensitive E-Systems computer code ended up in the hands of Israel a mere thirty days after it was first deployed by the NSA.⁷⁸

While parsing out the details of the connections between E-Systems and Systematics is difficult, E-Systems did maintain a tight connection with another corporation located at the heart of the Inslaw affair: Wackenhut. William Raborn, who had served as director of the CIA under President Lyndon Johnson, joined the board of directors of Wackenhut in 1971.⁷⁹ Press reports show that by at least 1977, he had also joined the board of E-Systems. Wackenhut annual reports illustrate that, for a time, he served on the board of these companies simultaneously.

E-Systems’ connections to the intelligence community are long-standing. The company began in the 1960s as LTV Electrosystems, a wholly-owned subsidiary

of Ling-Temco-Vought (LTV), the Texas-based defense contractor that was then rapidly expanding due to military contracts related to the Vietnam War.⁸⁰ As discussed in chapter 6, LTV shared multiple connections with First International Bancshares, the CIA-linked bank that George H.W. Bush joined in 1976. LTV Electrosystems held a major share of the defense contracts that LTV received, having been consolidated with another major LTV subsidiary, LTV Military Electronics Division.⁸¹ In 1972, LTV Electrosystems was spun off as an independent company, and rechristened as E-Systems under the leadership of John W. Dixon, its new president and chairman.

As the presence of William Raborn on its board shows, E-Systems maintained a cozy relationship with the CIA and other US intelligence agencies. E-Systems has attempted to keep this relationship under wraps, with much of the company's projects shrouded under confidentiality agreements. Nevertheless, there have been occasions when the company's intelligence ties have bubbled up to the surface. In 1994, for example, *Washington Post* journalist John Mintz wrote that:

CIA employees who are experts in high technology are "automatic hires" for the firm, a former CIA official said. "E-Systems made it a point to say, 'When you retire, come work for us.' ... "E-Systems has one of the more unique relationships with the agency," he added, calling it "chummy."

A staff member of a congressional intelligence committee said E-Systems is "virtually indistinguishable" from the agencies it serves. "Congress will ask for a briefing from E-Systems, and the [CIA] program manager shows up," he said. "Sometimes he gives the briefing. They're interchangeable."⁸²

Among the known collaborations between E-Systems and the Agency included the construction of "ground stations in China" used to "eavesdrop on Soviet satellites in flight" – the information from which was then "shared with China."⁸³ In another notable instance, taking place in 1975, E-Systems purchased Air Asia, one of the CIA's proprietary airlines that was hidden as a civilian-staffed aviation company.⁸⁴ The sale garnered considerable controversy at the time as E-Systems only paid \$1.9 million for the front company, despite the fact that Air Asia's net worth was calculated to be approximately \$3.4 million at the time of sale.⁸⁵

Several years later, in 1977, E-Systems became involved in Operation Condor, a DEA and US Customs supported Mexican government initiative to crack down on the ballooning drug trade. It was a completely different operation than the notorious South American operation of the same name.

On hand to support Condor was the CIA, with Evergreen International Aviation providing Mexican authorities with planes and pilots.⁸⁶ That same year, Evergreen had absorbed Intermountain Aviation, a CIA proprietary airline, and placed the “former head of all CIA air operations” on its board of directors. E-Systems was contracted to provide maintenance for Evergreen’s planes actively participating in Condor, a task no doubt related to the company’s wider contracts with US Customs for electronic technology and aircraft maintenance for drug interdiction purposes.⁸⁷

Remarkably (and perhaps unsurprisingly), Condor was an abject failure, and it effectively allowed the drug trade to continue unabated. Where planes were supposed to be spraying herbicides on drug crops, the tanks were frequently found to instead contain water, while officials involved with the program had a tendency to shake down “drug cultivators in exchange for protection from spraying.”⁸⁸

Tom Farer notes that Condor in fact encouraged the deepening centralization and concentration of the drug trade within a small handful of powerful cartel-linked groups. “As a result of this of this policy initiative,” he writes, “the Mexican drug industry came under the control of entrepreneurial organizations that were fewer in number, stronger in resources, and more dangerous to society and government.”⁸⁹ Chief among the drug traffickers that rose in prominence in this time was Felix Gallardo and his criminal associate, Juan Matta Ballesteros. As noted in chapter 7, both of these figures were linked to Contra support activities and, in the case of Matta, to CIA-linked aviation companies.

E-Systems may have also been linked to the activities of both Ted Shackley and his team and that of Robert Vesco in Libya. As discussed in chapter 6, a point of intersection between these two networks was the British company Lonrho, its infamous leader Tiny Rowland, and his right-hand man Edward Du Cann. To briefly recap: Du Cann, whose duties extended beyond Lonrho to act as a liquidator for the Vesco-looted Investors Overseas Services (IOS), sat on the board of a Lonrho freight subsidiary called Tradewinds, which was accused of running arms into Libya on behalf of Shackley’s close associate, Edwin Wilson. At this same time, Vesco was involved in a number of Libyan affairs, several of which blew back on the Carter administration – an administration despised by Shackley and a number of his “former” CIA colleagues. One of these was an attempt to get embargoed planes released to Libya, which included a number of C-130 aircraft.

At around this same time, E-Systems was in talks to update a number of C-130s, located in Australia, that a group of individuals was attempting to sell to Libya.⁹⁰ This group was led by L.T. “Bill” Ransom, head of a Texas-based aircraft broker firm called Global Jet Sales, and included Max Park of Parmax, Inc. (which shared addresses with Ransom’s Global Jet); Stanley Mann, a petroleum broker; and Admiral E.L. “Whitey” Feightner, an aviation consultant and retired military officer.⁹¹ Also involved was Jack Richards, an aircraft broker from Oklahoma City. Richards’ firm, Onyx Aviation, was later named during the Iran-Contra hearings as one of the firms that had provided aircraft for the Contras in Nicaragua.⁹²

Ransom’s attempts to sell the C-130s to Libya ultimately fell apart, and it isn’t clear if E-Systems ended up working on the aircraft. The route the planes ended up taking, however, is still quite interesting. Aviation records show that a number of these planes passed from the hands of Ransom and Park to Ford & Vlahos, a powerful San Francisco law firm.⁹³ The “Ford” in Ford & Vlahos was John Ford, who had ties to another aviation company, T & G Aviation, based in Chandler, Arizona.⁹⁴ Chandler is a suburb of Phoenix roughly an hour’s drive from Marana, where the aforementioned CIA-linked Evergreen Aviation maintained its aircraft maintenance center.⁹⁵ According to whistle-blower Gary Eitel (himself a former Evergreen pilot), T & G-owned aircraft “were doing work for Southern Air and Evergreen in Saudi Arabia and Abu Dhabi” that was disguised as contract work for Bechtel.⁹⁶

From Ford & Vlahos, the C-130s ended up in a number of intriguing locations. Records show that a number ended up in the hands of an aviation concern owned by the Aboitiz family in the Philippines, who had grown particularly wealthy and powerful under the Marcos regime.⁹⁷ Another was sold to AVIACO of Bogotá, Colombia, a company described in the press as part of the “‘air wing’ of the Colombian cartels,” having been “involved in [drug] smuggling since 1982.”⁹⁸ Yet another ended up parked at Mena, Arkansas, before being bought by a Miami company, African Air Trans.⁹⁹ This is the same C-130 that was discussed in the previous chapter, having been seized by Customs for arms trafficking violations. As discussed in that chapter, African Air Trans was itself a front for an “unnamed Israeli living in Panama.”

The question remains: was the initial attempt, which involved E-Systems, to sell these C-130s to Libya part of the broader calculus involving that country by Vesco, Shackley, and others? Answers to this question remain elusive, though

there is one provocative tie that suggests these may all have been interrelated incidents.

Stanley Mann, the member of Ransom's group that attempted the initial C-130 sale, was closely connected to and had providing financing for Andrew Racz, the head of Racz International, a subsidiary of the Philips, Appel & Walden brokerage house in New York.¹⁰⁰ Declassified US State Department cables show that Racz was also associated with Tiny Rowland (as well as Henry Kissinger), and had acted as a back-channel between the government and the Lonrho chief concerning African affairs.¹⁰¹

THE MAN WHO KNEW TOO MUCH

Not only was the PROMIS scandal linked with the US Department of Justice, the CIA, and Israeli intelligence, but major elements of organized crime could also be found in its web. For instance, one of the key figures involved in the PROMIS scandal was Robert Booth Nichols. Nichols served on the board of First Intercontinental Development Corporation (FIDCO) alongside Clint Murchison Jr., a business tycoon with organized crime connections; and Robert Maheu, the private investigator who was an intermediary between the CIA and organized crime and who author Lisa Pease has linked to the 1968 assassination of Robert F. Kennedy.¹⁰² Maheu was FIDCO's vice president while Nichols was the company's Senior Vice President and Chairman of the Investment Committee.¹⁰³ FIDCO, per Riconosciuto, was "an NSC [National Security Council] corporate cut-out [...] created to be the corporate vehicle to secure the financing for the reconstruction of the cities of Beirut and Damour in Lebanon." Riconosciuto further alleged that, in his dealings with FIDCO in the Middle East, he "came in contact with the PROMIS software" via a system from "IBM Tel Aviv."¹⁰⁴

In 1981, Nichols formed Meridian Arms with a man named Peter Zokosky. Meridian would later join Wackenhut in its Cabazon-related activities. Michael Riconosciuto had also been Meridian's vice president on the board of directors alongside Nichols and Zokosky for a brief period.¹⁰⁵ Meridian Arms was a subsidiary of Meridian International Logistics, and that company's board of directors included Nichols, Zokosky and Eugene Gianquinto. Gianquinto was notably the president of the Home Entertainment Division of MCA, the entertainment giant that was later acquired by the Bronfmans' Seagram Company

and reincorporated as Universal Studios. One of MCA's top executives, as noted in chapter 1, was Lew Wasserman, who was deeply connected to organized crime, particularly through Moe Dalitz, and was largely responsible for Ronald Reagan's political career.¹⁰⁶ When Reagan took office, the Department of Justice had been probing MCA's ties to organized crime, but – thanks to help from Reagan's Attorney General Ed Meese – the probe was squashed. The Wasserman-Reagan relationship and Wasserman's organized crime ties are discussed in more detail in the next chapter. Another member of the MCA board at this time, Senator Howard Baker, would also later “advise” Robert Maxwell about his entry into New York in the early 1990s, alongside John Tower and Robert Keith Gray. Baker was also a business partner of Maxwell's at that time (see Chapter 15 for more).¹⁰⁷

According to Cheri Seymour, both Gianquinto of MCA and Nichols of Meridian “had a close working relationship with the Justice Department” and Gianquinto, in a recorded FBI wiretapped conversation referenced by Seymour, took credit for contacting Meese to have the DOJ's MCA-organized crime probe quashed in the early 1980s.¹⁰⁸ One of the special prosecutors for the Justice Department who had worked on the MCA case, Richard Stavin, obtained documents that identified Nichols as “a money launderer with ties to the Gambino crime family and the Yakuza [Japanese organized crime].”¹⁰⁹

Per Seymour, Nichols also had ties to Ferdinand Marcos of the Philippines, having “reportedly laundered between \$50-200 million” on his behalf.¹¹⁰ Nichols was also investigated by the FBI in the late 1970s for money laundering for Marcos as well as drug smuggling.¹¹¹ That investigation also found evidence that Nichols had also sold weapons to the Marcos government and other foreign governments. Much of his money laundering activities, including those on behalf of the Marcos family reportedly involved the Swiss banking system. The FBI found that Nichols had claimed to have had access to “highly sophisticated computers in Switzerland with detailed information on a number of subjects,” suggesting that Nichols may have been using PROMIS as part of his Swiss laundromat.¹¹²

Nichols, according to the FBI report, had also claimed “to have highly placed sources in numerous foreign government agencies which can detect any investigation initiated against him. One of these individuals was supposedly a United States Senator with much seniority whom Nichols claimed to utilize in the trafficking of narcotics and money laundering.”¹¹³ Given that Nichols, via Eugene

Gianquinto, was just one degree of separation from Senator Howard Baker, who was also on the board of the organized crime-linked MCA and later engaged in suspect business activities with Robert Maxwell, the Tennessee senator seems like a potential suspect.

Nichols also loomed large in the tragic fate of journalist Danny Casolaro. Casolaro had been investigating an international crime syndicate he termed “the Octopus” at the time of his death in 1991. Casolaro believed that this “Octopus” involved powerful individuals in the private and public sectors as well as the criminal underworld and that they were collectively responsible for some of the biggest scandals of the 1980s, including Iran-Contra, BCCI and the theft of the PROMIS software.

“Dan dealt in this nebulous, shadowy world,” Dick O’Connell, a friend of Casolaro’s and publisher of *Washington Crime News Services* said in mid-August 1991 to the *Associated Press*. “He was saying ‘they’ took that INSLAW software and sold it overseas and took the profits from that and turned it into arms for the Contras.... That’s what he was working on and he told me he thought BCCI was the conduit for all of these money transactions.”¹¹⁴

Cheri Seymour notes that Casolaro’s work on “the Octopus” had “encompassed the October Surprise story, the Inslaw computer software case, the Iran/Contra affair, the BCCI scandal, and MCA entertainment corporation, all overlapping and interconnecting into one network.” Before his death, Casolaro had called this network “a dirty CIA ‘Old Boy’ network” that, per Seymour, “had begun working together in the 1950s around the Albania covert operations. These men had gotten into the illegal gun and drug trade back then and had continued in that business ever since.”¹¹⁵

Shortly before his death, Casolaro had told friends and family that he was close to concluding his investigation. Several people close to him had seen documents involving money transfers involving BCCI and the World Bank to people involved in these scandals, such as Earl Brian and Adnan Khashoggi.

In July 1991, something strange happened and Casolaro suddenly became “somewhat alarmed.” It appears to have been a threat from Robert Booth Nichols, who had initially been a source for Casolaro, before warning him “If you continue this investigation, you will die.” Casolaro, later that same month, learned from former DOJ special prosecutor Richard Stavin that Nichols was deeply enmeshed in organized crime networks as well as intelligence networks.¹¹⁶

Shortly thereafter, on August 5th, 1991, Michael Riconosciuto contacted Bill Hamilton and asked him to use his sources to dig up info on a man named Mike Abbell.¹¹⁷ Abbell had worked at the Department of Justice in the early 1980s, where he was director of the Office of International Affairs before going into private legal practice.¹¹⁸ Hamilton ultimately passed the task of investigating Abbell over to Casolaro, who contacted his own sources about ties between Abbell, Robert Booth Nichols, and Gilberto Rodriguez, an early leader of the Cali cartel. The Cali cartel's connections to Contra support efforts and to E-Systems were discussed in chapter 7 and earlier in this chapter, respectively. Years later, in 1994, Abbell's law offices were raided by the FBI in connection with an investigation to Cali cartel money laundering and Abbell was subsequently charged and convicted for being directly involved in the cartel's activities.¹¹⁹

The following day, Casolaro traveled to Martinsburg, Virginia, to meet with some sources to get the final piece of the puzzle and "bring back the head of the Octopus." Two days after arriving in Martinsburg, Casolaro was found dead in his hotel room and his briefcase full of his research notes and evidence was missing. His death was ruled a suicide.

Many, including Casolaro's family, do not believe that Casolaro committed suicide. A week before his death, Casolaro told his brother he had been receiving death threats and the manner in which he died, deep slashes in his arms, was not consistent with Casolaro's well-known squeamishness around even minor amounts of blood. Speculation only grew following the FBI investigation, given that the FBI lied to Congress, pressured its own agents not to question whether it was a suicide, and lost 90 percent of its files related to Casolaro's death – among other glaring inconsistencies.¹²⁰

In a 1994 letter provided to *me in 2019* by Inslaw Inc., Inslaw lawyer Charles Work told then-Assistant Attorney General John Dwyer that one of Inslaw's confidential sources in government had stated that Casolaro had been injected with a substance that deadened his nerves from the neck down, explaining the apparent lack of struggle on Casolaro's part, and that the substance used had come from the US Army inventory.¹²¹

The person who had arranged Casolaro's final meeting before his death was a US military intelligence officer named Joseph Cuellar. Prior to Casolaro's death, Cuellar had promised to arrange a meeting between Casolaro and Peter Videnieks, "a Department of Justice contracting official with responsibility for the

PROMIS software” who was a close associate of Earl Brian.¹²² Videnieks, before joining the Department of Justice, had previously worked as a contracting officer at US Customs during the years of Operation Condor and was in a position where he could have handled contracts related to E-Systems and Evergreen International.

The same year that Casolaro died, there were several other suspicious deaths involving people directly connected to the PROMIS scandal or involved in Casolaro’s investigation of “the Octopus” – including Alan Standorf, one of Casolaro’s sources;¹²³ Robert Maxwell, father of Ghislaine Maxwell and the intelligence-linked salesman of the bugged PROMIS software;¹²⁴ and John Tower – the former Texas senator who assisted Maxwell in selling the bugged PROMIS software to the Los Alamos laboratories.¹²⁵ Other aspects of Robert Maxwell’s death are dealt with in Chapter 15.

Around this same time, the PROMIS scandal or Inslaw Affair itself became too unruly, especially after several Congressional investigations concluded wrongdoing by the Justice Department and called for a special prosecutor to be appointed. That appointment was made by none other than the then-Attorney General under George H.W. Bush, William Barr. As previously mentioned in Chapter 8, Barr had not only had an alleged role in major aspects of Iran-Contra under the alias Robert Johnson, but he had begun his career at the CIA. As will be discussed in Chapter 11, Barr’s employment with the CIA overlapped with his father’s decision to hire Jeffrey Epstein at the Dalton School, which would prove essential in Epstein’s rise to prominence in these same networks.

Early on, Barr essentially stonewalled Congress by denying Congressmen access to “privileged” documents related to PROMIS and Inslaw Inc., much like he had done years earlier when he stonewalled the Church Committee on behalf of the CIA. As a result, a Congressional hearing was held in December 1990 on Barr’s continued refusal to make the documents available.¹²⁶ After considerable political pressure, Barr moved to appoint a special counsel to “investigate” the Inslaw affair, appointing a retired judge from Chicago named Nicholas Bua to serve in that role in September 1992.¹²⁷ Bua authored a 267-page report, which he completed in early 1993, that claimed to find no credible evidence to support the Hamilton’s allegations and the report has been widely criticized as a “whitewash” of the whole situation.¹²⁸

After Inslaw’s Bill Hamilton distributed Inslaw’s heavily detailed rebuttal of the “Bua report” to members of House Judiciary Committee, Congressmen Jack

Brooks (D-TX) and Charlie Rose (D-NC) attempted to force an investigation of the Justice Department as it related to PROMIS as well as an investigation into the death of journalist Danny Casolaro and the payment of reparations to the Hamiltons. Despite their best efforts, and the continued efforts of the Hamiltons through the decades, the PROMIS scandal, Casolaro's death, and other matters that swirl around the entity Casolaro called "the Octopus" remain largely uninvestigated by the federal government (and most of mainstream media) to this day.

CDC AND TECH TRANSFERS

As previously mentioned, prior to Casolaro's death, those close to the journalist had seen documents involving money transfers involving the World Bank to people involved in these scandals, such as Earl Brian and Adnan Khashoggi. In addition, it was reported by economist and author J. Orlin Grabbe that this particular version of PROMIS in use by the World Bank was being used to track wire transfers "in connection with a money-laundering operation that went from BCCI London through the World Bank and into Caribbean institutions."¹²⁹

The role of the World Bank in the PROMIS scandal has been largely unexplored. However, the trail left by the company that managed PROMIS for the financial institution, Control Data Corporation, itself leads to a different, yet parallel operation involving technology transfers to the Soviet Union. Both Robert Maxwell and, subsequently, the Gouletas family, close associates of Jeffrey Epstein, would have their own run-ins with the company.

Control Data Corporation was originally formed in 1946 under the name Engineering Research Associates (ERA). ERA had been created by a group of engineers who had worked for a wartime Naval division involved in code-breaking and cryptography called the Communications Supplementary Activity. The core ERA team eventually broke away from the original company and formed Control Data Corporation (CDC) in September 1957. From the beginning, CDC was a major defense contractor.

During the 1970s, CDC computers were installed at Sandia National Laboratories, which would become the target of Robert Maxwell's marketing of PROMIS roughly a decade later. CDC had developed special code expressly for

the products it sold to Sandia, which – as previously mentioned – dealt with aspects of the US nuclear program.¹³⁰ CDC computers, also containing specially designed code, were also present at Oak Ridge Laboratories, which also played a role in development of the nuclear program.

CDC also had a long-standing relationship with the Soviet Union’s nuclear laboratories and facilities during this same period. Congressional hearings from the mid-1970s revealed that:

In 1968, a second-generation Control Data Corporation 1604 system was installed at the Dubna Soviet Nuclear Facility near Moscow. In 1972 [CDC] sold the Soviet Union a third-generation CDC 6200 system computer. For these systems, [CDC’s] operating statement had improved by about \$3 million dollars in the past three years. And the Soviet Union has gained 15 years in computer technology.¹³¹

As seen here, CDC’s business in the USSR raised concerns that the company was engaging in technology transfers to the United States’ ostensible arch-enemy at the height of the Cold War. Such concerns would continue to follow the company for decades.

Around this same period, in the early 1970s, CDC acquired the Commercial Credit Corporation (CCC), which had nearly gone bankrupt during the calamitous bankruptcy of Penn Central in 1970. That bankruptcy, the nation’s largest until the collapse of Enron several decades later, is discussed in greater detail in the next chapter.¹³² In the years that followed, CDC and its newly acquired subsidiary CCC would become involved with the networks of Shackley’s “private CIA” and “rogue” CIA agent (and alleged sex blackmailer) Edwin Wilson.

As previously detailed in Chapter 7, CCC played a key role in the creation of Global International Airways, a company created in the late 1970s by Farhad Azima, an Iranian businessman reportedly tied to Iran’s pre-revolutionary intelligence service – SAVAK. That airline had been launched with the aid of a “multi-million dollar loan from the Commercial Credit Corporation” and was allegedly tied to Shackley’s network as well as Air America (known by this time as Southern Air Transport). Global International Airways had worked with EATSCO, the company tied to the Shackley-Cline “Private CIA” network that served as a “middle man” in arms deals.

Also noted in Chapter 6 is the fact that CDC itself, around 1976 or so, had directly hired Edwin Wilson as a consultant with the hopes that Wilson’s contacts could help the company “unload some outdated computers on Third World

countries.” However, CDC appears to have leveraged Wilson’s abilities for much more, as the “rogue” CIA agent was accused of bugging the US Army’s Materiel Command on behalf of the company. Considering these associations and activities, CDC was likely much more than just a computer company and its public claims that the company was not involved in illicit, high-technology transfers to the Soviet Union seem dubious at best.

After the aforementioned Congressional hearing in 1974, CDC made an apparent move at increasing its role in technology transfers, despite political concern. By the late 1970s, they had established a new subsidiary called Worldtech, described in the press as “a division of Control Data Corp that does research and consulting on, and brokering of, technology transfers.”¹³³

Once Worldtech was established by CDC, it entered into a joint venture in 1979 with Greek publisher George Bobolas that was called Worldtech Hellas Ltd., where 70% was owned by Bobolas and 20% was owned by CDC. The owner of the remaining 10% was not disclosed in reports at the time.

A 1979 letter from one of Bobolas’ companies to A. Afonin, identified as a “representative of the State Committee for Foreign Economic Relations of the USSR Council of Ministers,” proposed the creation of a “joint development company using Worldtech for ‘world-wide technology transfer’ and stressed that ‘Worldtech Hellas Ltd. will give a lot of help’ to ‘technology transfer on an international base.’”¹³⁴ After journalist Paul Anastasi published information about Bobolas and called him a “KGB agent of influence,” one of his companies, Bobtrade, asserted that “no improper transfer of high technology was involved,” while CDC moved to dissolve their partnership, likely due to bad publicity.¹³⁵

Around the time that Worldtech was being created, CDC’s then-executive vice president, Robert D. Schmidt, was part of the American Committee on US-Soviet Relations (ACUSR, previously the American Committee on East-West Accord). Other members at the time, specifically in 1977, included Robert Maxwell’s lawyer and confidant, Samuel Pizar (stepfather to future US Secretary of State Anthony Blinken), as well as Thomas Watson Jr. of IBM, who would become US ambassador to the Soviet Union in 1979.¹³⁶ Another member was Paul Ziffren, previously discussed in Chapter 1 as a major figure in the organized crime networks that ran through Hollywood, including those tied up with Lew Wasserman and MCA. Ziffren’s and Wasserman’s families would later intermarry.

By the mid-1980s, Occidental Petroleum executives Armand Hammer and William McSweeney would also join the ACUSR. ACUSR member Samuel Pisar also represented Hammer's business interests. As previously mentioned in Chapter 7, Hammer served as a back channel between the Americans and the Soviets and had been involved in the entry of BCCI into the US financial system. Also noted was the fact that he had originally sought to acquire FGB himself for the purpose of financially blackmailing US politicians. It is also worth mentioning again that Hammer's father, Julius Hammer, had once served as a Soviet spy.¹³⁷

Another member of the ACUSR was Joseph Filner, president of Noblemet International (later Newmet Corporation). Filner was extensively involved in USSR-US tech transfers. Filner's Noblemet created a joint venture for the purpose of tech transfers, which was called Multi-Arc. By 1984, CDC's Worldtech had become "a worldwide marketing representative for Multi-Arc."¹³⁸

CDC would later recruit Minnesota governor Rudy Perpich after Perpich lost his re-election campaign in 1979. Perpich, a dentist by training, would specifically work for CDC overseas as "vice president and executive consultant to Control Data Worldtech Inc."¹³⁹ *The New York Times*, reporting on his hire by CDC in January 1979, stated that Perpich was expected to be based in Yugoslavia, but he said he could find himself in Hungary, Bulgaria or Rumania [sic].¹⁴⁰ Robert Maxwell was also intimately involved with tech transfers in Eastern Europe, specifically in Bulgaria, which is discussed at the end of this chapter. Perpich, after working for Worldtech, would win another term as Minnesota's governor in 1983.

CDC would also recruit another influential politician, Walter Mondale, who was hired by CDC right after he left office as Jimmy Carter's vice president. CDC hired Mondale as a legal consultant and retained his services for \$2,000 per month (about \$6,360 in 2022 dollars).¹⁴¹ Simultaneously, Mondale was also a consultant to Allen & Co, the company of the organized crime-linked Charles and Herbert Allen mentioned throughout this book. Mondale was not only a consultant to, but also a close friend of the Allen brothers. The Allen brothers also worked closely with organized crime interests as well as Leslie Wexner's "mentors" Max Fisher and Alfred Taubman (discussed in detail in chapter 13). As previously mentioned earlier in this chapter, Allen & Co. had a close business association with Earl Brian and had financed one of his attempts to buy out Bill Hamilton's Inslaw.

By 1983, CDC was providing its services to the World Bank's computer center and, that same year, the PROMIS software was found to be in use at that specific

facility to keep track of wire transfers of money. This is according to a sworn statement that Inslaw Inc. obtained from David McCallum in 1995. In 1983, McCallum was working for CDC at the World Bank.

In my correspondence with Inslaw's Bill Hamilton, he stated the following: "According to an article in the *International Banking Regulator* dated January 17, 1994, U.S. Justice Department officials delivered the VAX version of PROMIS to the World Bank in 1983. The World Bank, as an international institution, is outside the reach of discovery of the U.S. courts. For its part, the World Bank declares that it has been unable to find any evidence that it ever possessed the VAX version of PROMIS."¹⁴² Hamilton also relayed that he had once been informed of a connection between CDC and PROMIS that involved the Deputy Attorney General under Ed Meese, D. Lowell Jensen. However, he could no longer remember the specifics of that connection.

As previously mentioned, among the connections Danny Casolaro revealed to those close to him in the days and weeks before his death, he had specifically mentioned the World Bank. There was talk specifically about money transfers involving BCCI and the World Bank to individuals such as Earl Brian and Adnan Khashoggi. Given that the documentation of those transfers mysteriously disappeared from Casolaro's hotel room at the time of his death, CDC's apparent involvement with the World Bank's use of PROMIS takes on increased significance.

Also significant is the role CDC played during the 1990 visit of Mikhail Gorbachev, the then-leader of the Soviet Union, to the United States. During that trip, Gorbachev visited CDC headquarters alongside Rudy Perpich as well as Robert Maxwell. The Gorbachevs arrived in Minnesota immediately after a summit meeting in Washington with then-President George H.W. Bush.¹⁴³

According to a report from the Minnesota Historical Society:

Gorbachev most likely agreed to the visit [Minnesota] because several Minnesota-based corporations – especially the computer firm, Control Data Corporation – had long done business in the Soviet Union. When the corporation's officials learned that Gorbachev was interested in a post-summit tour, they passed the word to Perpich, who had worked for Control Data between his two terms as governor. Albert Eisele, who had been a consultant for Control Data and, earlier, was Vice President Walter Mondale's press secretary, drafted the governor's letter inviting the Gorbachevs. Former Control Data CEO Robert Price personally delivered the letter to the Soviet embassy on February 26, 1990.¹⁴⁴

During the visit, Gorbachev attended a lunch at the governor's mansion, where Robert Maxwell and Rudy Perpich joined groups of Soviet and American officials. One of the American officials present was Condoleezza Rice, the future Secretary of State who was then a National Security Council staff member. Afterwards, there was a press conference where Robert Maxwell, in characteristic bombastic fashion, "announced that he would donate \$50 million to help create a private research institution to be called the Gorbachev-Maxwell Institute of Technology." Maxwell said that the donation was "contingent on Perpich raising matching funds."¹⁴⁵ The institute was never launched.

After visiting Minnesota, Gorbachev next visited Silicon Valley, where he spent the week "trying to perfect the art of winning acceptance and investment from the captains of capitalism." A *Washington Post* article on his visit quoted John Sculley, then-head of Apple Computers as saying, "I think Gorbachev got to us ... We'll all be thinking about business with the Soviet Union in a way we wouldn't have if he hadn't come."¹⁴⁶

MAXWELL AND MULTI-GROUP

Robert Maxwell's involvement in intelligence-linked technology transfers was considerable and went far beyond his tangential involvement with Control Data Corporation, as detailed above. The most important of these involved Maxwell's relationship with Bulgarian intelligence and his role in an operation known as "Neva."

Maxwell had long been interested in Bulgaria, even before he was first brought into Mossad's fold in the early 1960s. In one of his earliest meetings with Vladimir Kryuchkov, the KGB chief and one of the most powerful of Maxwell's "sources," Maxwell had "raised the possibility that Bulgaria might be a country where he could invest his money away from prying eyes in the City of London and Wall Street." Kryuchkov later granted him permission to establish a "financial bunker in the Bulgarian capital, Sofia."¹⁴⁷ Maxwell, years later and after he established a close relationship with Bulgarian leadership and the top figures in its intelligence service, would go on to sell the bugged PROMIS software to Bulgarian intelligence, the proceeds of which were laundered and eventually made available to finance Mossad's "black" operations.¹⁴⁸

Out of Maxwell's associations with Bulgarian intelligence came a program called Neva. Neva, per Gordon Thomas, was "designed to be the single largest program for the mass-scale theft of US technology" and sought to "plunder every Western industrialized nation."¹⁴⁹ The program was operated by Bulgarian intelligence, whose agents would steal technology and bring it into Bulgaria, "usually under diplomatic cover."¹⁵⁰ Bulgarian companies owned by Maxwell would then re-engineer the stolen equipment and then those companies would resell those products to other Eastern bloc countries.

One of the men who developed Neva alongside Maxwell, Ognian Doinov, president of the Bulgarian Chamber for Industry and Trade from 1980 to 1984 and Bulgaria's Vice Premier from 1984 to 1986, claimed that Bulgarian intelligence agents involved in Neva had been covertly working "in Silicon Valley and other key technology centers" in the United States, as well as in Britain and other Western countries. There, they would steal "technology blueprints, actual software, even computers."¹⁵¹

According to Gordon Thomas, Robert Maxwell created an umbrella of companies for use in Neva within six months. Thanks to Maxwell, Thomas writes, "The country had become [...] the center of a thriving economy based upon whole-scale theft and money laundering." This growing business empire, Thomas asserts would later "grow into one of the most powerful crime syndicates in the world, embracing the Russian Mafia, the crime families of Bulgaria and, far away across the Atlantic, those in New York and, on the other side of the world, the crime families of Japan and Hong Kong."¹⁵²

The beginnings of this crime syndicate can be found in the umbrella corporation that would combine the companies Maxwell had created to operate Neva – Multi-Group. Multi-Group would go on to "control a significant percentage of the global profits from gas, telecommunications, oil, gambling, and money laundering."¹⁵³ It would later emerge that Neva companies, many of which were now part of Multi-Group, were used as cover by Mossad with Maxwell's blessing.¹⁵⁴

John Patrick O'Neill, FBI executive agent-in-charge in New York until 2001, would later say the following about Maxwell and Multi-Group:

In many ways Maxwell was at the heart of the global criminal network. Beginning with his Bulgarian connection he showed how to structure a network that grew into financially powerful criminal corporations whose power would extend to the South American drug cartels, the

Tongs and the Triads, the Russian Mafia and the Japanese Yakuza. They were all there before. But the way Robert Maxwell set up things up, they would all come together in Multi-Group in its early years. His last contribution was not that he just robbed his pension funds. It was that he was the man who set in motion a true coalition of global criminals.¹⁵⁵

Another Maxwell company that was based in the US has been suspected of playing some role in the Neva program. In 1985, Maxwell created Pergamon-Brassey, registering the company in McLean, Virginia. He and his son Kevin were listed as directors. Two years later, in 1987, the company underwent a major shake-up and former Senator John Tower, who had been a major accomplice of Maxwell's in the PROMIS scandal, became chairman of its board.¹⁵⁶ Prominent former generals of the US and British militaries were also added to the company's board.

According to Bill Hamilton of Inslaw Inc., Pergamon-Brassey seemed to have more connections to PROMIS aside from Robert Maxwell and John Tower:

In 1987, Pergamon-Brassey hired two senior computer-systems executives who resigned at the same time from the Meese Justice Department's Justice Data Center. The proprietary IBM mainframe version of PROMIS had been operating at the Justice Data Center since the early eighties. George Vaveris resigned his estimated \$90,000 a year Senior Executive Service position as director of the Justice Data Center to become vice-president for technical services at the tiny Pergamon-Brassey. He told a colleague at the Justice Department his new salary would be in excess of \$200,000 a year.¹⁵⁷

Pergamon-Brassey was a specialist company, with no more than six employees on its payroll at any given time. While it did publish books on topics related to national security and intelligence, it primarily dealt with software; software that some suspect may have been part of Maxwell's sprawling, Neva-related operations.¹⁵⁸

A year after Pergamon-Brassey was revamped and Tower installed as its chairman, Maxwell became involved with the notorious Russian mobster Semion Mogilevich. Mogilevich was part of a plan that had been pitched to Maxwell and designed by Vladimir Kryuchkov. Gordon Thomas relays that plan as follows:

Even more fearful at the pace at which perestroika was accelerating, Kryuchkov said that for the KGB to remain a potent force he wanted to establish "over six hundred commercial enterprises." They would all have links to the West. Just as Maxwell's companies provided cover for Mossad's katsas, Kryuchkov envisaged his companies would provide similar protection for KGB operatives. [...]

The six hundred companies would each employ a quota of senior party members to provide them with an income during the difficult days ahead in the transition from Communism to

capitalism. Through genuine trading links, the companies would obtain access to the very heart of capitalism: Wall Street and the City of London and the Bourses of Western Europe. Its staffs would then learn the innermost secrets of the West's banking system, the well-spring of all capitalism. Eventually it might even be possible to destabilise Western economies – and pave the way for the return of Communism.¹⁵⁹

The year he met Maxwell, in 1988, Mogilevich was granted an Israeli passport thanks to Maxwell's lobbying of Israel's government on his behalf. With this passport, Mogilevich soon established a web of seemingly legitimate companies in Israel, the United States, and the United Kingdom which were used to launder his illicit profits from his considerable involvement in weapons deals, drug trafficking, and human trafficking. A year after meeting Maxwell, Mogilevich's criminal profits grew considerably, reaching an estimated \$40 billion annually.¹⁶⁰

Maxwell subsequently became a business partner of Mogilevich's as well as Ivo Janchev, a Bulgarian intelligence officer linked up with Mogilevich and other organized crime figures in the Eastern bloc. Janchev was also allegedly a part of Kryuchkov's plan and was tasked with acting as "the front man to make contact with several Russians with businesses in the West."¹⁶¹

Maxwell would ultimately play a crucial role in allowing these organized crime interests to enter into the world of "respectable" international finance. It is unknown if anything ever resulted from Kryuchkov's plan, but Maxwell's connections to Mogilevich, Janchev, and other unsavory characters would undeniably have a considerable impact on the expansion of the mobsters' legitimate and illegitimate businesses and foster the expansion of the "global criminal network" that Maxwell had helped spawn through Multi-Group.

FROM COLD WARS TO HOT MONEY

According to Tom Bower's biography of Maxwell, the tycoon spent a considerable amount of time in Moscow in 1991. There, he was negotiating the purchase of approximately \$1 billion worth of gold.¹⁶² The sellers were reportedly KGB officers, and the outcome of the exchange has been shrouded in secrecy. Per the account in Bower's book, Maxwell went to Moscow to secure the gold, only to discover that it had been "lost."¹⁶³ Other versions of the tale suggest that Maxwell wasn't acting alone, and that he was once again operating in tandem with the Mossad. According to this account, the gold actually found its way to

Israel – not an uncommon destination for assets that had flowed out of the Eastern bloc during and after the collapse of the Soviet Union.

Throughout 1991, stories of massive outflows of Soviet gold circulated about, with many naming sums considerably higher than the \$1 billion that Maxwell was purportedly seeking to acquire. In spring of that year, a report appeared in the *Manchester Guardian* that a “‘package’ worth \$12 billion” was moved from the USSR outside of “normal export channels.”¹⁶⁴ Several months later Grigori Yavlinski, the Russian economist tapped by Gorbachev to help oversee Soviet economic reforms, told stunned world leaders at a G-7 summit that Russia’s gold reserves had dwindled from 2,000-3,000 tons to 240 tons.¹⁶⁵ Even before the Soviet Union collapsed, looting was taking place on a colossal scale.

According to Claire Sterling’s book *Thieves World*, an army of strange and dubious figures descended upon Europe in 1991, offering to sell off massive amounts of Russian gold. One of these figures, subsequently well-known in conspiracy circles for his questionable claims, was an American mob-linked conman named Leo Wanta. In league with several mafioso and other “faceless investors,” Wanta blanketed trading houses across the globe “with faxed offers to sell two thousand tons of gold.”¹⁶⁶ At the same time, Roberto Coppola, an Italian boasting credentials identifying him as a member of the Knights of Malta, was likewise trying to sell off the exact same amount of gold. According to a source for Sterling that she refers to only as “Mr. X,” “Roberto Coppola was the source of all the gold that Wanta was offering.”¹⁶⁷

Were there any links between the Wanta-Coppola gold sales and Maxwell’s attempts to buy up Soviet gold? One tantalizing possibility can be found in the ATLAS dossier, discussed in chapter 7, which outlined a criminal network connected to the corrupt Belgian-Costa Rican diplomat Felix Przedborski. The dossier names an American company called New Republic as one of the vehicles through which Przedborski’s group laundered money, mostly profits accrued through arms and drug trafficking.¹⁶⁸ Documents reproduced by Sterling in her book show that Wanta was offering the gold through his US-based company, New Republic/USA Financial Group, Ltd.¹⁶⁹

There were a number of ties, albeit links one or two steps removed, between Przedborski’s group and Maxwell’s network. There is the fact, for instance, that Bruce Rappaport called upon the legal resources of a law office where Przedborski’s son was a partner. Rappaport and Maxwell had a number of mutual

associates that included attorney Samuel Pizar, banker Edmond Safra, and Russian mobster Simeon Mogilevich. Along similar lines, the ATLAS dossier identified Safra's Republic National Bank as one of its money laundering outlets. There was also the reason the dossier had been drafted in the first place: the looting-induced collapse of a company called Comuele S.A. by the associate of the Przedborski group. According to the dossier, Comuele had been taken over by "Russians," and injected with money from Israel.¹⁷⁰ During the 1980s, Comuele was owned by Lonrho, the corporate flagship of Maxwell's friend Tiny Rowland.¹⁷¹

Throughout the later period of the Cold War, the intelligence services of the Eastern bloc established trading companies and corporate fronts, often obscured behind walls of ownership, through which they could simultaneously conduct espionage operations and obtain hard currency for cash-starved states. East Germany's KoKo was one example, as was Kintex in Bulgaria (which Maxwell certainly would have done business with).

These and entities like Bulgaria's Multi-Group subsequently became the conduits through which capital flowed out of the Eastern bloc as the Soviet Union buckled and collapsed. Maxwell's role in Multi-Group shows his direct involvement in these activities. As discussed earlier in this chapter, Maxwell had struck a deal with KGB chief Vladimir Kryuchkov to help manage the secret service's economic fronts in Europe and elsewhere.¹⁷² The 1991 gold deals likely arose from precisely these sorts of strategic alignments.

Another KGB front that became a vehicle for capital flight that was tied to the Maxwell family was Nordex, based in Vienna and launched with the ostensible purpose of exporting fertilizer. The full details of the relationship between Nordex and the Maxwells will be discussed in chapter 16, but for now it is enough to mention that the firm's founder, Grigori Loutchansky, had been a rising star in the Latvian Communist Party under the sponsorship of Boris Pugo, the soon-to-be chairman of the Latvian section of the KGB.¹⁷³ Perhaps importantly, Pugo had been closely tied to KGB chief Vladimir Kryuchkov, who – according to Gordon Thomas – was the one who reached out to Maxwell concerning corporate cover for Soviet economic espionage operations.¹⁷⁴

After a stint in prison for theft, Loutchansky landed a job as the fertilizer exporter for Adahzi, a state-owned import-export company. In 1989, after a year at Adahzi, he launched Nordex, which soon boasted numerous subsidiaries; these were dedicated to shipping and freight transport and were organized along with

joint ventures with late Soviet companies. Soon Nordex was swimming in the world of offshore finance, with “multi-million dollar transfers with obscure companies, incorporated in tax havens such as Ireland, Lichtenstein, and the Isle of Man” making up a significant chunk of its shadowy business activity.¹⁷⁵ It also indulged in global black market trades. According to intelligence sources cited by Andrew and Leslie Cockburn, Nordex was deeply “involved in arms, drugs, the whole nine yards.”¹⁷⁶ This also entailed the trade of nuclear materials such as uranium, plutonium, and beryllium.

Reports in the Swiss press identify Nordex’s co-founder as none other than Marc Rich, an allegation reiterated in US government documents.¹⁷⁷ Bruce Raphael writes in his book *King Energy*, that Rich utilized Nordex to snap up Russian oil refineries that were being auctioned off during the post-Soviet economic transition.¹⁷⁸ Yet another player in Nordex was the Swiss attorney Iso Lenzlinger, known for his status as a “financial juggler” who had “sat on over 100 boards of directors” and spent time as the secretary of Zug, Switzerland’s official trade association.¹⁷⁹ According to press reports, “Lenzlinger maintained connections with western and eastern secret service agents.”¹⁸⁰ One of his clients had been Guenther Forgber, the Stasi’s front-man in running the West German trading company KoKo.¹⁸¹ In a set of circumstances reminiscent of Control Data Corporation’s Eastern bloc activities, Forgber was involved in the acquisition and transfer of high technology from the West.¹⁸²

During the 1990s, Nordex’s money laundering activities linked it with a company, registered in New Jersey and active in New York City and London, called Benex International Co., Inc. Benex’s offices, located in the New York borough of Queens, “shared the same building with two companies connected to ... Loutchansky.”¹⁸³ Authorities investigating Russian mob-linked money laundering activities also found the fingerprints of Marc Rich at Benex. Wire transfers were discovered between Benex and “Glencore of Rich”—though the transactions took place after Rich had departed from Glencore.¹⁸⁴ Both Rich and Glencore denied that they had done any sort of business with Benex.

The most glaring connections between Nordex and Benex were found in Europe. During the mid-1990s, Benex moved as much as \$9 billion through a handful of companies in Paris, all of which shared the same office. The most important of these was Kama France, controlled by brothers Igor and Oleg Berezovsky (whether they were related to the better-known Russian oligarch Boris

Berezovsky is unknown) and owned by a Swiss company called Kama Trade AG. Italian investigators found that Kama Trade was “said to be a member of the Nordex group of companies.”¹⁸⁵ One of Kama’s “substantial shareholders” was a man named Andreas Marisso, a director and shareholder in another firm called IFS Fracht-Service—a subsidiary of Nordex.¹⁸⁶ Finally, Kama Trade was managed by Lenzlinger & Partners, a trust headed by the aforementioned Iso Lenzlinger.¹⁸⁷

Benex also arose in investigations into the financial activities of Maxwell’s most notorious criminal associate, Simeon Mogilevich. Money had been moved through bank accounts held by Benex to YBM Magnex International, a Pennsylvania company that had merged with a large Hungarian firm “that sold industrial magnets and military hardware.”¹⁸⁸ YBM was firmly under the control of Mogilevich, and had been capitalized with funds from Arigon Ltd., the “heart of his criminal empire.”¹⁸⁹ Within four years of its launch, YBM grew to a billion dollar company, and embarked on an ambitious plan to use the Canadian stock market as a means of money laundering via a publicly-traded shell company. That effort, however, was unsuccessful.

Benex was just one part of a vast and much more complicated money laundering network that encompassed Mogilevich and a number of Russian oligarchs as well as newly-minted private banks operating in the wildly unregulated markets of the former Soviet Union. The company had been formed by Peter Berlin and his wife, Lucy Edwards, an officer in the Eastern European Division of Bank of New York (BONY).

When Benex moved hot money on behalf of Nordex and Mogilevich, it was using accounts the pair had set up at the bank, and at their offices in Queens. Berlin and Edwards had installed BONY’s wire-transfer technology, Micro/Ca\$h-Register, on their computers. When the pair were finally busted for money laundering activities, Edwards confessed that she had been working under the assumption that what they had been doing was “consistent with the practice of [BONY’s] Eastern European Division.”¹⁹⁰

A lawsuit brought against BONY in the Southern District Court of New York disclosed that BONY executives were themselves close to Mogilevich. The head of the bank’s Eastern European Division, Natasha Gurfinkel, was revealed to “have contacts with Mogilevich” via her husband, Konstantin Kagalovsky. Interestingly, Konstantin, a former Soviet economist, was Russia’s representative to the IMF from 1992 through 1995, and was very close with the teams carrying out the

privatization of former state-owned enterprises.¹⁹¹ According to the suit, BONY's security personnel contacted the bank's chairman and CEO, Thomas Renyi, concerning these ties. "Renyi," reads the legal complaint, "'interviewed' Gurfinkel about the matter, and no action was taken."¹⁹²

BONY's connection to the former Eastern bloc arose from the close relationship between the bank and Bruce Rappaport. Between 1989 and 1990, BONY purchased the stake held in Rappaport's Inter Maritime Bank (IMB) by BCCI front-men, leading IMB to be rechristened as Bank of New York-Inter Maritime Bank (BONY-IMB).¹⁹³ Immediately following this restructuring, Rappaport went about increasing his business in the Soviet Union. In August 1990, Rappaport met with Gorbachev in Moscow to discuss a series of joint ventures between the Inter Maritime complex and Soviet state-owned enterprises. Curiously, this meeting took place just one month after the encounter between Gorbachev and Maxwell in Minnesota.

Soon, a number of joint ventures were announced. Most involved collaborations with Soviet shipbuilding enterprises, which were set up to boost the Eastern bloc's export capacities. Others were to be dedicated to port construction, cruise lines, and to oil and gas exploration in Siberia.¹⁹⁴ With Paul Helliwell's old banking partner Burton Kanter working hard on the legal dimensions, IMB-BONY fostered ties to a number of Soviet-controlled banking entities. Correspondent banking relations were set up between a handful of joint-stock banks and IMB-BONY, which only increased in number when the Soviet Union relaxed laws restricting private banking enterprises.

This became the backbone of BONY's push eastward. The Eastern European Division was established and Gurfinkel was installed as its head. Soon, she was "working closely with BONY-IMB personnel" and meeting personally with a number of "banking executives throughout Russia and Eastern Europe."¹⁹⁵ She put the Micro Ca\$h-Register technology on display, and illustrated to interested parties how it could "route US dollar denominated currency to a web of offshore banking entities."¹⁹⁶ Just as BONY-IMB had done before, BONY began to accumulate a vast number of Russian correspondent banks.

One particularly interesting bank that BONY and BONY-IMB were tied to was the European Union Bank (EUB), which had been named as a money laundromat used by Russian organized crime figures. With operations set up in Antigua, EUB had been established by Alexander Konanykhine, who just a few

years prior had organized the All-Russian Exchange Bank (AREB) at the behest of the KGB. Through AREB, Konanykhine “aided and abetted the movement of approximately \$300 million [or up to] \$1 billion, to the West, from November 1991 through May 1992.”¹⁹⁷ When Konanykhine turned his attention to Antigua, BONY and BONY-IMB weren’t the only Rappaport-linked entities that he did business with. EUB also maintained ties to Rappaport’s own Antiguan bank, Swiss-American, which he had set up with Burton Kanter and Marvin Warner – the close friend and business partner of Edward DeBartolo. As will be noted in chapter 13, Edward DeBartolo was not only a close business associate of Leslie Wexner, but also a major associate of organized crime.

BONY’s Eastern European banking activities took on sophisticated technological dimensions. Besides Micro Ca\$h-Register, the bank took steps to develop what it called “cyphergrams,” an encrypted communication system to allow for more direct interactions between BONY, its correspondent banks, and the offshore network of banks and businesses that they used to move money.¹⁹⁸ Similarly, databases were developed that provided code-names for the participants, tabulated ownership shares in offshore entities, and tracked money dispersal. This and the other systems were marketed to various Russian banks in BONY’s client list.

Both the cyphergrams and the database systems were part of an effort to help develop a technique created by Gurfinkel, the manager of Inkombank (one of BONY’s largest Russian banking clients), and a mysterious individual named Bob Klein, called “prokutki”, or “spinning around.” As the Southern District of New York suit against BONY described it, “spinning around” was an elaborate means of laundering money around the world:

After a major “investment” was placed by a Russian customer with Inkombank or one of its satellite offshore companies, BONY would execute a series of electronic funds transfers (EFTs) from the Inkombank U.S. dollar accounts to specific offshore front companies and bank accounts. Usually, several layers of these electronic funds transfers to offshore entities were executed in succession, hence the name “spinning around.” The ultimate goal of the “spinning around” scheme was to obscure and disguise the true origin of the funds being moved through the BONY accounts. The “spinning around” scheme allowed Inkombank’s customer to evade payment of Russian taxes and duties, and provided the ability to launder proceeds from illegal acts. The conspirators generated “commission” payments, or “skim,” based on a percentage of the total amount of money moved through the network out of Russia. The commissions, also referred to as “consulting fees,” were ultimately diverted for the benefit of the conspirators through BONY to offshore entities.¹⁹⁹

To make matters even more complicated, the existence of Bob Klein himself remains an open question. In various legal declarations and investigations, he has been described as “a close associate and representative of both Rappaport and [BONY chairman Thomas] Renyi.”²⁰⁰ Two BONY employees testified under oath that they had met Klein, but neither any BONY-IMB office logs nor BONY internal paperwork ever mentioned his name.

Alan Block and Constance Weaver, authors of the most definitive work on Rappaport and his decades of corruption, concluded that Klein was something of a fiction deployed to obscure the inner-workings of BONY’s criminal activities. “We ... have met the man who invented Klein,” they write. While they don’t name this individual, they do pass along the ominous statement that he gave them: “How can we ever know who someone really is in any case – Passports can be faked – Records can be forged – How can we really know?”²⁰¹

This financial maze came crumbling down in August 1998, thanks to an untimely intervention by a surprising party: Republic National Bank (RNB), the bank controlled by Maxwell’s close friend Edmond Safra. RNB drafted a “suspicious activities report” and turned it over to the treasuries, outlining evidence of strange transactions between RNB, BONY, and a handful of companies – including Benex.²⁰² On August 5th, Lewis Shiliro at the Justice Department sent a letter to Dov Schlein, chairman of RNB, thanking him for the bank’s report. In the letter, Shiliro wrote that RNB had assisted “the New York Office of the Federal Bureau of Investigation in an ongoing major money laundering investigation.”²⁰³

Suspicious have been raised about the supposed altruism of RNB, a bank that, as discussed in other chapters, was linked to Iran-Contra, Colombian cartel money laundering, the Przedborski group, and drug traffickers operating in the Middle East. Indeed, Block and Weaver write that RNB “had been obnoxiously crooked for some time,” and may have taken “the ‘high road’ in order to protect itself.”²⁰⁴ In other words, RNB was getting out ahead of an FBI probe that might have exposed whatever banking affairs it was indulging in with BONY and its affiliates.

RNB itself had a long history of involvement with both Russian organized crime figures and with the troubled Russian economy in the years that followed the end of the Cold War. It held accounts, for example, used by Shabtai Kalmanovitch, a “Russian-Israeli entrepreneur” and insider to the world of the

Russian-American mob operating from Brighton Beach.²⁰⁵ Kalmanovitch brought with him, unsurprisingly, ties to the world of intelligence services. During the height of the Cold War, he was tied closely to the KGB and Mossad, and like Maxwell appears to have served as a back-channel between them and other intelligence agencies.²⁰⁶ There have other been allegations that Kalmanovitch had served as a point of contact for Jonathan Pollard, the infamous Israeli spy operating within the US intelligence community.²⁰⁷

At the beginning of 1992, the US Federal Reserve began an ambitious project of injecting money into Russia by selling dollars to its leading banks. RNB was the Fed's principal agent in these transactions, which saw RNB obtaining dollars from the central bank, which would then be transported by courier to Russia to be sold. The sum of these dollars was soon in excess of \$80 billion, far outstripping "the value of all the Russian rubles in circulation."²⁰⁸ While the ostensible goal of the Federal Reserve was to preserve the beleaguered Russian banking industry, the flood of dollars was a boon for organized crime. Many of the banks that were on the receiving end of the trade were controlled by criminal enterprises, and not an insignificant portion of these funds was being funnelled into offshore zones by laundering webs like the one operated by BONY.

With the dollar flows leaving Russia at a rapid rate, and the general problem of large-scale capital flight, Russia was teetering on the brink of crisis by 1998. These factors were compounded by the Asian financial crisis, which led to a global dip in the supply of oil and other mineral resources and caused a decline in exports. At its climax, Russia faced a run on its banks. In response, the IMF put in motion an emergency "stabilization credit" for Russia valued at \$11.2 billion, \$4.8 billion of which was made immediately available to the country's central bank.²⁰⁹ Yet within a month, the Russian financial crisis had set in, and RNB was alerting authorities about suspicious transactions. The reason for the former, and almost certainly the latter, was that the IMF credits had vanished into the financial void.

Following a forensic analysis of the complex webs of transfers involving the \$4.8 billion credit, Russia's prosecutor-general, Yury Skuratov, announced that the lion's share of the funds had gone to commercial banks, who then used their correspondent banking relations to siphon the money back out of Russia.²¹⁰ Aiding and abetting this theft, he continued, was BONY. Meanwhile, in Czechoslovakia, investigators began tracing transactions between BONY and Komercini Bank. They were "certain these transactions were a part of the money-

laundering operation of IMF funds.”²¹¹ Soon, independent investigations into BONY and the IMF credit were underway in financial centers from London to Zurich.

BONY was not the lone recipient of the money. The Russian Ministry of Finance charged that portions of the money had flowed into an account held at RNB that was used to “sell currency on foreign exchanges.”²¹² According to the Russian paper *Novaya Gazeta*, Edmond Safra was spooked by the financial crisis that had ensued, and began turning evidence over to the FBI. This timing here certainly overlaps with that of RNB blowing the whistle on BONY, while Safra was reported to have had “periodic conversations with FBI representatives [that] lasted almost a year.”²¹³

Oleg Lurye, a journalist for *Novaya Gazeta*, subsequently reported that in fall of 1999, Safra was visited at his French estate by the Russian oligarch Boris Berezovsky, one of Russia’s wealthiest individuals and a part of Boris Yeltsin’s inner circle. Numerous press reports show that, by August of that year, the probes into BONY’s money laundering had ensnared Berezovsky.²¹⁴ According to Lurye, Safra and Berezovsky had an increasingly angry conversation that lasted several hours, “after which Safra fled in panic to his heavily fortified Monte Carlo residence.”²¹⁵

Several months later, at the beginning December, Safra was dead. The official cause of death was suffocation from a fire in his Monte Carlo estate that had been caused by exceedingly bizarre circumstances. His bodyguards – many of whom were veterans of Mossad – were not present that night.²¹⁶ In early reports, “two hooded intruders” entered Safra’s residences. They were fought off by one of Safra’s nurses (and former Green Beret), Ted Maher, although he was stabbed in the process.²¹⁷ Maher then ushered Safra and his fellow nurse, Vivian Torrente, into a secure room, and proceeded to attempt to alert the authorities through, oddly enough, the only means at his disposal: starting a fire in a waste basket to set off the fire alarms. For whatever reason, it took the fire department and the police two and half hours to arrive on the scene. By the time they arrived, Safra and Torrente had already succumbed to the fire’s fumes.²¹⁸

The story very quickly changed. In the end, the court found that Maher himself was to blame. As the story goes, the military veteran had hoped to impress Safra by staging the attack and setting the fire. To make it seem more realistic, he had stabbed himself. Once in court, stories swirled that Maher was troubled and

that his behavior had become increasingly erratic and lawyers speculated this was linked to a family history of schizophrenia. “[W]e can exclude with certainty all [conjectures] of any international conspiracy,” declared the Safra family attorney, before adding that “The fact that Maher is unstable became apparent to us only after the accident.”²¹⁹ Others were not convinced. According to *Vanity Fair* journalist Dominick Dunne, an associate of the Safra family told him that “Among friends, we avoid talking about it. It might not be what it is.”²²⁰

What really happened that night in Monaco will likely never be known. However, Safra’s fate closely parallels the murky death of his friend, Robert Maxwell, nearly a decade prior, amid a similar whirlwind of strange transactions and Eastern European intrigue. While other giants moving in these same shadows – like Bruce Rappaport – managed to slip away, the deaths of Maxwell and Safra are something like bookends to the 1990s, the decade when the US and its allies emerged victorious from the Cold War and everything belonging to the defeated went up for sale.

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CHAPTER 10

GOVERNMENT BY BLACKMAIL: THE DARK SECRETS OF THE REAGAN ERA

“ROY COULD FIX ANYONE IN THE CITY”

Iran-Contra, PROMIS, BCCI, and related schemes of the Reagan era are clear examples of how the alliance between intelligence networks and organized crime resulted in both national and international business rackets with criminal elements. Such conspiracies largely succeeded thanks to individuals at the highest levels of government, particularly in the Justice Department, who worked to protect these rackets and the bad actors behind them.

Much of the “dirty laundry” of these different criminal enterprises would be mopped up in the early 1990s by none other than William Barr, who started his career at the CIA and served as George H.W. Bush’s Attorney General. Barr would play a major role in covering up Iran-Contra, PROMIS, and BCCI, as seen in his pardoning of Iran-Contra criminals, his patronage of the Bua report, and his thwarting of indictments related to BCCI’s 1991 collapse, respectively.

Some have explained these specific scandals away, painting them as blights of the Reagan-Bush administrations and treating these intelligence-organized crime rackets as isolated incidents. However, instead, it appears that these intelligence-organized crime networks were so central to the national power structure by the time Reagan took office that the more well-known scandals of the era can be seen as “business as usual” for the period. Yet, lurking beneath Iran-Contra and other scandals that rocked the Reagan administration, there were darker and more nefarious activities that reached the highest levels of power during the same period, but received considerably less media attention.

These other, lesser known scandals and crimes of the era show that, during the reigns of Reagan and Bush Sr., the rot reached all the way to the White House. Key power brokers in this sordid milieu included individuals intimately involved in the world of sex blackmail, who often bragged about their ability to “fix” and “manipulate” any politician or powerful individual they sought to influence, for the benefit of intelligence agencies, organized crime, as well as their own personal gain.

One figure emblematic of this side of Reagan era politics is none other than Roy Cohn, whose ties to sex blackmail, organized crime, and the centers of American political power were already explored in detail in Chapters 2 and 4. By the late 1970s, Roy’s “favor bank” system, modeled after the system used by the organized crime-linked Generoso Pope, had led him to grow in both power and influence, especially politically.

For instance, Cohn’s birthday party in 1979 was attended by “the important officials of the Democratic, Republican, and Conservative parties, most of the city’s major elected officials, a number of congressmen, the Chief Judge of the District Court, and Roy’s usuals,” who included his close friends Si Newhouse, William Safire, and Donald Trump, among others.¹ The party was hosted at the infamous Studio 54, whose owners were Cohn’s clients.² Studio 54 was known for its wild parties, semi-naked performers, and culture of open drug use, with *Vanity Fair* once describing it as “the giddy epicenter of 70s hedonism, a disco hothouse of beautiful people, endless cocaine, and every kind of sex.”³ The politicians, journalists, and celebrities invited to Cohn’s exclusive parties, including those at Studio 54, were said to be those who “had open accounts in Cohn’s ‘favor bank.’”⁴

Cohn regularly took “judges, elected officials, men and women of money and influence” to the club.⁵ On at least one occasion, Cohn allegedly used a story about a government official’s drug use at Studio 54 for political purposes. The official was Hamilton Jordan, Jimmy Carter’s chief of staff, and Cohn was widely believed to be the person who leaked details of Jordan’s alleged cocaine use at the club to the *New York Times*.⁶

As his political star rose, Cohn’s ties to organized crime not only deepened, but became more public. He gained a reputation as a lawyer for king-pins of organized crime, counting major mobsters like Tony Salerno of the Genovese crime family and Carmine Galante of the Bonanno crime family among his rolodex of clients from the city’s, and nation’s, underworld.

Cohn had also developed even more powerful media connections than those he had first gained in his youth. Among Cohn's closest friends during this time was Barbara Walters, to whom Cohn often referred to as his "fiancée" in public, and whom he later introduced to the head of the US Information Agency, Chad Wick, as well as other high rollers in the Reagan White House.⁷ Yet, Walters was just one of Cohn's powerful friends in the media, a group that also included Abe Rosenthal, executive editor of the *New York Times*; William Safire, long-time *New York Times* columnist and *New York Magazine* contributor; and George Sokolsky of the *New York Herald Tribune*, NBC, and ABC.⁸

Cohn was also the attorney and friend of media mogul Rupert Murdoch, and Cohn's role in involving Murdoch in Contra-related propaganda on behalf of the US government was discussed in Chapter 7. Cohn also continued to lean on his life-long friend since high school, Si Newhouse Jr., to exert media influence.⁹ Newhouse's media empire had also grown in power and influence – it now counted among its assets publications such as *Vanity Fair*, *Vogue*, *GQ*, *The New Yorker*, and numerous local newspapers throughout the United States, as well as major interests in cable television. *New York Magazine* later noted that "Cohn used his influence in the early '80s to secure favors for himself and his Mob clients in Newhouse publications."¹⁰

Cohn's media confidants, like journalist William Buckley of *The National Review* and *Firing Line*, often attacked Cohn's political enemies – particularly long-time Manhattan District Attorney Robert Morgenthau – in their columns, using Cohn as an anonymous source. Buckley – along with Barbara Walters, Alan Dershowitz, and Donald Trump – would later serve as character witnesses for Cohn during his 1986 disbarment hearings and all but Buckley would later draw controversy for their subsequent connections to Jeffrey Epstein.¹¹

With connections like this, it's no wonder that Stanley Friedman – a law partner of Cohn, who was later imprisoned over a kickback and bribery scandal while serving as New York's deputy mayor – told journalist Marie Brenner in 1980 that "Roy could fix anyone in the city."¹² Roy Cohn's "favor bank" and his unique position as a liaison between the criminal underworld, the rich and famous, and top media influencers made him a force to be reckoned with. In particular, however, it ensured his success as a major "political fixer" and his power in this regard reached its zenith during Ronald Reagan's 1980 presidential campaign.

In 1979, a year before the election, the *New York Daily News* reported that Cohn had “emerged as the city’s preeminent manipulator. A one-man network of contacts that have reached into City Hall, the mob, the press, the Archdiocese, the disco-jet set, the courts and the backrooms of the Bronx and Brooklyn where judges are made and political contributions are arranged.”¹³

Former Congressman Neil Gallagher later remarked to Cohn’s biographer Nicholas Von Hoffman that Cohn “was very important in the whole Reagan setup – look at the number of judges who owed him allegiance through their appointments. Even today you’ve got people sitting on the federal bench who kid, but they don’t kid, that Roy was their rabbi.”¹⁴

Cohn’s involvement in Reagan’s 1980 campaign would be critical and, decades later, would also influence the political style and campaigns of Cohn’s protégé – Donald Trump. During the 1980 campaign, Cohn would also meet another of his protégés, Roger Stone. Cohn infamously instructed Stone to leave a hefty bribe tucked in a suitcase at the doorstep of the Liberal Party’s headquarters during the 1980 campaign, a “dirty trick” that helped Reagan win the state of New York.¹⁵ During this campaign, Cohn would also meet Paul Manafort – an associate of Stone’s – and introduce both to Donald Trump. Manafort would later serve as Trump’s 2016 campaign manager.

Cohn’s law partner, Tom Bolan, was also an influential force in the Reagan campaign and later chaired Reagan’s transition team in 1980.¹⁶ Reagan then named Bolan, whom he considered a friend, as a director of the Overseas Private Investment Corporation, the government’s development finance institution. Bolan was also the New York finance co-chairman for the Reagan campaign in both 1980 and 1984. He was also close to others in Cohn’s circle, such as William F. Buckley Jr., Donald Trump, and Rupert Murdoch.¹⁷ In 1989, roughly three years after Cohn’s death, Bolan attended a party on Robert Maxwell’s yacht, the *Lady Ghislaine*, alongside Donald Trump and literary agent Mort Janklow (who represented Ronald Reagan and two of Cohn’s closest friends: journalists William Safire and Barbara Walters), among others.¹⁸

Furthermore, Bolan, like Cohn, was instrumental in securing federal judgeships for several individuals who would later become influential, including future FBI Director Louis Freeh. Freeh would later be hired by Epstein associate, lawyer and Harvard professor Alan Dershowitz, to “investigate” the Epstein scandal, where he allegedly harassed Epstein victims, and was also involved in the

cover-up of the Penn State child molestation and abuse scandal.¹⁹ Cohn was also able to get friends of clients appointed as federal judges, including Donald Trump's sister, Maryanne Trump Barry.²⁰ After Barry was appointed as a federal judge, Trump called Cohn to thank him for pulling strings on his sister's behalf.²¹

Though Cohn was not given a public position in the Reagan administration, he was not merely a "dirty trickster" who worked in the shadows of the Reagan campaigns. In fact, he worked closely with some of the more visible faces of the campaign, including the then-manager of Reagan's 1980 campaign and later CIA director, William Casey. According to Christine Seymour – Cohn's long-time switchboard operator from the late 1960s up until his death in 1986, who listened in on his calls – Casey and Cohn were close friends and, during the 1980 campaign, Casey "called Roy almost daily."²²

In the early 1990s, Seymour would attempt to write a book about the calls she overheard working for Cohn. News of the book was published by the *New York Post* in 1994 in a column by Cindy Adams, who wrote that Seymour "monitored every call in or out, knew everything, everyone, knew where all the bodies were buried." Five months later, Seymour was killed in a suspicious car accident, leaving her book unfinished. When Seymour's collaborator on the book, Jeffrey Schmidt, learnt of Seymour's death and the circumstances surrounding it, "he panicked, took a box of the notebooks [that contained details of Cohn's calls], and burned them."²³

Seymour, before her death, had also noted that one of Cohn's other most frequent phone pals and closest friends was Nancy Reagan and she was also one of his clients.²⁴ Reagan, whose influence over her husband was well-known, was so close to Cohn that it was largely his death from AIDS that led her to "encourage her husband to seek more funding for AIDS research."²⁵ Ronald Reagan himself was also a friend of Cohn's and, according to late journalist Robert Parry, "lavished favors on Cohn, including invitations to White House events, personal thank-you notes, and friendly birthday wishes" over the course of his presidency.²⁶

Given that Reagan heavily courted the evangelical right and promoted "family values" as president, the close ties between not only himself, but his inner circle, with Cohn may seem odd. However, Reagan, like Cohn, had deep ties to the same organized-crime factions that were among Cohn's clients and affiliates of the same Mafia figures close to Cohn and his network. One of the men credited as Reagan's

mentor was Lew Wasserman, who was long alleged to have close ties to the mob, as noted previously in chapter 1.²⁷

Wasserman, the long-time president of MCA and a well-known Hollywood mogul, is known for not only advancing Reagan's film and television career, but also for supporting his successful push to become president of the Screen Actors Guild, which later helped Reagan launch his political career. In addition, MCA was a major financier of Reagan's successful gubernatorial bid in 1966 and, not long after Reagan became president, his administration controversially shut down a massive Department of Justice (DOJ) probe into MCA's ties to organized crime.²⁸ According to Shawn Swords, a documentary filmmaker who explored Reagan's ties to MCA:

Ronald Reagan was an opportunist. His whole career was guided by MCA – by Wasserman and [MCA founder] Jules Stein, who bragged that Reagan was malleable, that they could do what they wanted with him.... That thing about Reagan being tough on [organized] crime – that's a fallacy.²⁹

Swords' characterization of this relationship is supported by an unnamed Hollywood source cited in a declassified DOJ document, who called Reagan "a complete slave of MCA who would do their bidding on anything."³⁰

What elements of organized crime were connected to Wasserman? As a young man, Lew Wasserman joined the Mayfield Road Gang, which was run by Moe Dalitz, a close friend of Meyer Lansky who, per the FBI, was a powerful figure in Lansky's criminal enterprise, second only to Lansky himself among members of the Jewish mob.³¹ As previously mentioned in Chapter 4, Cohn's involvement in the United Dye case revealed that he had been involved with Dalitz's network since at least the early 1960s.

Lew Wasserman would later marry Edith Beckerman, whose father was Dalitz's lawyer.³² As noted in chapter 1, Wasserman's closest friend and lawyer, Sidney Korshak, also had close ties to Dalitz and once partnered with Lansky in the Acapulco Towers Hotel.³³ Notably, the magazine *New West* stated in 1976 that Korshak was the "logical successor to Meyer Lansky."³⁴ Korshak, as a lawyer, fit a niche similar to that occupied by Roy Cohn and gained a reputation as a bridge between organized crime and "respectable" society.³⁵

In addition, the DOJ probe into MCA that the Reagan administration quashed had reportedly been launched after the Justice Department learned that

an influential member of the Gambino crime family, Salvatore Pisello, was doing business with the massive entertainment company.³⁶ At that time, the boss of the Gambino crime family, Paul Castellano, was a client of Roy Cohn.³⁷ As noted in the previous chapter, an MCA board member with ties to organized crime and the network behind the Inslaw Affair, Eugene Gianquinto, had bragged that he was responsible for the scuttling of DOJ probe in a wiretapped phone call.

Another figure intimately involved with Reagan's 1980 presidential campaign was Robert Keith Gray, whose activities were discussed in detail in Chapter 5. As previously mentioned, Gray was said to have been a friend of Cohn's, but the exact nature of their relationship is murky. However, Gray, like Cohn, was involved with Reagan's unsuccessful bid for the presidency in 1976 and then, like Cohn, worked closely with Casey during the 1980 campaign. Gray later "boasted of his close relationship with the CIA's William Casey; Gray used to say that before taking on a foreign client, he would clear it with Casey," according to *Newsweek*.³⁸

Gray would go on to co-chair Reagan's Inauguration Committee and afterwards would return to the PR business, taking on several clients, including Saudi arms dealer Adnan Khashoggi and the Mossad-linked hedge fund manager Marc Rich.³⁹ At the same time, Roy Cohn would also take on Khashoggi as a client. Shortly thereafter, as will be discussed in the next chapter, Jeffrey Epstein would also take on Khashoggi as a client, which coincided with the genesis of the Iran-Contra Affair.

It certainly is an odd coincidence that three men tied in different ways to sexual blackmail would all begin to circle around a man like Khashoggi, who was alleged to have used sex blackmail himself, within the same short span of time. However, it begins to look a bit less like a coincidence when one considers that, by the late 1980s, several organizations tied, not only to key factions of the Reagan administration, but also to aspects of the Iran-Contra Affair, would be tied to child sex abuse, sex trafficking, and sex blackmail.

More overlap in these networks can be seen at a May 2, 1983 "testimonial dinner" hosted by B'nai B'rith's Banking and Finance Lodge at the Grand Hyatt hotel in New York.⁴⁰ The hotel, at the time, was a project between Donald Trump, Cohn's protégé, and the organized crime-linked Pritzker family discussed in chapter 1. The Trump-Pritzker partnership began to dissolve around 1993 and formally ended in 1996.

This “testimonial dinner” was in Roy Cohn’s honor. The dinner’s invitation states that it took “special pride” in “this well-deserved public tribute” to Cohn because he has been a “tenacious champion of Israel’s right to exist in peace and security and of American economic political support” for Israel as well as his “deep-rooted commitment of purpose on behalf of his fellow man.”⁴¹ It was also noted that he had received honors from the Jewish National Fund and Federation of Jewish Philanthropies. The latter group, three years later, would merge with the United Jewish Appeal, which was intimately connected to the philanthropic activities of Leslie Wexner and Wexner’s mentor Max Fisher at the time (see chapters 13 and 14). The dinner invitation also notes that Cohn has been “a long-time member of [the] Banking and Finance Lodge of B’nai B’rith – continuing a tradition established by his father, Justice Albert Cohn, who was president of the organization’s New York-New England district.”⁴²

That Albert Cohn was a high-ranking member of B’nai B’rith, i.e. the president of its most influential chapter, has some significance. As early as 1878, the *New York Times* referred to the B’nai B’rith organization as “one of the most powerful secret organizations in the United States” that “now exercises an immense influence in all matters of common interest to the Jewish community.”⁴³ “To bind its member more closely together,” the article continues, “the seal of secrecy was stamped upon its proceedings, thereby following the example of the Masonic and other secret fraternities.” Though a history of B’nai B’rith is beyond the scope of this book, if indeed – as claimed in this 19th century article – the secret society’s origins were noble, by the 20th century, and definitely by the 1980s, its leadership had become dominated by powerful men with organized crime and/or intelligence connections. An early example would be Albert Cohn, whose ties were detailed in chapter 4, serving as head of B’nai B’rith’s most powerful chapter.

At the time B’nai B’rith was hosting this dinner for Cohn, the organization’s board of overseers included individuals with organized crime connections, such as Edmond Safra and Edgar Bronfman, as well as Leslie Wexner’s mentor Max Fisher. As will be noted in chapter 14, B’nai B’rith played a critical role in the creation of Wexner’s main philanthropic organization, the Wexner Foundation.

What’s perhaps more significant about this dinner are the honorary chairmen – eight close friends of Cohn that populated his inner circle. Some have already been mentioned at length in relation to Cohn, including Donald Trump, Rupert Murdoch, and Stanley Friedman. Others, such as George Steinbrenner were also

well-known friends and clients of Cohn. Another, Gerald Schoenfeld, was described as a “the most influential figure in the theater business” credited with “reinvigorating” Broadway.⁴⁴

Another honorary chairman, Maxwell Rabb, had previously been a secretary to president Eisenhower’s cabinet, where he was succeeded by Robert Keith Gray and to whom Rabb left his secretary.⁴⁵ After leaving the White House, Rabb was involved in a business deal with organized crime-connected investors like Jack Cooper and frontmen for Meyer Lansky.⁴⁶ He also served on the board of directors of a company founded by Lansky frontman Louis Chesler.⁴⁷ At the time of the 1983 dinner, Rabb was US ambassador to Italy and was later accused of involvement in aspects of Iran-Contra. He was also described by the *New York Times* as “a long-time acquaintance” of one of Roy Cohn’s clients at the time – Adnan Khashoggi.⁴⁸

Aside from these, other chairmen included Edward Regan, who was comptroller of the State of the New York from 1979 to 1993 under Governors Hugh Carey (discussed in chapters 6 and 12) and Mario Cuomo. Regan’s connection to Cohn is troubling, given Regan’s role as state comptroller. Also troubling is Regan’s apparent political ethos.

As noted in his 2014 obituary in the *New York Times*:

In 1988, prosecutors investigated Mr. Regan’s fund-raising practices after the disclosure of a memo written by a top aide advocating a policy under which “those who give will get” – suggesting, perhaps, that financial firms that provided the bulk of the comptroller’s campaign contributions would receive state business.⁴⁹

The last honorary chairmen and intimate of Cohn may be the most significant, at least in the context of this book – Alan C. Greenberg, then chairman of Bear Stearns. As will be detailed in the next chapter, Greenberg played perhaps the most crucial role of all in the early rise of Jeffrey Epstein into the networks of the New York elite.

Other close friends of Cohn could be found on the dinner tribute committee, including Tom Bolan, Cohn’s law partner, and William Safire. Other members of that committee included Charles Allen of Allen & Co.; Ron Perelman, the corporate raider closely tied to Drexel Burnham Lambert; Ron Lauder, of the Estee Lauder fortune then serving as Reagan’s Undersecretary of Defense; representatives of Israel Discount Bank (see chapter 7) and Leumi Bank (see

chapter 3) and several sitting Congressmen and Senators, including Strom Thurmond, Jack Kemp, and Arlen Specter.

COVENANT HOUSE AND AMERICARES

In 1968, a Catholic priest named Bruce Ritter asked his superiors for permission to take homeless teenagers, boys and girls, into his home in Manhattan.⁵⁰ Per Ritter's account, they agreed and, during a snowstorm in 1969, he sheltered six runaway teenagers by hosting them in his apartment.⁵¹ Ritter's activities would later grow into a large, privately funded agency that still exists today, called Covenant House, which offers a variety of service to homeless and runaway youth.

Roughly two decades after founding the organization, Ritter was accused of having sexual relationships with some of the teenagers and young adults he had taken in, and of spending Covenant House funds on lavish gifts and payments to the vulnerable teenagers he was alleged to have groomed and exploited.⁵² As a result, Ritter was forced to resign from Covenant House in February 1990.

The main allegation that dogged Ritter, first published by the *New York Post*, related to claims that Ritter had paid off a male prostitute with Covenant House funds in exchange for sex. Four more young men later spoke to *The Village Voice* and the *New York Times*, repeating similar claims and with some alleging that their sexual relationship with Ritter had begun while they had received services through Covenant House.⁵³

One of those alleged victims, Darryl Bassile, was 14 at the time. Bassile later wrote an open letter to Ritter a year after the allegations about the priest's predatory behavior were published in the *New York Post*. His letter stated: "You were wrong for inflicting your desires on a 14-year-old.... I know that someday you will stand before the one who judges all of us and at that time there will be no more denial, just the truth."⁵⁴

As the allegations made their way through the press, nearly half of the charity's board resigned in relatively short order. According to the *New York Times*, the resignations were related, not just to the sex-related allegations, but also to the discovery of "a secretive fund set up by Father Ritter that made loans to two board members, who have since resigned, and to others."⁵⁵ Notably, Charles M. Sennott, the *Post* reporter who wrote the first story about Ritter's accusers, would later state

that “the secular powers more than the archdiocese or the Franciscans protected him [Ritter].”⁵⁶

Sennott’s report was attacked viciously by columnists in other New York media outlets, powerful politicians including then-Governor of New York Mario Cuomo, and Cardinal John O’Connor. The Archdiocese of New York, now led by O’Connor, intervened to “broker a deal” between Ritter and the Manhattan District Attorney Robert Morgenthau. O’Connor’s predecessor, Cardinal Francis Spellman, had been a close friend of Roy Cohn and alleged attendee of the Plaza Hotel “blackmail parties” involving Cohn, Hoover, and Rosenstiel (see Chapters 2 and 4).

Though accusations swirled around Ritter and were the subject of several media reports, he was never charged, as “Manhattan District Attorney Robert Morgenthau said there was not enough evidence of financial misconduct to charge him with a crime.”⁵⁷ Notably, Covenant House decided to hire the “CIA of Wall Street” Kroll Associates, the firm so deeply connected to Thomas Corbally (see chapter 4), to “independently investigate” possible financial wrongdoing.⁵⁸ Kroll Associates, its longstanding US and Israeli intelligence links and Robert Maxwell’s hiring of the firm prior to his 1991 death are discussed in Chapter 15. For now, it is important to note that the intelligence-linked investigative firm has produced “limited hangout” investigations of individuals connected to the networks explored in this book, such as Adnan Khashoggi and Imelda Marcos, and had previously been hired by Drexel Burnham Lambert in an effort to help Michael Milken’s case.⁵⁹

In the case of Covenant House, Kroll Associates claimed that “none of the allegations, when viewed individually, can be proved beyond any question,” while also claiming that the “cumulative” evidence against Ritter was “extensive.”⁶⁰ As for Ritter himself, he denied the charges and had told Sennott by phone that he had been “set up” by “organized crime.”⁶¹

Ritter’s claims for being “set up” seem dubious, however, when one considers that his main patron was Robert Macauley, Bush Sr.’s roommate at Yale and a long-time friend of the Bush family.⁶² According to reports, Macauley was the key figure behind Covenant House’s rise and his own interest in “humanitarian aid” coalesced around the time he began his relationship with Ritter.⁶³

Macauley, who first met Ritter in 1977, was described by the *New York Times* as “instrumental” to Covenant House fundraising after he joined its board and

especially after he became its chairman in 1985. Indeed, with Macauley as chair, Covenant House's operating budget grew from \$27 million to \$90 million and its board came to include powerful individuals including top executives at IBM, Chase Manhattan Bank, and Bear Stearns.⁶⁴ Their alliance, among other things, led Macauley and Ritter to be jointly granted an audience with Pope John Paul II in Rome in 1982.⁶⁵

Macauley was also alleged to have played a major role in courting several "other wealthy or well-connected people," including former government officials, such as William E. Simon – Treasury Secretary under Nixon and Ford – and investment bankers from Salomon Brothers and Bear Stearns, among others.⁶⁶ Notably, Simon was also connected to Kissinger Associates and Bechtel (see Chapter 7) as well as the Epstein-connected Gouletas real estate family, as he served on the board of the Gouletas family company Tamco (see Chapter 12).

Macauley also introduced Ritter to George H.W. Bush and, through J. Peter Grace, Ritter met Ronald Reagan. Both Bush and Reagan publicly praised Ritter during the Reagan administration, including during the 1984 State of the Union address, which Ritter attended and where Reagan praised Ritter as an "unsung hero."⁶⁷ Grace, who was not only deeply involved in AmeriCares but also donated heavily to Covenant House, once chaired the board of a reported CIA front named the American Institute of Free Labor Development (AIFLD) and was also the former head of United Fruit/United Brands, which had CIA links during his tenure.⁶⁸ United Fruit/United Brands would later be led by Eli Black, father of corporate raider and Epstein associate Leon Black, and – after Black's alleged suicide – would be controlled by Leslie Wexner's "mentors" Max Fisher and Alfred Taubman (See Chapters 13 and 14). Macauley's organization, the AmeriCares Foundation, which was later accused of funnelling money to the Contras in Central America, was one of the main sources of funding for Covenant House. Bruce Ritter himself was also tied to AmeriCares, serving as Vice President of AmeriCares until he was forced to resign from Covenant House.

Despite Macauley's denials that AmeriCares funded the Contras, the *Hartford Courant* reported in 1991 that AmeriCares "sent more than \$291,000 in food and medicine to Nicaragua and \$5,750 in cash to [Contra leader Mario] Calero in 1985."⁶⁹ Its board members, aside from Grace and Macauley, included Trilateral Commission co-founder and National Security Advisor to Carter, Zbigniew Brzezinski, former Republican Senator Gordon J. Humphrey, and George H.W.

Bush's brother, Prescott.⁷⁰ After George H.W. Bush died, AmeriCares stated that he had been "instrumental in founding the health-focused relief and development organization."⁷¹ Another AmeriCares board member, who Macauley would later bring to Covenant House, was William E. Simon, the aforementioned former U.S. secretary of the treasury. Simon also ran the Nicaraguan Freedom Fund, which sent aid to the Contras and was also tied to Rev. Sun Myung Moon's Unification Church.⁷² AmeriCares was also funded by the Unification Church and was deeply connected to the Catholic organization, the Knights of Malta.⁷³ William Simon, Roy Cohn's law partner Tom Bolan, and former CIA director William Casey were also members of this group. At the time, the president of the Knights of Malta's American branch was J. Peter Grace.⁷⁴

AmeriCares was also known to have connections to U.S. intelligence. As the *Hartford Courant* noted in 1991: "Knowledgeable former federal officials, many with backgrounds in intelligence work, help AmeriCares maneuver in delicate international political environments." Also suggestive of intelligence connections is the fact that AmeriCares "frequently used" the CIA-linked Southern Air Transport for many of its flights, including flights it made during the Gulf War to Kuwait and to Iran in the early 1990s.⁷⁵ Southern Air Transport, a few years later, would become intimately involved with Leslie Wexner's The Limited and Jeffrey Epstein (see the end of this chapter and Chapter 17).

Once the Macauley-Ritter alliance was cemented, Covenant House seemed to become enmeshed in similar intelligence-linked networks. For instance, as Covenant House grew into an international organization, its first branch in Central America was opened in Guatemala and was headed by Roberto Alejos Arzu, a CIA asset whose plantation had been used to train the troops used in the CIA's failed "Bay of Pigs" invasion of Cuba.⁷⁶ Arzu was also an associate of the former U.S.-backed dictator of Nicaragua, Anastasio Somoza, and a member of the Knights of Malta.⁷⁷ Alejos Arzu also worked directly for AmeriCares and was tied to several Central American paramilitary groups.⁷⁸

Intelligence community sources cited by *Franklin Cover-Up* author John DeCamp asserted that the Alejos Arzu-led branch of Covenant House procured children for a pedophile ring based in the United States.⁷⁹ A few years later, Mi Casa, another US-run charity in Guatemala that George H.W. Bush had personally toured with his wife Barbara in 1994, was accused of rampant pedophilia and child abuse.⁸⁰

THE SECRETS OF LARRY KING AND CRAIG SPENCE

ruce Ritter was not the only man accused of preying on minors that would have contacts nestled deep within the national power structure and with institutions involved in Contra financing. Around the same time as Ritter's downfall, a sordid child sex trafficking and abuse network began to be exposed. Centered in Omaha, Nebraska, it is remembered today as the "Franklin Scandal." The man at the center of this scandal was Lawrence "Larry" King, a prominent local Republican activist and lobbyist who ran the Franklin Community Federal Credit Union until it was shut down by federal authorities in November 1988.

According to journalist and author Nick Bryant, the earliest mention of King in the press was 1973, when the *Omaha Sun* reported that King had served in the Air Force from 1965 to 1969, where he worked as an "information specialist" and handled "top secret" military communications. After an honorable discharge from the Air Force, he began studying for a career in the banking industry. At age 25, he joined a "management training program" at First National Bank in Omaha. Unsatisfied, he quit the bank in August 1970 and, later that year, Larry's father was offered the reins of the faltering Franklin Community Credit Union. His father declined, but suggested the Credit Union hire his son as its manager. The 1973 *Omaha Sun* article, as cited by Bryant, lauded King for his supposed industriousness and work ethos at Franklin.⁸¹

Eventually, and many years before the Credit Union collapsed, King began to use its funds as "his personal, bottomless ATM." His personal wealth greatly increased and King soon began making major political connections, mainly in the Republican Party, which King had joined in 1981.⁸²

King soon founded and later chaired the Nebraska Frederick Douglas Republican Council, which threw a reception honoring King in 1983 for his "service to the Republican party both locally and nationally." He became involved in the National Black Republican Council, where he held several positions, as well as the Planned Parenthood Federation of America, where he served as "Secretary/Treasurer." Author Nick Bryant has noted that King seemed "particularly interested in children" as he also became involved with the child-oriented organizations Camp Fire Girls, the Girls Club, and Head Start during this period.⁸³

By the late 1980s, King was hosting parties attended by major political figures, such as Supreme Court Justice Clarence Thomas as well as Congressmen Jack Kemp (a friend of Cohn's) and Hal Daub. Daub, who represented Nebraska, "had a stint on Franklin's Advisory Board," according to Nick Bryant.⁸⁴ King also donated to Daub and held a fundraiser for him while also generously donating to Republican Kay Orr's campaign for Nebraska governor. In 1982, King sang the Star Spangled Banner at a National Black Republican Council dinner attended by Ronald and Nancy Reagan and he would go on to sing the national anthem at the 1984 Republican convention in Dallas. King's political connections continued to grow, leading him to form the Council of Minority Americans. A gala hosted by the Council included former President Gerald Ford, Jack Kemp, and Alexander Haig (mentioned throughout Chapter 5) on its "host committee."⁸⁵

These deep connections to the Republican power base in the 1980s also led King to apparently become involved in the financing of Nicaragua's Contras. Hints of King's ties to Contra financing networks first emerged in a May 1989 article in the *Omaha World Herald*, which states that: "In the 6 1/2 months since federal authorities closed Franklin, rumors have persisted that money from the credit union somehow found its way to the Nicaraguan contra rebels."⁸⁶ The possibility that King's fraudulent credit union was covertly funding the Contras was supported by subsequent reporting by the *Houston Post's* Pete Brewton, who discovered that the CIA, in conjunction with organized crime, had secretly borrowed money from various savings and loans (S&L) institutions to fund covert operations.⁸⁷ One of those ss, Silverado, had Neil Bush, George H.W. Bush's son, on its board and it had done business with King's organization.

Another link between King and the Iran-Contra affair is King's donation of over \$25,350 to an organization affiliated with the Reagan administration, Citizens for America, which sponsored speaking trips for Oliver North and Contra leaders.⁸⁸ The group was said to have been "one of the conservative Washington-based groups that advised former Lt. Col. Oliver L. North and helped develop a base of citizen support for him."⁸⁹ Other groups in this orbit included the aforementioned AmeriCares. The then-chairman of the group, Donald Devine, stated that they "supported the Reagan administration's effort to supply the Contras with US military aid," but did not directly "funnel money to the rebels."⁹⁰

An officer at Citizens for America at the time was David Carmen, who – after leaving the group – ran a public relations firm called Carmen, Carmen & Hugel with his father Gerald, who had also been appointed by Reagan to head the General Services Administration and then appointed to a subsequent ambassadorship, and the former head of covert operations at the Casey-led CIA, Max Hugel.⁹¹

A 1989 article from the *Omaha World Herald* stated that King's donation of \$25,350 netted him access to Citizens for America's "founders club."⁹² Other members of the group's founders club included Ivan Boesky, the insider trader tied to Drexel Burnham Lambert, and the corporate raider T. Boone Pickens. Boesky boasted longstanding ties to Max Fisher, a mentor of Leslie Wexner's.⁹³ Pickens was a major shareholder in Occidental Petroleum, which was run by Armand Hammer and somewhat involved in BCCI's entry into the US financial system (See Chapter 7).⁹⁴

King made the \$25,350 donation in 1987 and also made other "gifts" to the organization. A lawsuit filed against King by the National Credit Union Administration alleged that the large donation had been made with money he had looted from the Franklin Credit Union.⁹⁵ King's donations to Citizens for America made up roughly half of the approximate \$55,000 King spent on political donations in total before Franklin's collapse.⁹⁶

King's criminal activities extended far beyond the looting of the Credit Union he managed, although it would be the investigation into the Credit Union that would help expose his other acts. In reality, King was a key "pimp" in an "interstate pedophile network" that trafficked mostly vulnerable children, particularly orphans from Boys Town Nebraska, across the United States.⁹⁷

Hints of this emerged in the *New York Times* in 1988, which cited Nebraska State Senator Ernie Chambers as having been "told of boys and girls, some of them from foster homes, who had been transported around the country by airplane to provide sexual favors, for which they were rewarded," as part of King's activities.⁹⁸ The *New York Times* also cited various law enforcement sources as stating that money-laundering and drugs were also part of the investigations. King's pedophile ring in Omaha allegedly involved many of the city's most powerful men, including Harold Andersen, publisher of the *Omaha World Herald* and friend of fellow Nebraskan Robert Keith Gray, as well as Omaha Police Chief Robert Wadman.⁹⁹ Then-Attorney General of Nebraska Robert Spire was also a

“friend” of King’s who attended King-hosted parties. Spire was later accused of “sitting on” allegations related to King’s criminal activities.¹⁰⁰

Several of the witnesses critical to the story of the Franklin Scandal – Alisha Owen, Paul Bonacci, Danny King, and Troy Boner – independently told investigators that there were abused in other ways, not just sexually, by Larry King’s network. Per their accounts, they were also victims of sadistic physical abuse, which included suffering from whippings, knife wounds, and cigarette burns.¹⁰¹ Some of the witnesses revealed that they had seen other children at King’s “parties” and “orgies” who had claimed to have been kidnapped from their homes, some as young as twelve. At least one told of a child whose molestation, torture, and subsequent murder were all filmed by King and a group of adults.¹⁰²

While King was mainly based in Omaha, he was also active in Washington DC, where he maintained a \$5,000 per month residence off of Embassy Row.¹⁰³ Intimately related to King’s DC activities was a man named Craig Spence. Spence had gotten his start as a press assistant for the Governor of Massachusetts before joining *ABC News* as a Vietnam War correspondent. According to some of his fellow Vietnam correspondents, Spence appeared to have an “inside track on seemingly clandestine information.” He later moved to Tokyo, where he forged a business relationship with a Japanese politician named Motoo Shiina.

Shiina, after and during his relationship with Spence, was accused of “passing US military secrets to the Soviets.” Notably, Shiina appears to have been a member of the Trilateral Commission, the body founded by David Rockefeller and Zbigniew Brzezinski, which has been accused of pursuing policies that involve the transfer of US technology to China and Russia under the guise of “normalizing” relations and building a “new international economic order.”¹⁰⁴ In 1991, Shiina co-authored a book published by the Trilateral Commission entitled *Global Competition After the Cold War: A Reassessment of Trilateralism* with Kurt Biedenkopf and Joseph S. Nye Jr.¹⁰⁵ Nye later went on to head the North American branch of the Trilateral Commission.

In the 1980s, after Shiina was accused of passing “military secrets” to the Russians, it was subsequently suggested by a member of Congress that Spence himself may have been involved in this alleged transfer of sensitive technology to China and Russia. Shortly thereafter, Shiina and Spence parted ways bitterly in 1983. Spence later stated that two bank transfers Shiina had sent him had come “into the country illegally from Hong Kong.”¹⁰⁶ Spence had used the money to

purchase a lavish property in the DC area, which would become central to his story.

Once established in DC, Spence became a prominent lobbyist. In the early 1980s, before he parted ways with Motoo Shiina, he described himself as an “international business consultant, party host, registered foreign agent” and a “research journalist.”¹⁰⁷ His clients included “a number of American multinational companies.” Much like Jeffrey Epstein, Spence was often compared to Jay Gatsby, the mysterious, wealthy figure from the well-known Fitzgerald novel *The Great Gatsby*. A 1982 *New York Times* article written about Spence said “what most impresses, if not benefits, his clients is his ability to master the social and political chemistry of this city, to make and use important connections and to bring together policy makers, power brokers, and opinion shapers at parties and seminars.” It then stated that “there seems to be an inexhaustible demand in Washington for the sort of thing Mr. Spence offers.”¹⁰⁸

The *Times* also noted that Spence’s “personal phone book and party guest lists constitute a ‘Who’s Who’ in Congress, Government, and journalism” and that Spence was “hired by his clients as much for whom he knows as what he knows.” Spence also had a reputation for throwing lavish parties, which the *Times* described as “glitter[ed] with notables, from ambassadors to television stars, from senators to senior State Department officials.”¹⁰⁹ “According to Mr. Spence,” the *Times* article continues, “Richard Nixon is a friend. So is [former Attorney General under Nixon] John Mitchell. [CBS journalist] Eric Sevareid is termed ‘an old, dear friend.’ Senator John Glenn is ‘a good friend’ and Peter Ustinov [British actor and journalist] is ‘an old, old friend.’”¹¹⁰ Notably, Jeffrey Epstein claimed to be friends with John Mitchell while Ustinov wrote for *The European* newspaper soon after it was founded in 1990 by Robert Maxwell, and where Ghislaine Maxwell also held a position.¹¹¹ Glenn, who represented Ohio, later flew on Jeffrey Epstein’s jet to attend a birthday dinner for one of Ohio’s richest political donors, Leslie Wexner.¹¹² Roy Cohn, William Casey, and Roy Cohn’s journalist friend William Safire were just some of the other attendees at Spence’s festivities. Cohn, it turns out, was another “good friend” of Spence’s and Spence had hosted at least one birthday party for Roy Cohn at his DC area home.

It was revealed just seven years after the *New York Times* published its doting profile of Spence that his “glittery parties for key officials of the Reagan and Bush administrations, media stars, and top military officers” had been bugged in order

“to compromise guests.” According to the explosive report published by the *Washington Times*, Spence was linked to a “homosexual prostitution ring” whose clients included “government officials, locally based U.S. military officers, businessmen, lawyers, bankers, congressional aides, media representatives, and other professionals.”¹¹³ Spence also offered cocaine to his guests as another means of acquiring blackmail.

According to the report, Spence’s home “was bugged and had a secret two-way mirror, and ... he attempted to ensnare visitors into compromising sexual encounters that he could then use as leverage.” One man who spoke to the *Washington Times* said that Spence sent a limousine to his home, which took him to a party where “several young men tried to become friendly with him.” According to John DeCamp, Spence was known to offer his guests young children for sex at his blackmail parties.¹¹⁴

Several other sources cited by the *Washington Times*, including a Reagan White House official and an Air Force sergeant who had attended Spence-hosted parties, confirmed that Spence’s house was filled with recording equipment, which he regularly used to spy on and record guests, and his house also included a two-way mirror that he used for eavesdropping.¹¹⁵

The report also documented Spence’s alleged connections to US intelligence, particularly the CIA. According to the *Washington Times* report, Spence “often boasted that he was working for the CIA and on one occasion said he was going to disappear for awhile ‘because he had an important CIA assignment.’” He was also quite paranoid about his alleged work for the agency, as he expressed concern “that the CIA might ‘double-cross him’ and kill him instead and then make it look like a suicide.”¹¹⁶ Not long after the *Washington Times* report on his activities was published, Spence fell from grace and was later found dead in the Boston Ritz Carlton. His death was ruled a suicide.

The *Washington Times* report also offers a clue as to what Spence may have done for the CIA, as it cited sources that said Spence had spoken of smuggling cocaine into the US from El Salvador, an operation that he claimed involved US military personnel.¹¹⁷ Given the timing of these comments from Spence, Spence’s powerful connections, and the CIA’s involvement in the exchange of cocaine for weapons in the Iran-Contra scandal, his comments could have been more than just boasts intended to impress his party guests.

One of the most critical parts of the scandal surrounding Spence, however, was the fact that he had been able to enter the White House late at night during the George H.W. Bush administration with young men whom the *Washington Times* described as “call boys.”¹¹⁸ After his fall from grace, Spence later stated that his contacts within the White House, which allowed him and his “call boys” after-hours access, were “top level” officials and he specifically singled out George H.W. Bush’s then-National Security Advisor Donald Gregg.¹¹⁹ Gregg had worked at the CIA since 1951 before he resigned in 1982 to become National Security Advisor to Bush, who was then vice president. Gregg denied Spence’s allegations.

Prior to resigning from his post at the CIA, Gregg had worked directly under William Casey and, in the late 1970s, had worked alongside a young William Barr in stonewalling the Pike Committee and the Church Committee, which investigated the CIA beginning in 1975.¹²⁰ Among the things that these committees were tasked with investigating were the CIA’s “love traps,” or sexual blackmail operations used to lure foreign diplomats to bugged apartments, complete with recording equipment and two-way mirrors.¹²¹ Gregg’s role in Iran-Contra and other events during the Reagan years are discussed in Chapter 7.

The *Washington Times* article on this affair, stated that there was an official inquiry into Spence’s activities and blackmail. However, it appeared to imply that the Department of Justice official managing the inquiry had a conflict of interest. It states:

The office of US Attorney General Jay B. Stephens, former deputy White House counsel to President Reagan, is coordinating federal aspects of the inquiry but refused to discuss the investigation or grand jury actions.

Several former White House colleagues of Mr. Stephens are listed among clients of the homosexual prostitution ring, according to the credit card records, and those persons have confirmed that the charges were theirs.

Mr. Stephens’ office, after first saying it would cooperate with *The Times*’ inquiry, withdrew the offer late yesterday and also declined to say whether Mr. Stephens would recuse himself from the case because of possible conflict of interest.

At least one highly placed Bush administration official and a wealthy businessman who procured homosexual prostitutes from the escort services operated by the ring are cooperating with the investigation, several sources said.

Among clients who charged homosexual prostitutes services on major credit cards over the past 18 months are Charles K. Dutcher, former associate director of presidential personnel in the Reagan administration, and Paul R. Balach, Labor Secretary Elizabeth Dole’s political personnel liaison to the White House.”¹²²

Despite the names that surfaced in connection with Spence, including several different White House connections, it seems that – following his fall from grace and death – interest in the case disappeared and was largely memory-holed, not unlike what would follow years later in the Jeffrey Epstein case.

The information contained within the *Washington Times* reports was subsequently corroborated by Henry Vinson, who operated the “largest gay escort service ever uncovered in DC.” Vinson had been significantly involved with Spence in Washington, DC and had received “thousands and thousands of dollars a month” from Spence at his escort service. Vinson claimed that he had been invited by Spence to his home “on numerous occasions” and that Vinson witnessed Spence flaunt his predilection for “cocaine and little boys.” “He [Spence] was definitely a pedophile,” Vinson would later tell Nick Bryant.¹²³

Spence had also showcased his blackmail equipment to Vinson. Vinson, as quoted in Bryant’s *Franklin Scandal*, stated:

Spence showed me the hidden, secret recording devices that were scattered throughout his home.... Spence often alluded to the fact that he was connected to the CIA, and it was obvious to me that he was very well connected. There were people at his home who said they were CIA, and at least one or two Secret Service agents – I believe that it was some of the CIA operatives who installed Spence’s blackmail equipment. Much of Spence’s influence came from the House of Representatives and the Senate, and he told me he was blackmailing Congressmen. I believe that Spence was blackmailing both for the CIA and for his own personal purposes.¹²⁴

Vinson alleged that former CIA director William Casey was also a “personal friend” of Spence and attended his parties. Vinson additionally alleged that Casey had been one of his patrons, in addition to Spence, and had begun requesting gay escorts from Vinson in 1986. Vinson stated that Casey’s “preferred escort was an eighteen-year-old with minimal body hair and a slender swimmer’s physique.” Vinson asserted that Casey had requested underage escorts, which Vinson declined to provide.¹²⁵ It would be Vinson’s refusal to supply underage escorts to Craig Spence that would bring about his downfall and subsequent arrest.¹²⁶

Vinson also told Nick Bryant that Spence and Larry King were “partners” and “hooked up with the CIA,” stating specifically that “King and Spence were in business together, and their business was pedophilic blackmail.” “They were transporting children all over the country. They would arrange for children to be flown into Washington, DC and also arrange for influential people in DC to be flown out to the Midwest and meet these kids.”

Paul Rodriguez, one of the *Washington Times* journalists who had helped expose Spence, also later told Nick Bryant that Spence and King had been partners, stating “I was told by several prostitutes along with law enforcement that there were connections between Craig Spence and Larry King. The allegations were that Spence and King hosted parties and were involved in a variety of nefarious activities: the allegations included Spence and King hosting blackmail sex parties that included minors and illegal drug use.” Bryant also corroborated the Spence-King connection with Rusty Nelson and Paul Bonacci, who had both met Spence through King on different occasions.¹²⁷

Per Vinson, Larry King had confided in him that he had clients who liked to torture and even kill children: “King said they had clients who actually liked having sex with kids as they tortured or killed the kid. I found that totally unbelievable.” After Vinson said this to Nick Bryant, he asked Bryant later on in the interview if King’s disclosure had indeed been true.¹²⁸ He was unaware at the time that other evidence, including witness testimony, had suggested that it was.

FROM OMAHA TO COLUMBUS: EXECUTIVE JET AVIATION

Larry King, before the Franklin Credit Union and related scandals completely unraveled, made extensive use of an airline called Executive Jet Aviation (EJA). King appears in the July 1987 issue of *Jet* magazine, where he was being congratulated personally by EJA executives Joseph B. Campbell and Skip Hockman “for being the passenger aboard the EJA jet that flew the company’s 1 millionth mile of service” and was even “presented a model of the aircraft” on which he had flown. *Jet* also described King as being “a frequent user of EJA’s service.”¹²⁹ When EJA was later roped into a Congressional inquiry, accusations of the airline’s alleged involvement in procuring girls for clients made their way into the questioning of company executives, as did allegations of the girls’ exploitation for the purposes of blackmail.¹³⁰

EJA was founded as Executive Jet Airways in 1964 by Brig. Gen. Olbert “Dick” Fearing Lassiter, an Air Force officer who was “known for his lust for excitement and fast living,” characteristics which earned him the nickname “Rapid Richard.”¹³¹ EJA was originally founded in Delaware, but Lassiter quickly moved the company to Columbus, Ohio. Lassiter had been stationed in Columbus at

Lockbourne Air Force Base, now known as Rickenbacker Airport, and was still a part of the Air Force when he incorporated EJA. Lassiter allegedly relocated EJA to Columbus mainly because “of the friendships he had made there.”¹³²

EJA’s initial board of directors included actor Jimmy Stewart, former Assistant Secretary of the Navy James H. Smith, and former chairman of the Rockefeller family’s Standard Oil branch in New Jersey, Monroe J. Rathbone.¹³³ At the time of its founding, it was “a closely held secret” that EJA had been financed by the American Contract Company, a wholly owned subsidiary of the Pennsylvania Railroad.

In 1965, the company adopted the name Executive Jet Aviation and created a subsidiary based in Switzerland. The Swiss subsidiary was largely led by Paul Tibbets, who served as its executive vice president and general manager.¹³⁴ Tibbets, who had also been on the founding board of EJA, is best known as the pilot of the Enola Gay when it dropped an atomic bomb on the Japanese city of Hiroshima at the close of World War II. By 1967, Tibbets and others left EJA. Tibbets allegedly left because “he believed some things that were going on [at the airline] were flagrantly illegal.”

That same year, the parent company of the American Contract Company, the Pennsylvania Railroad, merged with the New York Central Railroad to form the Penn Central Transportation Company, better known as Penn Central. Rockefeller interests and Clinton Murchison Sr. were among those with financial stakes in New York Central and its subsidiaries at the time. The railroad also did significant business, including mergers and acquisitions, with individuals closely tied to the CIA-linked David Baird Foundation (see Chapters 1 and 4).¹³⁵ Penn Central would collapse in 1971, becoming one of the biggest bankruptcies in US history and what Peter Dale Scott referred to as “bankruptcy fraud with organized crime overtones.”¹³⁶

It would later emerge that Bruce Sundlun, a Washington attorney with past ties to Lassiter who was also on the EJA board of directors, would be responsible for the “covert” marriage between Pennsylvania Railroad/Penn Central and EJA. Their joining was performed by Glore Forgan at Sundlun’s behest. Glore Forgan’s vice president was General Charles Hodge, a Wall Street broker who was also the chief investment advisor to Penn Central and sat on the board of EJA.¹³⁷ As mentioned in Chapter 6, Glore Forgan was the same firm used by William Casey in his business ventures related to Multiponics.

The Penn Central link to EJA eventually emerged when Lassiter attempted to obtain a certificate that would have allowed him to operate larger aircraft. The Civil Aeronautics Board, which had a previous ruling forbidding a railroad from controlling an air carrier, discovered the tie and determined that the railroad had put around \$22 million into the company. They then blocked Lassiter's request for the certificate and ordered the railroad to divest from EJA. Lassiter then proceeded as follows:

Since he was barred from using the larger jets for domestic operations, Lassiter leased them to International Air Bahama, a Lichtenstein corporation he had persuaded a number of foreign investors to organize, which offered cut-rate service between Nassau and Luxembourg. However, although money was being made, lease money wasn't getting back to Executive Jet. The money Lassiter raised, said Tibbets, allowed him to live like a millionaire."¹³⁸

Despite the Civil Aeronautics Board's ruling, Penn Central money continued to flow into EJA, albeit via a more convoluted route. This was reportedly made possible, according to the *New York Times*, by Lassiter arranging "dates" for the aforementioned Charles Hodge as well as David Bevan, Penn Central's CFO, so that the two men would "continue the flow of railroad funds to Executive Jet."¹³⁹ Both Hodge and Bevan were on the EJA board. The *Times* goes on to quote an official complaint, which stated: "The steady flow of Penn Central money to Executive Jet was maintained by Lassiter's procuring of young women to accompany Bevan and Hodge on various junkets in the United States and Europe."¹⁴⁰

Paul Tibbets was also quoted as saying that "A weakness for beautiful women contributed to his [Lassiter's] problems, according to more than one magazine article that appeared while EJA's difficulties were making headlines."¹⁴¹ Lassiter reportedly maintained furnished apartments in New York City and elsewhere in the US, as well as foreign cities that included Rome, where some of these women would allegedly accompany him.

In 1970, Bruce Sundlun, the attorney on the EJA board of directors who first connected the company to Penn Central, raided EJA's offices as the company began its descent. In the course of that raid, Sundlun reportedly came across "a large stack of color photographs" that showed Lassiter "in the company of various young women, all of them very pretty and amply endowed."¹⁴²

During inquiries about the collapse of Penn Central, as previously mentioned, the congressional hearings involved lines of questioning directed at Lassiter about

the procurement of women for Bevan and Hodge, which was allegedly performed by J.H. Ricciardi. Ricciardi had testified in 1968 that he had procured these women “to relieve the pressure they were exerting on Mr. Lassiter to get the company into the black.”¹⁴³ Ricciardi also sued EJA over fees he claimed were owed to him for his efforts to procure women, which Ricciardi said he did at Lassiter’s request. Lassiter denied Ricciardi’s allegations and accused Ricciardi of “blackmail.”¹⁴⁴

In addition, at those same congressional hearings that followed Penn Central’s implosion, Congressman J.W. Wright Patman (D-TX) stated that EJA’s role in the Penn Central collapse raised “most serious questions about the involvement of the commercial banking industry in the strange and far-flung operations of Executive Jet Aviation [...] Commercial banks made massive amounts of credit available to Executive Jet Aviation for what appeared to be highly questionable – if not at times illegal – activities.”¹⁴⁵

After Penn Central’s 1970 collapse, it re-emerged in 1977, not as a railroad company, but as an “energy, recreation, and real estate company.”¹⁴⁶ A year later, it was disclosed that corporate raider Saul Steinberg, mentioned in Chapters 8 and 9 and who had previously tried to acquire Robert Maxwell’s Pergamon Press, had obtained 7.9 percent of the new incarnation of Penn Central, which grew to 13 percent a year later.¹⁴⁷ Cincinnati financier Carl Lindner Jr. obtained 30 percent of the company between 1981 and 1982, which included Steinberg’s position. Lindner became chairman of Penn Central in 1983.¹⁴⁸ The broker for these trades was Drexel Burnham Lambert’s Michael Milken. Also involved was Randall Smith Jr., then at Bear Stearns who later went on to become a prominent “vulture capitalist.”¹⁴⁹

Lindner Jr. was also, at the time, intimately involved in Meshulam Riklis’ Rapid-American, which – as mentioned in Chapter 2 – contained the remnants of Lewis Rosenstiel’s business interests.¹⁵⁰ He was also seemingly connected to Jack DeVoe, the cocaine smuggler mentioned in Chapter 7, as DeVoe maintained his planes at a club and airstrip that Lindner owned.¹⁵¹ In addition, the year after Lindner became chairman of Penn Central, Lindner Jr. would be given the reins of United Brands, a company with CIA links, by Leslie Wexner’s “mentor” Max Fisher and his associates (see Chapter 13).

As for Executive Jet Aviation, it was foreclosed upon before reopening with Bruce Sundlun in charge. Paul Tibbets would return to the company around the

same time and would succeed Sundlun as president in 1976. In 1984, with Tibbets still serving as president, EJA was acquired by Richard Santulli. Previously, Santulli had served as president of Goldman Sachs' leasing division, which bought helicopters and airplanes and then leased them to companies. Santulli left in 1980 to create his own leasing company, RTS Capital Services.¹⁵² EJA became a subsidiary of RTS and was later renamed as NetJets. It was during this era of EJA that Lawrence King, of Franklin Scandal fame, became a "frequent user of EJA's service", which – as previously mentioned – brought him into close contact with EJA executives.¹⁵³

In 1993, at least two EJA pilots were recruited by Leslie Wexner's The Limited, or Lbrands. One of these pilots, Eric Black, had been an EJA pilot starting in 1988, then working for an EJA subsidiary in Miami – Executive Jet Management – transporting checks for the Federal Reserve. He returned to EJA's Columbus location in 1993, before being hired as a pilot for The Limited in August 1993. Black is now the Lead Captain for Lbrands flights.¹⁵⁴ Another pilot, Mike Crater, also joined The Limited from EJA, where he had worked since 1986, in August 1993.¹⁵⁵

1993 was a curious time in the activities of The Limited, particularly as it relates to its air freight concerns. As will be detailed in Chapter 17, in May of that year, The Limited was courted by a company called Polar Air Cargo, which sought to install itself at the Rickenbacker airstrip, once home to the Air Force Base where Lassiter had been stationed when he created Executive Jet. Polar Air Cargo, as reported by the *Columbus Dispatch*, was a joint venture of NedMark Transportation, Polaris Aircraft Leasing Corporation, and the now infamous CIA-linked airline Southern Air Transport.¹⁵⁶ At the time, more than half of Polar Air Cargo's employees had formerly worked for Flying Tiger Line, which – as noted in Chapter 5 – was tied to Anna Chennault and Robert Keith Gray. Though Polar Air Cargo's efforts would be for naught, The Limited, with direct input from Jeffrey Epstein, would be largely responsible for the relocation of Southern Air Transport to Rickenbacker in 1995.

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DOCUMENTS

UNCLASSIFIED

59

1 document at the present time, does this cause you to
2 recall that any of these matters were discussed by
3 Studley with the Director at that December 20 meeting,
4 namely the idea of creating a circular arrangement in
5 which a trading company would be established to supply
6 freedom fighter movements which Congress was unwilling to
7 support for one reason or another and that Israel would
8 sell certain things, military equipment, to the People's
9 Republic of China, who would supply the Soviet arms,
10 which would then be brokered to the freedom fighters, and
11 that Israel would be benefitted by the United States
12 through a high technology support or other compensation?

13 Do you recall anything?

14 A What's the question?

15 Q Well, the question is were the matters that I
16 have just described discussed by Studley at that meeting?

17 A To the best of my knowledge, they were not,
18 no.

19 Q Do you recall the same day as the meeting with
20 Studley that the Director called Richard Secord for a
21 meeting?

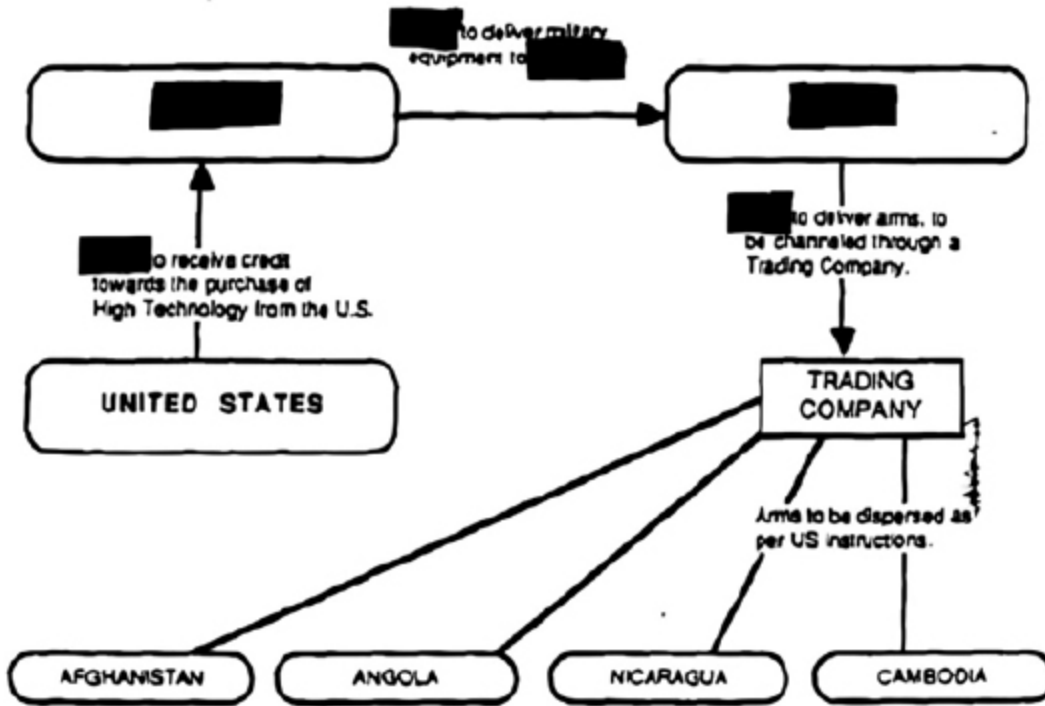
22 A No, I don't.

23 Q Let me show you a document which we've been
24 provided by the CIA, which we are informed is a summary
25 of the Director's meeting log and telephone log with

UNCLASSIFIED

Document 1: GeoMiliTech's circular trading arrangement with, the US,
Israel and China.

[https://www.google.com/books/edition/
Report of the Congressional Committees I/H8S6dlhvqp8C?hl=en](https://www.google.com/books/edition/Report_of_the_Congressional_Committees_I/H8S6dlhvqp8C?hl=en)



Document 2: Schematic of the circular trading agreement

to Europe again and was joined there by her son, MARC who resides in London. Together they went with Mr. ZUCKER and his family to the opera festival in Verona, Italy. There they were joined by ROLAND FARINA (ZUCKER's administration assistant) and his family.

Mrs. MORABIA knew that Mr. ZUCKER had an office in Bermuda but she did not know the purpose of the office. Manager of this office is EVELYN REPIQUET and she is assisted by MARCIA (last name unknown). Mrs. MORABIA said she knew that Mr. ZUCKER had various real estate deals in Florida and Texas and that possibly Ms. REPIQUET monitored these accounts. Mrs. MORABIA said she has met Ms. REPIQUET in New York on approximately five occasions but she (MORABIA) has never been to Bermuda.

In dealing with CSF Mrs. MORABIA said there was at one time a pouch system to the Trade Development Bank, Geneva, Switzerland, which at that time was an affiliate of RNB (which is owned by Mr. SAFRA). Mr. SAFRA is originally from Beirut and is part of the Sephardic (ph) Group (Jewish). Mrs. MORABIA has been to cocktail parties and dinners with the SAFRA's but has never discussed the CSF account with Mr. SAFRA. She does know that SAFRA has contact with ZUCKER in Geneva but does not know of any business between the two. She "assumes" there probably is because they both live in Geneva. Mrs. MORABIA said she has never seen any documents between ZUCKER and SAFRA.

At this time Mrs. MORABIA proceeded to relate information concerning cash transactions or making cash available. This was during a period of time from 1984 to sometime in 1986. During the latter part of 1984 or early 1985 she received a call from ZUCKER who needed funds of \$10,000 or so and wondered if she had any sources who would have the money available. She told ZUCKER that she would contact her source to see if there was a possibility of obtaining the money. Her source would then tell her whether money was available and she would then tell ZUCKER. If money was available ZUCKER would tell her where to deliver the money. As an example: Room 1202 at the Hotel Helmsley or Hotel Hilton and give the time. Sometimes ZUCKER, when he knew money was available would tell her that either ALBERT HAKIM or RICHARD SECORD would call to give her instructions. She said she has never met either gentleman. Mrs. MORABIA said that her source (who she declined to identify) would tell her when the money had been delivered and that a like amount of funds should be transferred to an account at the Trade Development Bank in Geneva named CODELIS. Mrs. MORABIA said that she participated in approximately six transactions of this type. The largest amount transferred was \$60,000 and the smallest was \$5,000. The typical transfer was about \$10,000 to \$15,000. In

Document 3: Section of the Nan Morabia FBI 302 that discusses Edmond Safra.

<https://archive.org/details/FBI302NanMorabia1/mode/1up?view=theater>

4203 ALBERT MAKIM
LEDGER

FROM 01 01 84 TO 04 12 86

A/C	NAME & DESCRIPTION	DOC NO CONTRA
560001	HYDE PARK SQUARE	(SUITE)
3 10	INT ON CALL	770801
6 10	COMMERCIAL TULIN	600901
6 10	ARTURO JOSE CRUZ PORRAS	604301
6 10	TBB GENEVE STE CORP.	606801
6 10	BANK CHARGES	640401
6 10	BANK CHARGES	640401
6 10	BANK CHARGES	640401
6 10	BANK CHARGES COMPLT	640401
6 10	BANK CHARGES COMPLT	640401
8 10	JILA H. LANKARDI	640201
8 10	CIE SERV. FID. INV ENERGY SFR 3060	600501
8 10	CIE SERV. FID. AEROLEASING SFR 874	600501
8 10	BANK CHARGES	640401
8 10	FROM CALL	5608101
10 10	INTEREST ON CALL	770801
14 10	CONSULAR	640201
14 10	BANK CHARGES	640401
14 10	REIMBURSEMENT CDF	602801
14 10	REIMBURSEMENT CDF	640401
15 10	CIE SERV. FID. REMBT CASH AH	640201
15 10	BANK CHARGES	640401
17 10	INTEREST	770801
20 10	FROM CALL	5608101
20 10	TO MEND EYTAN	604201
20 10	BANK CHARGES	640401
22 10	C.S.F. REMBT AEROLEASING SFR 3060	600501
22 10	C.S.F. REMBT PRELEVY CASH	640201
22 10	BANK CHARGES	640401
22 10	CHECK TOM GREEN	605701
22 10	BANK CHARGES	640401
27 10	WITHDRAWAL CDBs ROBERT DUTTON	640201
27 10	CIE SERV. FID. REMBT CASH A.H.	640201
27 10	BANK CHARGES	640401
27 10	SECFID REMBT SFR 703 AVION FRANCK	640201
27 10	IMPFLIN - UBB	605901
28 10	TRANSFER TO DOLBY	5603001

Document 4: An Enterprise ledger that mentions Aeroleasing.
<https://www.maryferrell.org/showDoc.html?do-cld=146470#relPage-Id=325&search=Aerole-asing>

South Ken
0207-741 6212

The Home Office
0207-273 2124

SWITZERLAND (SW)

Bristol Hotel
10 rue du Mart-Blanc
Geneva, Switzerland 1201
4122-732-3800
4122-738-9039
331-42-669-145 Paris

The Corvegla Club
010 41 8234864

The Steffani
010 41.82.22101

TRAVEL (T)

Aero Leasing
(1) 814 3700 (Zurich)
(22) 884510 (Geneva)

Air France
1-800-237-2747
0820 820 820
1023894284 frequent flier (GM)
1023994343 frequent flier number
(JE)

Air Hansen
(Helicopter)
0252-290 089
0252-890 287

American Airlines
Key Leonard
Special Services:
Vel Cushing - Gatwick
293 567783
75261 9047
800 433 7309
1-800-882-8680 AA Frequent
Flyer Dept.
340 774 6464 St T Brenda Boone
(special sev)
305 526 7110 Susan Michado Mi-
ami special se

American Express
American Express
1-800-297-6453
1-800-297-3276 Membership Re-
wards
877 677 0987x57323 Amad
Abdullah (Cent. Travel)
877 677 0987x8775 Ian Roche
(Cent. Cards)

AT&T
1-800-225-5288

British Airways
001 800 247 9297
0845 779 9977uk
91088094 Pin 9919 club number
(GM)
91859156 club member (JE)
0208-769 5511 Claire McArdle
0208-994 1860 Jilly Rutherford
718 425 5585 Roz Olivier/Special
Services
718 425 5054 Alan Jacob-
son/special services
212 452 5353 Roz home (emer-
gencies)

718 553 5585 Penelope Foy
(special services)
718 425 5585 Bernette Berry -
Spec. Rep.

Cliticar
3515 37th Avenue
Long Island City, NY 10021
718-707-9090
800-456-3548
718-361-8800 Ellen/Tackle
800-456-3548 Toll-Free Number
718-361-8834 when ph system is
down

Concord Tickets
David Gladwin
19 Main Street, Keyworth
Nottingham NG12 5AA, UK
0115 9372455 (t)
0115 9378930 (f)
612 931-0490 (Fisher) Susie Si-
mon (h)
212 298-9088 (Wilpon) Michael
Holz

Continental Airlines
001 800 525 0280
#SM147662 frequent flier number,
(GM)

Delta Airlines
001 800 323 2323
2102103435 frequent flier number
(GM)
1-800-325-1999 Flight information
number
2001009253 frequent flier number
(JE)

Delta Dash
1-800-638-7333

DHL Courier
800-225-5345

Flight Options
26160 Curtiss-Wright Parkway
Cuyahoga County Airport
Cleveland, OH 44143
877 357 1263 (w)
216 797 3325 (wf)

Flyaway
081-759 1567/2020

Frequent Flyer Clubs
Delta One Pass
001 713 952 1630
001 800 221 1212
#2102103435 frequent flier num-
ber

Garnero, Jr., Mario B.
011 55 11 9970 1020
Email:
mgarnero@brasilinvest.co
846 251 2211 (p) Europe
011 331 4720 1684 Paris

Helicopters
Jean-Jacques Abinat
Nice Helicopteres
Aéroport Nice Côte d'Azur
Terminal 1
06281
Nice, Cedex 3
04 93 21 34 32
04 93 21 35 04 (f)
Email:
nicahelicopteres@wanadoo.
06 14 356 353 (p)

Document 5: The same Aeroleasing appears in Jeffrey Epstein's black book.

U.S. Department of Justice

Civil Rights Division

WBR:DLJ:mb
BT 173-11-16

Washington, D.C. 20530

MAY 1 6 1985

William F. Weld
United States Attorney
1107 McCormack Post Office and Courthouse
Boston, Massachusetts 02108

Dear Mr. Weld:

As agreed Messrs. Manucher Ghorbanifar, Adnan Khashoggi, and Richard Armitage will broker the transaction of Promise software to Sheik Klahid bin Mahfouz for resale and general distribution as gifts in his region contingent upon the three conditions we last spoke of. Promise must have a soft arrival, no paperwork, customs, or delay. It must be equipped with the special data retrieval unit. As before, you must walk the financial aspects through Credit Suisse into National Commercial Bank. If you encounter any problems contact me directly.

Sincerely,


BRADFORD REYNOLDS
Assistant Attorney General
Civil Rights Division

Document 6: Letter to William Weld from Assistant Attorney General Bradford Reynolds detailing the sale of PROMIS for financial purposes to Sheik Klahid bin Mahfouz and how Manucher Ghorbanifar, Adnan Khashoggi and Richard Armitage were to broker the deal.

FBI

TRANSMIT VIA:

- Teletype
- Facsimile
- AIRTEL

PRECEDENCE:

- Immediate
- Priority
- Routine

CLASSIFICATION:

- TOP SECRET
- SECRET
- CONFIDENTIAL
- UNCLAS E T T O
- UNCLAS

Date 6/29/84

~~SECRET~~

TO: DIRECTOR, FBI

FROM: SAC, SAN FRANCISCO [REDACTED] (s) bl

SUBJECT: ROBERT MAXWELL, Dba Pergamon International; [REDACTED] (s) bl

OO: AQ

This entire communication is classified "SECRET." ~~SECRET~~

Re Albuquerque airtel dated 6/13/84. NR cas/Dir 8/29/84

San Francisco indices negative regarding Pergamon International and ROBERT MAXWELL. The following is that information obtained from San Francisco file regarding INFORMATION ON DEMAND, INC. [REDACTED] (s) bl

(6) [REDACTED] bl

In October, 1983, INFORMATION ON DEMAND, INC., 2112 Berkeley Way, Berkeley, California, came to the attention of the San Francisco FBI. On 10/11/83, SUE RUGGE, President, INFORMATION ON DEMAND was interviewed at her place of business. RUGGE described her company as an information and research services which provides a full range of information gatherings for a spectrum of clients worldwide for such areas as agriculture and nutrition, bibliography books, memographs, periodicals, business, economics, chemistry, current affairs, directories, education, energy, environment, foundations, grants, law, government, medicine, biosciences, patents, science and technology, social science and humanities.

- 2 - Bureau (RM)
- 2 - Albuquerque (105C-3262) (RM)
- 1 - San Francisco

Classified by: G-3 (s) bl

Declassify on: OADR

~~SECRET~~

Approved: [Signature] Transmitted _____ (Number) _____ (Time) Per [Signature] b7c

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED EXCEPT WHERE SHOWN OTHERWISE

12/13/98 9809

U.S. Government Printing Office: 1984-312-134/2-1000-1000

Document 7: Pages 13-34 of FBI investigation records of the investigation into Robert Maxwell and Information on Demand, obtained via FOIA by Bill Hamilton.

~~SECRET~~

SF [REDACTED] S
61

RUGGE advised that INFORMATION ON DEMAND's (IOD) sources include over 250 computer data bases which provide information in two main categories, research and document delivery.

According to RUGGE, all data bases that IOD has access to provide only public source information and nothing of a known or sensitively classified nature. She explained that it is a data base called the Defense Technical Center which is connected to the Department of Defense (DOD) which contains classified information, however, IOD has no password for access and further no need for access.

RUGGE advised that requests of IOD are approximately 50% business related and 40% technical and medicine related. She advised that IOD taps most publicly available computerized data bases including Lockheed's Dialog, System Development Corporation's Orbit, the New York Times Information Bank, the National Library of Medicine's MEDLARS, and the Bibliographic Retrieval Service.

Relative to research, RUGGE advised that IOD provides information to the business, technical, and professional communities, as well as to individuals. According to RUGGE, IOD can locate single facts as well as provide answers to complex questions dealing with such areas as comprehensive marketing research, custom data summaries, sophisticated literature searching, current awareness service, and global information capability.

Relative to document delivery, RUGGE advised that IOD locates photocopies or acquires published information in any form, whether they are manuals, conference papers, patents, or theses, as well as reports, catalogues, brochures, articles, etc. She advised that requests are received at IOD by telephone, mail, and electronically, and that information is sent to clients by the same means.

RUGGE advised that under the law and government heading, IOD has access to the American Statistics Index (ASI) and Congressional Information Service (CIS), the Commerce Business Daily, the Congressional Record Abstracts, the Criminal Justice Periodical Index, the Federal Index,

- 2 -

~~SECRET~~



Document 7: Pages 13-34 of FBI investigation records of the investigation into Robert Maxwell and Information on Demand, obtained via FOIA by Bill Hamilton.

SF [redacted] s bl

the Federal Register Abstracts, Labor Law, Illegal Resource Index, the National Criminal Justice Reference Service (NCJRS), the State Publications Index, the U. S. Government Contact Awards (USGCA), and Votes.


According to RUGGE, the [redacted] (S) has been a client of IOD for at least ten years and it would be impossible to recall all the information requested by them, except for the last year, as records are not kept beyond that period. RUGGE advised she does not know if any of the requests of the [redacted]

(S) [redacted] RUGGE expressed a genuine willingness to cooperate with the FBI and offered to provide the FBI all information available to her relative to requests (S) made by the [redacted] during the last year. (S) Additionally she advised that if for some reason a future request by the [redacted] was deemed inappropriate by the Bureau, she would refuse to fill that order. RUGGE advised she would prefer to continue business with the [redacted]

[redacted]

RUGGE presented a representative sampling most recent request from the [redacted] (S)

[redacted] (S)



Document 7: Pages 13-34 of FBI investigation records of the investigation into Robert Maxwell and Information on Demand, obtained via FOIA by Bill Hamilton.

~~SECRET~~

UNITED STATES GOVERNMENT

memorandum

Fels

DATE: 6/26/84

REPLY TO ATTENTION: SAC, NEWARK [redacted] (RUC) [redacted] (S)

SUBJECT: ROBERT MAXWELL, --
dba Pergamon Int'l.
[redacted] (S) b1
TO: (OO: ALBUQUERQUE)

DIRECTOR, FBI

This communication is classified "~~SECRET~~" in its entirety.

Re: Albuquerque airtel to the Bureau, 6/13/84.

Newark indices negative regarding "Information on Demand" PERGAMON INT'L. There are numerous references to ROBERT MAXWELL, especially with middle initials however, no identification can be made without additional data.

Additionally, New Jersey county telephone directories covering a 100 mile radius of New York City were reviewed for PERGAMON INT'L with negative results.

~~SECRET~~

Classified by: 3366
Declassify on: OADR

~~4755~~
~~DE-179~~

[redacted] (S) 2
4/5/8

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
EXCEPT WHERE SHOWN
OTHERWISE

12 JUN 29 1984

2-Bureau
2-Albuquerque (105C-3262) (u)
1-Newark

DECLASSIFIED BY: [redacted]
DECLASSIFY ON: X

Classified by: [redacted]

OPTIONAL FORM NO. 10
(REV. 1-60)
GSA FPMR (41 CFR) 101-11.6

market and information on demand, obtained via GPS by smartphone.

FBI

TRANSMIT VIA:

- Teletype
- Facsimile
- AIRTEL

PRECEDENCE:

- Immediate
- Priority
- Routine

CLASSIFICATION:

- TOP SECRET
- SECRET
- CONFIDENTIAL
- UNCLAS E F T O
- UNCLAS

Date 6/13/84

~~SECRET~~

TO: DIRECTOR, FBI

FROM: SAC, ALBUQUERQUE (105C-3262) P (X)(u)

SUBJECT: ROBERT MAXWELL
 dba Pergamon International
 [REDACTED] b1
 OO: Albuquerque (s)

This communication is classified "Secret" in its entirety.

The following information was provided by [REDACTED] and [REDACTED] both of whom work at Sandia National Laboratories, Albuquerque, New Mexico, in the area of Technology Transfer. These individuals provided the information on June 1, 1984. (S)(u)

They stated there is a firm known as Information on Demand, Inc., located at 2112 Berkeley Way, Berkeley, California. (S)(u)

Classified by G-3
 Declassify on: OADR

- 2 - Bureau
- 2 - New York
- 2 - Newark
- 2 - San Francisco
- 2 - Albuquerque

DE-243

CLASSIFIED BY: [REDACTED] 7/26
 REASON: 1.5
 DECLASSIFY ON: X (1)
 P. 2 marked all: 9994
 OADR code 9994

Approved: [Signature]

Transmitted (Number) (Time)

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED

Classified by [REDACTED]
Declassify on: OADR

~~SECRET~~

11 70 144-51, 111 01, 45-411 02 11

SECRET

b1

AQ [105C-3262] (XU)

C.H.F.

94704, with Telephones (415) 644-4500 and (800) 227-0750. The president of this firm is a woman known as SUE RUGGE. The nature of this firm is that it is a firm which has compiled data base information and for a fee will provide them to customers. The data base information relates to a wide variety and to the best of their knowledge is not classified in any manner. However, it includes information concerning government and various available means of tapping government information data bases. The information provided by the Sandia employees was received from employees of the National Security Agency (NSA) and has to do with the purchase of Information On Demand, Inc., by one ROBERT MAXWELL, the owner of Pergamon International, a British information firm. According to NSA,

[REDACTED]

(S) b1 b3 per NSA

The information received from these Sandia employees is

[REDACTED]

computerized data bases on behalf of the Soviets.

b1 b3 per NSA

Albuquerque indices are negative regarding Pergamon International, ROBERT MAXWELL, Information On Demand, Inc.

[REDACTED]

b7C

According to the Sandia employees, there is a New Jersey Pergamon International Office; however, they did not know where it was located.

LEADS

NEW YORK CITY DIVISION

AT NEW YORK CITY, NEW YORK

Search indices regarding Pergamon International, ROBERT MAXWELL, Information On Demand, Inc. [REDACTED]

b7C

NEWARK DIVISION

AT NEWARK, NEW JERSEY

Will check indices as set forth for New York Office.

~~SECRET~~

[REDACTED] (S)

b1

[Handwritten mark]

143

[Handwritten mark]

1 2

7/19/84

~~SECRET~~

ROUTINE

*F143ERR SF AQ8DE HQ H0143 *H04SR 192033Z JUL 84
FM DIRECTOR FBI
TO FBI ALBUQUERQUE [105C-3262] ^(u) ROUTINE
FBI SAN FRANCISCO ROUTINE

BT

SECRET

ROBERT MAXWELL DBA PERGAMON INTERNATIONAL; [REDACTED] OO: ALBUQUERQUE

THIS COMMUNICATION IS CLASSIFIED "SECRET" IN ITS ENTIRETY.

RE ALBUQUERQUE AIRTEL TO FBIHQ JUNE 13, 1984.

SF DIVISION CONDUCTED A [REDACTED] ^(S) b1

ON DEMAND INC., 2112 BERKELEY WAY, BERKELEY, CALIFORNIA, FROM

[REDACTED] WHEN IT WAS PLACED IN A

CLOSED STATUS. ^(S) b1

SF PROVIDED PERTINENT INFORMATION REGARDING INVESTIGATION
OF INFORMATION ON DEMAND INC. TO ALBUQUERQUE VIA SF AIRTEL DATED
JUNE 29, 1984.

[Vertical handwritten notes:]
CLASSIFIED BY [REDACTED]
ON 1-5 (E)
DECLASSIFY ON: X-1
[Handwritten:] Search and report to [REDACTED] per [REDACTED]

[REDACTED] b1

[Handwritten mark]

FDW: [REDACTED] (2) 7/19/84 4425/5 4587

[REDACTED] b1

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
EXCEPT WHERE SHOWN
OTHERWISE

46 SEP 26 1984
Classified by [REDACTED]
Declassify on: OADR

0358 [REDACTED]

[REDACTED]

~~SECRET~~

maxwell and information on Demand, obtained via FOIA by Bill Hamilton.

PAGE THREE

~~SECRET~~ [REDACTED] b1

NOTE:

ALBUQUERQUE DIVISION RECEIVED INFORMATION FROM TWO EMPLOYEES OF SANDIA NATIONAL LABORATORIES OF ALBUQUERQUE, N.M., THAT A COMPANY NAMED INFORMATION ON DEMAND HAD BEEN PURCHASED BY A ROBERT MAXWELL, OWNER OF PERGAMON INTERNATIONAL, A BRITISH INFORMATION FIRM. THE TWO EMPLOYEES ADVISED THEY HAD LEARNED FROM NSA [REDACTED]

(S) ALBUQUERQUE IS PROVIDED WITH RESULTS OF INDICES SEARCH.

b1 b3
per NSA

~~SECRET~~ [REDACTED] b1 (S)

(S)

Document 7: Pages 13-34 of FBI investigation records of the investigation into Robert Maxwell and Information on Demand, obtained via FOIA by Bill Hamilton.

FBI

TRANSMIT VIA:

- Teletype
- Facsimile
- Airtel

PRECEDENCE:

- Immediate
- Priority
- Routine

CLASSIFICATION:

- TOP SECRET
- SECRET
- CONFIDENTIAL
- UNCLAS E F T O
- UNCLAS

Date 8/9/84

TO: DIRECTOR, FBI

FROM: ADIC, NEW YORK [redacted] (RUC) [redacted] (s) bj

SUBJECT: ROBERT MAXWELL dba
 PERGAMON INTERNATIONAL
 [redacted] (s) b1
 (OO:AQ)

This communication is classified "~~Secret~~" in its entirety.
 [redacted] s)

ReAQairtel, dated 6/13/84. b1

The NYO indices contains no record identifiable with Pergamon International, ROBERT MAXWELL, Information on Demand, Inc., based upon available information.

b7c This case is being placed in an RUC status.

1-4125
 2- Bureau (RM)
 2- Albuquerque (105C-3262) (RM)
 1- New York

[redacted] b7c

(s) b1 [redacted] 5

ALL INFORMATION CONTAINED
 HEREIN IS UNCLASSIFIED
 EXCEPT WHERE SHOWN
 OTHERWISE

Approved: LFF/R

Transmitted _____ Per _____
(Number) (Time)

AUG 11 1984

Classified by 9102 [redacted]

[redacted] b7c

Maxwell and Information on Demand, obtained via FOIA by Bill Hamilton.

FBI

TRANSMIT VIA:

- Teletype
- Facsimile
- AIRTEL

PRECEDENCE:

- Immediate
- Priority
- Routine

CLASSIFICATION:

- TOP SECRET
- SECRET
- CONFIDENTIAL
- UNCLAS E F T O
- UNCLAS

Date 8/14/84

~~SECRET~~ [redacted] (s)

~~SECRET~~

TO: DIRECTOR, FBI

FROM: SAC, ALBUQUERQUE [(105C-3262)] C

SUBJECT: ROBERT MAXWELL
 dba Perception International
 [redacted] b1
 OO: Albuquerque

This communication is classified "Secret" in its entirety.

ReButel, dated 7/19/84.

[Large redacted block]

On 8/13/84, [redacted] Sandia National Laboratories, Albuquerque, NM, one of the individuals who originally brought this information to the attention of the FBI, and the fact that NSA might wish to establish liaison with the Bureau in this matter, indicated that he had no further word from NSA.

~~SECRET~~

Classified by G-3
 Declassify on OADR

1-11/25
 ② - Bureau
 1 - Albuquerque

CLASSIFIED BY: [redacted]
 1-15-84

Approved: *[Signature]* Transmitted [redacted] (Time) Per [redacted]

~~SECRET~~ [redacted] (s)

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED

Maxwell and Information on Demand, obtained via FOIA by Bill Hamilton.

~~SECRET~~

b1

AQ [105C-3262] (u)

b1 b3
per NSA

[REDACTED] appeared to be rather non-specific and (c)(s)
at this point there was no indication that it was current information.
It was the speculation shown during the course of the conversation
that this might be dated information which relates to the data
furnished by FBIHQ concerning [REDACTED]

Until such time as NSA re-establishes contact and expresses
further interest in this matter, Albuquerque is taking no further
action and this matter is being placed in a closed status. (u)

The personnel at Sandia National Laboratories were told
that if NSA has a desire to establish contact with the FBI in this
matter, a logical step would be to contact FBIHQ and pursue it through
that channel. There is a chance they will come to Albuquerque in
September and possibly they may be in touch with FBI, Albuquerque.
If this occurs, FBIHQ will be apprised of any pertinent data received. (u)

2

~~SECRET~~

PAGE TWO DE HQ 0143 ~~SECRET~~

[REDACTED]

(u) b1

C BY: ~~SECRET~~ DECL: OADR

BT

Document 7: Pages 13-34 of FBI investigation records of the investigation into Robert Maxwell and Information on Demand, obtained via FOIA by Bill Hamilton.

~~SECRET~~

AQ [105C-3262] (u)

SAN FRANCISCO DIVISION

AT SAN FRANCISCO, CALIFORNIA

Will search indices as set forth for New York Office.

REQUEST OF THE BUREAU

Requested to search indices regarding the firms and individuals as set forth in the New York lead.

~~SECRET~~

Document 7: Pages 13-34 of FBI investigation records of the investigation into Robert Maxwell and Information on Demand, obtained via FOIA by Bill Hamilton.

Document 7: Pages 13-34 of FBI investigation records of the investigation into Robert Maxwell and Information on Demand, obtained via FOIA by Bill Hamilton.

FEDERAL BUREAU OF INVESTIGATION
Records/Operations Sections

June 29, 1984

- Name Searching Unit, 4543, TLF 115
- Service Unit, 4854, TLF 225
- Special File Room, 5991, TLF 122
- Forward to File Review, 5447, TLF 143
- Attention [Redacted]
- Return to [Redacted]
Supervisor, Room, TLF, Ext.

- Type of Search Requested: (Check One)
- Restricted Search (Active Index - 5 & 20)
 - Restricted Search (Active & Inactive Index - 5 & 30)
 - Unrestricted (Active & Inactive Index)

- Special Instructions: (Check One)
- All References (Security & Criminal)
 - Security Search
 - Criminal Search
 - Main _____ References Only
 - Exact Name Only (On the Nose)
 - Buildup Variations
 - Restricted to Locality of (U)

Subject [Redacted]
 Birthdate [Redacted] Place [Redacted]
 Address _____
 Localities _____

R# _____ Date 6/25 Searcher Initials RTP
 Prod. _____

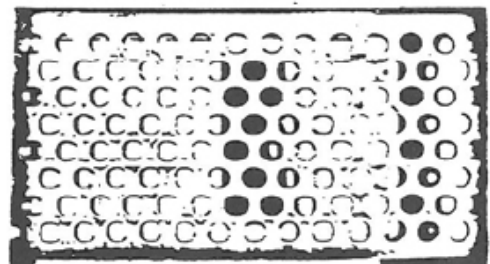
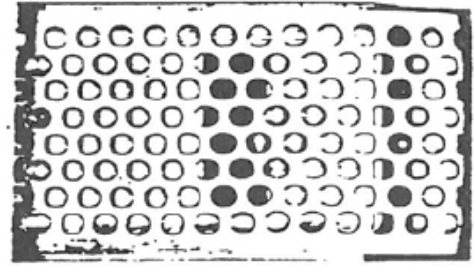
FILE NUMBER	SERIAL
<u>[Redacted]</u>	<u>(S)</u>
<u>[Redacted]</u>	<u>(U)</u>

CA # 75-384
 DECLASSIFIED BY [Redacted]
 ON 2/7/96

309983
 ALL INFORMATION CONTAINED
 HEREIN IS UNCLASSIFIED
 DATE 12/13/93 BY 990

~~ALL INFORMATION CONTAINED
 HEREIN IS UNCLASSIFIED
 EXCEPT WHERE SHOWN
 OTHERWISE~~

10/21/03
 Classified by 9908
 Declassify on: OADR



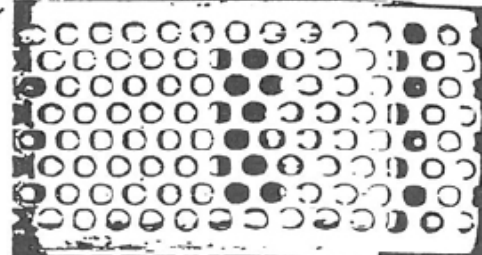
Document 7: Pages 13-34 of FBI investigation records of the investigation into Robert Maxwell and Information on Demand, obtained via FOIA by Bill Hamilton.

FEDERAL BUREAU OF INVESTIGATION
Records/Operations Sections

19

- Name Searching Unit, 4543, TLF 115
- Service Unit 4854, TLF 225
- Special File Room, 5991, TLF 122
- Forward to File Review, 5447, TLF 1
- Attention [REDACTED]
- Return to [REDACTED] 4425 242
Supervisor, Room, TLF, Ext.

SECRET, b7c



- Type of Search Requested: (Check One)
- Restricted Search (Active Index - 5 & 20)
 - Restricted Search (Active & Inactive Index - 5 & 30)
 - Unrestricted (Active & Inactive Index)

- Special Instructions: (Check One)
- All References (Security & Criminal)
 - Security Search
 - Criminal Search
 - Main _____ References Only
 - Exact Name Only (On the Nose)
 - Buildup Variations
 - Restricted to Locality of _____

X(U)

Subject _____
Birthdate _____
Address _____

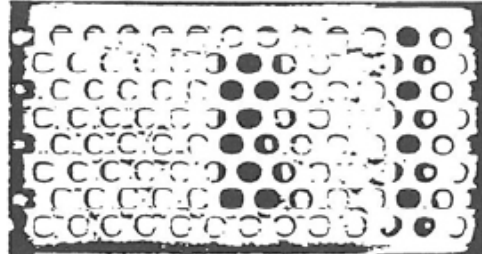
b7c

Localities _____
R# _____ Date 6/25 Searcher Initials RJD
Prod. _____

FILE NUMBER	SERIAL
NR	

75-255x
DECLASSIFIED BY [REDACTED] b7c
ON 12/21/90

391983
ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 12/10/92 BY [REDACTED] b7c



ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
EXCEPT WHERE SHOWN
OTHERWISE

12/21/93
Classified by [REDACTED]
Declassify on OADR
SECRET

Document 7: Pages 13-34 of FBI investigation records of the investigation into Robert Maxwell and Information on Demand, obtained via FOIA by Bill Hamilton.

~~SECRET~~

SF [redacted] - s b1

[redacted]

b1
s

San Francisco taking no further action.

~~SECRET~~

SF [redacted] (s) b1

[redacted] (s)
b2 On 1/21/84, [redacted] advised that the
[redacted]
[redacted]
[redacted]
[redacted]
[redacted]
[redacted]
[redacted]
[redacted]
[redacted]

b1
(s)

~~SECRET~~

Document 7: Pages 13-34 of FBI investigation records of the investigation into Robert Maxwell and Information on Demand, obtained via FOIA by Bill Hamilton.

XXXXXX
XXXXXX
XXXXXX

FEDERAL BUREAU OF INVESTIGATION
FOIPA DELETED PAGE INFORMATION SHEET

2 Page(s) withheld entirely at this location in the file. One or more of the following statements, where indicated, explain this deletion.

Deletions were made pursuant to the exemptions indicated below with no segregable material available for release to you.

Section 552

Section 552a

(b)(1)

(b)(7)(A)

(d)(5)

(b)(2)

(b)(7)(B)

(j)(2)

(b)(3)

(b)(7)(C)

(k)(1)

(b)(7)(D)

(k)(2)

(b)(7)(E)

(k)(3)

(b)(7)(F)

(k)(4)

(b)(4)

(b)(8)

(k)(5)

(b)(5)

(b)(9)

(k)(6)

(b)(6)

(k)(7)

Information pertained only to a third party with no reference to you or the subject of your request.

Information pertained only to a third party. Your name is listed in the title only.

Documents originated with another Government agency(ies). These documents were referred to that agency(ies) for review and direct response to you.

_____ Pages contain information furnished by another Government agency(ies). You will be advised by the FBI as to the releasability of this information following our consultation with the other agency(ies).

_____ Page(s) withheld for the following reason(s): _____

For your information: _____

The following number is to be used for reference regarding these pages:

163 B - HQ - 1002741 - 1

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XXXXXX
XXXXXX

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X NO DUPLICATION FEE X
X FOR THIS PAGE X
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Document 7: Pages 13-34 of FBI investigation records of the investigation into Robert Maxwell and Information on Demand, obtained via FOIA by Bill Hamilton.

XXXXXX
XXXXXX
XXXXXX

FEDERAL BUREAU OF INVESTIGATION
FOIPA DELETED PAGE INFORMATION SHEET

Page(s) withheld entirely at this location in the file. One or more of the following statements, where indicated, explain this deletion.

- Deletions were made pursuant to the exemptions indicated below with no segregable material available for release to you.

Section 552

Section 552a

(b)(1)

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(b)(3)

(b)(7)(C)

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(b)(7)(D)

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(b)(7)(E)

(k)(3)

(b)(7)(F)

(k)(4)

(b)(4)

(b)(8)

(k)(5)

(b)(5)

(b)(9)

(k)(6)

(b)(6)

(k)(7)

- Information pertained only to a third party with no reference to you or the subject of your request.
- Information pertained only to a third party. Your name is listed in the title only.
- Documents originated with another Government agency(ies). These documents were referred to that agency(ies) for review and direct response to you.

Pages contain information furnished by another Government agency(ies). You will be advised by the FBI as to the releasability of this information following our consultation with the other agency(ies).

Page(s) withheld for the following reason(s):

- For your information: Serial 2 was missing from all files
if/when it is found it will be forwarded to you

- The following number is to be used for reference regarding these pages:

163 B - HQ - 100 2741 - 2

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XXXXXX

XXXXXXXXXXXXXXXXXXXXXXXXX
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X NO DUPLICATION FEE X
X FOR THIS PAGE X
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Document 7: Pages 13-34 of FBI investigation records of the investigation into Robert Maxwell and Information on Demand, obtained via FOIA by Bill Hamilton.

XXXXXX
XXXXXX
XXXXXX

FEDERAL BUREAU OF INVESTIGATION
FOIPA DELETED PAGE INFORMATION SHEET

28 Page(s) withheld entirely at this location in the file. One or more of the following statements, where indicated, explain this deletion.

Deletions were made pursuant to the exemptions indicated below with no segregable material available for release to you.

Section 552

Section 552a

(b)(1)

(b)(7)(A)

(d)(5)

(b)(2)

(b)(7)(B)

(j)(2)

(b)(3)

(b)(7)(C)

(k)(1)

_____ (b)(7)(D)

(b)(7)(D)

(k)(2)

_____ (b)(7)(E)

(b)(7)(E)

(k)(3)

_____ (b)(7)(F)

(b)(7)(F)

(k)(4)

(b)(4)

(b)(8)

(k)(5)

(b)(5)

(b)(9)

(k)(6)

(b)(6)

(k)(7)

Information pertained only to a third party with no reference to you or the subject of your request.

Information pertained only to a third party. Your name is listed in the title only.

Documents originated with another Government agency(ies). These documents were referred to that agency(ies) for review and direct response to you.

_____ Pages contain information furnished by another Government agency(ies). You will be advised by the FBI as to the releasability of this information following our consultation with the other agency(ies).

_____ Page(s) withheld for the following reason(s): _____

For your information: _____

The following number is to be used for reference regarding these pages:

163 B - HQ - 1002741 - 3

XXXXXX
XXXXXX
XXXXXX

XXXXXXXXXXXXXXXXXXXXXXXXX
X DELETED PAGE(S) X
X NO DUPLICATION FEE X
X FOR THIS PAGE X
XXXXXXXXXXXXXXXXXXXXXXXXX

Document 7: Pages 13-34 of FBI investigation records of the investigation into Robert Maxwell and Information on Demand, obtained via FOIA by Bill Hamilton.



~~SECRET~~

Federal Bureau of Investigation

204 07

~~SECRET~~

Washington, D.C. 20535

SECRET
R.C.C. [Handwritten initials]

~~ROBERT MAXWELL~~

Captioned individual, who you advised was born October 6, 1923, may be identical to Ian Robert Maxwell, born June 10, 1923, in Czechoslovakia, who was the subject of a security investigation by the FBI from 1953 - 1961. Attached are eight memoranda and ten reports concerning this investigation. (U) 105-25063

Maxwell was the President of the "Pergamon Press," which had its headquarters in London, England. There is attached a report and memorandum concerning "Pergamon Press." (U) 65-67359

In addition, in 1974 information was received that Robert Maxwell was one of the defendants in a civil suit against Leasco Data Processing Equipment Corporation. Attached is a copy of an indictment, newspaper article and a memorandum concerning this matter. (U) 143-3874

The central files at FBI Headquarters, the records of the Identification Division and appropriate computer data bases contain no additional pertinent information identifiable with the captioned individual based upon background information furnished in connection with this name check request. (U)

Enclosures 23

~~SECRET~~ MATERIAL ATTACHED

Classified by: 762
Declassify on: OADR

62-5-68126

DECLASSIFIED BY 2008
ON 08-08-08
67C

105-25063

Exec AD Adm	
Exec AD Inv	
Exec AD LES	
Asst Dir:	
Adm Servs	1 - [Redacted] Room 4371
Crim Inv	1 - [Redacted]
Ident	1 - [Redacted]
Intell	1 - [Redacted]
Lab	
Legal Coun	
Off Cong & Public Affs	
Rec Mgmt	
Tech Servs	
Training	
Off Liaison	
Director's Sec'y	

ENCLOSURE

~~SECRET~~

NOV 21 1988

NOTE: Per request from Arthur B. Culvahouse, Jr., Counsel to the President, at the White House. (SP)

SEE REVERSE SIDE FOR ADD. DISSEMINATION.

~~SECRET~~

DELIVERED TO LIAISON DATE 11-2-88

Bicentennial of the United States Constitution (1787-1987)

MAIL ROOM [Handwritten initials]

maxwell and information on Demand, obtained via FOIA by Bill Hamilton.

A Partnership Including
Professional Corporations
1850 K Street, N.W.
Washington, DC 20004-2296
202-887-8000
Facsimile 202-778-8067

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Charles R. Wark
Attorney at Law
202-778-8030

March 14, 1994

John C. Dwyer, Esq.
Assistant Associate Attorney General
U.S. Department of Justice
10th Street and Constitution Avenue, N.W.
Washington, D.C. 20530

Dear Mr. Dwyer:

This is a follow-up letter to the meeting at my office on Tuesday morning, March 1, 1994 between my clients, William and Nancy Hamilton of INSLAW, myself, Mr. Stephen Zipperstein, First Assistant U.S. Attorney for Los Angeles, FBI Special Agent Scott Erskine, and my co-counsel, Michael Friedlander and Philip Kellogg.

You explained at the outset of the meeting that Messrs. Zipperstein and Erskine are reviewing the death of investigative journalist, Danny Casolaro, as part of the Justice Department's review of the June 1993 investigative report on INSLAW by its Special Counsel, Nicholas J. Bua.

We regard as significant the confirmation from Special Agent Erskine during the meeting that a maid at the Sheraton Hotel in Martinsburg, West Virginia, had seen a man leave Mr. Casolaro's hotel room the Saturday morning of the death. According to Special Agent Erskine, the local police took a statement from the hotel maid in which she gave an eyewitness description of the man she saw leaving the room.

It is our understanding that the description is as follows:

A male in his 30's, with an excellent sun tan, wearing a fashionable tee-shirt, dark slacks, and deck shoes.

We recall press accounts of Mr. Casolaro's death, which describe him waiting in the hotel bar on Thursday evening for a dark-skinned man. Could that have been the same man whom the

Document 8: A letter from Inslaw Inc.'s lawyer Charles Work to Assistant Associate Attorney General John C. Dwyer regarding the circumstances around the death of journalist Danny Casolaro, March 1994.

John C. Dwyer, Esq.
March 14, 1994
Page 2

maid saw leaving Mr. Casolaro's room Saturday morning and whom she describes as having "an excellent sun tan"?

I will now deal with the answers to the several requests to INSLAW for information that were made during the meeting.

Mr. Zipperstein raised the question of whether any of INSLAW's confidential sources have alleged that Mr. Casolaro was drugged before he was allegedly murdered. As Mr. Hamilton replied, INSLAW was told by one confidential source that a drug known as ethyl alcohol absolut was administered to Mr. Casolaro before he was allegedly killed. This source told INSLAW that the drug was administered by injection into the area just above Mr. Casolaro's spine in order to deaden the nerves below his head. INSLAW was also told that the inventory lot number for the drug administered to Mr. Casolaro was 6810-00-242-3645 and the composition code was ACS-C2-H50H-FW-46 IGL SA-C-11-84.

A forensic pathologist, Dr. Kit Green, who worked at the CIA for 18 years, claims that the alleged inventory lot number indicates that the drug came from a U.S. Army inventory. Dr. Green's address is 1409 Cedar Bend, Bloomfield Hills, MI 48013.

Attachment A is a copy of the 27-page computer printout labelled "Criminal Division Vendor List." A procurement official for the Justice Department, in response to a question from a fact checker for a national magazine, acknowledged that this list is from the Criminal Division and that a special security clearance is normally required to gain access to it. Upon information and belief, this is a list of commercial organizations that serve as "cutouts" for the Justice Department's own covert intelligence agency, i.e., for the Criminal Division's Office of Special Investigations (OSI). As noted in the February 14, 1994 Addendum, a preliminary analysis has produced information consistent with these claims.

Attachment B is a set of documents relating to Mr. George Pender. Mr. Casolaro had described Mr. Pender to my client as a Los Angeles businessman to whom both Earl Brian and Peter Videnieks effectively reported in connection with the dissemination of stolen copies of the PROMIS software to intelligence entities. As Mr. Hamilton explained during the meeting, Mr. Casolaro, in the final several weeks of his life, confirmed to Mr. Hamilton that he was planning to visit a sensitive facility in Washington, D.C. that Mr. Casolaro said was associated with Mr. Pender. Mr. Hamilton had conveyed to Mr. Casolaro a warning from Mr. Charles Hayes not to visit the facility in question because it could result in Mr. Casolaro's death. According to INSLAW sources, the facility in question

Document 8: A letter from Inslaw Inc.'s lawyer Charles Work to Assistant Associate Attorney General John C. Dwyer regarding the circumstances around the death of journalist Danny Casolaro, March 1994.

John C. Dwyer, Esq.
March 14, 1994
Page 3

is a four story townhouse on Jackson Place just behind Blair House that was used for White House "dirty tricks" during the Reagan and Bush Administrations, that was staffed by ex-CIA employees and that was equipped with computer equipment and crypto communications devices used to access very sensitive U.S. Government intelligence, law enforcement and national security databases on American citizens.

At Mr. Zipperstein's request, INSLAW agreed to make additional inquiries about whether any of its confidential sources, in the Justice Department, U.S. intelligence agencies or elsewhere, would agree to speak with Mr. Zipperstein about anything they claim to know about Mr. Casolaro's death.

We are, of course, aware that Mr. Zipperstein served one or more tours of duty in the Justice Department's Criminal Division. You know from our meeting with you on December 16, 1993 and from earlier written submissions about the INSLAW case, how concerned we are about having any career Criminal Division lawyer included in any sensitive aspect of the Justice Department's review of the INSLAW affair.

We have explained more than once that most of our sources refuse to believe that the Justice Department can effectively investigate itself. It is even more difficult to persuade our sources to meet with an attorney who was recently part of the Criminal Division, which, we have been told, was the nerve center for the malfeasance against INSLAW.

It would help us to persuade our sources to come forward if we knew more about Mr. Zipperstein's service in the Department, and if we could argue that his contacts with persons involved in the INSLAW matter were relatively minimal. The following information would be helpful: (1) What were the dates and associated duties of the various periods of Mr. Zipperstein's service in the Justice Department's Criminal Division; (2) What are the dates and associated duties of the various periods of Mr. Zipperstein's service in the U.S. Attorney's Office for Los Angeles; (3) What involvement, if any, has Mr. Zipperstein had with the Criminal Division's Office of Special Investigations (OSI) in general or Mr. Neil Sher, in particular; (4) What involvement, if any, has Mr. Zipperstein had with the Justice Command Center; (5) What involvement, if any, has Mr. Zipperstein had with the Justice Department's Office of Security and Emergency Planning or Mr. D. Jerry Rubino; (6) What involvement, if any, has Mr. Zipperstein had with either the PROMIS software, the INSLAW affair, or any investigation by the Justice Department or an external agency into any aspect of the INSLAW affair; (7) What

Document 8: A letter from Inslaw Inc's lawyer Charles Work to Assistant Associate Attorney General John C. Dwyer regarding the circumstances around the death of journalist Danny Casolaro. March 1994.

John C. Dwyer, Esq.
March 14, 1994
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involvement, if any, has Mr. Zipperstein had with either of two former top Criminal Division officials from California, D. Lowell Jensen and Stephen Trott; (8) What involvement, if any, has Mr. Zipperstein had with the pending criminal investigation by his U.S. Attorney's Office in Los Angeles of Earl W. Brian and Financial News Network (FNN) for possible securities fraud; and (9) In light of the claim by some of INSLAW's sources, that disclosure of information to unauthorized persons could subject them to penalties, what security clearances are currently held by Mr. Zipperstein, FBI Special Agent Erskine, and yourself?

One point requires clarification. During the meeting, FBI Agent Erskine read from the notes that he had been taking during the meeting. As Mr. Hamilton pointed out to FBI Agent Erskine, the notes significantly misconstrued Mr. Hamilton's statements about Mr. Casolaro during the meeting. FBI Agent Erskine's notes quoted Mr. Hamilton as stating during the meeting that Mr. Casolaro had been "embarrassed" by his inability to develop evidence during the initial several months of the investigation. What Mr. Hamilton had, in fact, said, was that Mr. Casolaro appeared to have a fairly healthy psyche because he was not embarrassed to admit his frustrations about obtaining evidence during the initial few months of his investigation that began in August 1990. As Mr. Hamilton stated, Mr. Casolaro was as comfortable talking about the problems of the investigation as he was talking about the eventual successes of his investigation.

Finally, since our meeting of March 1, 1994, Mr. Richardson received a letter from you dated March 7, 1994. In that letter you requested copies of the following documents:

- (1) "[A] document published by the same Underseas Systems Center in 1987 that revealed that its PROMIS is not only operating at the land-based 'test facility' in Newport, but is also operational on board both attack class and 'boomer' class submarines." [Addendum, p. 8.]
- (2) "Justice Department documents that INSLAW obtained years later in litigation discovery suggest[ing] that Vaveris actually assisted Videnieks in perpetrating the sham dispute." [Addendum, p. 7.]

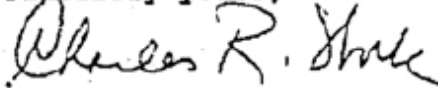
Attachments C and D are in response to the aforementioned requests.

Document 8: A letter from Inslaw Inc.'s lawyer Charles Work to Assistant Associate Attorney General John C. Dwyer regarding the circumstances around the death of journalist Danny Casolaro, March 1994.

John C. Dwyer, Esq.
March 14, 1994
Page 5

If we can be of any further assistance, please do not
hesitate to call.

Sincerely yours,



Charles R. Work

CRW/ps

Enclosures

cc: Stephen Zipperstein, Esq., First Assistant, U.S.
Attorney's Office for Los Angeles
Mr. Scott A. Erskine, FBI Supervisory Special Agent
Philip L. Kellogg, Esq.
Michael E. Friedlander, Esq.

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Document 8: A letter from Inslaw Inc.'s lawyer Charles Work to Assistant Associate Attorney General John C. Dwyer regarding the circumstances around the death of journalist Danny Casolaro, March 1994.

D/A Registry
83-4162



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International
Information
Corporation

September 6, 1983

Executive Registry
83-4435

Director of Central Intelligence
Central Intelligence Agency
Washington, DC 20505

Sir:

Pergamon International Information Corporation is an electronic publishing company with a special interest in computerized patent information. We are exclusive North American representatives for the International Patent Documentation Center in Vienna Austria (INPADOC). INPADOC was founded jointly by the Austrian government and the World Intellectual Property Organization, a specialized agency of the United Nations, to serve as a central authority for the collection and dissemination of official patent information from around the world. At present, patent documents from over fifty national and regional patent offices are represented in the INPADOC files.

Because national patent laws require complete disclosure of the inventor's research, patent information represents the state of the art in any technology and is perhaps the most sensitive indicator of technical and scientific developments trends around the world. Information from the INPADOC files can tell you when and where such development are taking place and who or what organizations are responsible. Studies by the U.S. Patent and Trademark Office and others have determined that 80-90 per cent of the informaton disclosed in patents is not published in any other scientific or technical literature.

A number of special features make the INPADOC files particularly useful as an information resource. For example, titles of patents from Japan, the Soviet Union and most Eastern bloc countries are translated into English. Furthermore, INPADOC is unique in its comprehensive coverage of Eastern bloc and third world countries. Coverage for most of these countries dates from 1973.

This information can be supplied to the CIA in whole or in part, and in any one of several formats, e.g., online, magnetic tapes or microfiche. We would be pleased to meet with

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contained less than half as many names as the list he provided during the committee's subsequent investigation. In its December report on Casey, the committee said that Casey told them he had mistakenly supplied a list of only his clients for the previous two years which he had already supplied to the Office of Government Ethics, though the Committee's questionnaire calls for clients of the previous five years. Casey's original list, and the revised list follow:

Original Client List

Diamond Distributors, Inc.
Bear, Stearns & Co.
Capital Cities Communications
Est. of Jos. E. Ridder, Dec'd
Charles Atwood
Cox & Company
John Foglia Sr.
Kephart Communications Inc.
Environmental Research & Technology
Fidelity Management & Research
Anthony G. A. Fisher
Sidney Colen
Jeremiah Burns, Inc.
Resource Asia
Parr Meadows Racing Association Inc.
Robert Ross
Litco Corp. of New York
Long Island Trust Co.
Promenade Magazines, Inc.
Dr. Irving I. Dardik
Mitchell P. Kobelinski
Fitch Investors Service, Inc.
Armor Products Inc.
Jack Farber
Lauraine G. Smith
Nassau County
King Kullen Grocery Stores
Energy Transition Corp.
Andrew Duell
Milton Zipper
Saudi American Lines Company
The Institute for Economic Affairs
Cladding Corp.

Grading Corp.
The Wachenhut Corporation
Philip J. Sagona
Housatonic Valley Paper Co.
Servo Corporation of America
Semiconductor Specialists Inc.
S.G. Warburg & Co. Ltd.
Korvettes Inc.
Edward Swanson

Document 10: List of William Casey's legal clients from 1976 until his appointment as CIA Director in January 1981, from the book *Reagan's Ruling Class: Portraits of the President's Top One Hundred Officials* (pgs. 629-632). <https://archive.org/details/reagansruling-cla0000brow>

630

REAGAN'S RULING CLASS

Florida Condominium Corp.
The Alternative Educational

REVISED CLIENT LIST

(List of Clients furnished by Rogers & Wells
with respect to which William J. Casey,
who was then affiliated with the firm,
had billable time or otherwise received credit
during the period 1976-1981.)

Alexander & Alexander
The Alternative Education
American Society of Allied Health Professions
H. W. Anderson Products
Armor Products Inc.
Associated Press
Charles N. Atwood
Parley Augustsson
BRS Inc.
Virginia Bacon
Banque de Paris
Ford Bartlett
Bear, Stearns & Co.
Bessemer Trust Company
Sidney B. Bowne & Son
Elwood D. Boynton
Broad Hollow Development
Jeremiah Burns, Inc.
Caesar's World
Capital Cities Communications, Inc.
Central American Pipeline
City of New York

Sidney Colen
Continental Hotels Corporation
Covert & Associates, Inc.
Cox & Company
DWG Corporation
Deak & Co. Inc.
Diamond Distributors, Inc.
Andrew Duell
E.T.P.M.
Energy Transition Corp.
Environmental Research & Technology
Jack Farber
Fidelity Management & Research Corp.
Film Corporation of America
Anthony G. A. Fisher
Fitch Investors Service, Inc.
Florida Condominium Corp.

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Document 10: List of William Casey's legal clients from 1976 until his appointment as CIA Director in January 1981, from the book *Reagan's Ruling Class: Portraits of the President's Top One Hundred Officials* (pgs. 629-632.) <https://archive.org/details/reagansruling-cla0000brow>

NATIONAL SECURITY

John Foglia
Connie Francis
Mr. and Mrs. Abraham Friedberg
Fulbright & Jaworski (D.C.)
Gamble-Skogmo
Gladding Corp.
Government of Indonesia
Graphic Controls Corp.
Estate of Leonard W. Hall
Housatonic Valley Paper Co.
The Institute of Economic Affairs
International Crude Oil Refining Inc.
Kennecott Copper
Kephart Communications, Inc.
King Kullen Grocery Stores
Mitchell P. Kobelinski
Koren-DoResta
Korvettes
Nicholas Krapf
Litco Corporation of New York
Lockheed Aircraft
Long Island Forum for Technology
Long Island Trust Company

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Dominique Maillard
Mastercraft Corp.
Merrill Lynch Hubbard
Merrill Lynch International Bank
Merrill, Lynch, Pierce, Fenner & Smith
Miles Laboratories, Inc.
Moore, Schley, Cameron & Company
U. V. Muscio
NAB Manufacturing Company
NVF Corporation
Nassau County
National Telephone Company
Newfoundland Refining
New York State Employees Retirement Fund
Norse Petroleum A/S
Old Lane International
Owens-Illinois Glass Mfg. Co.
Oyster Bay Foodtown
PAN AM World Airways
Parr Meadows Racing Association
Pertamina
Peter Piffath
J. T. Potter
Maxwell M. Powell
Promenade Magazines, Inc.
Pullman, Inc.
Republic of Korea

Document 10: List of William Casey's legal clients from 1976 until his appointment as CIA Director in January 1981, from the book *Reagan's Ruling Class: Portraits of the President's Top One Hundred Officials* (pgs. 629-632). <https://archive.org/details/reagansruling-cla0000brow>

Resource Asia
Reynolds Construction Company
Estate of Joseph E. Ridder
Robert Ross/East-Europe Domestic International Sales Corp.
SCA Services, Inc.
Philip J. Sagona
Saudi American Lines
Scientific Life Systems (Dr. Irving Dardik)
Howard Sears, Jr.
Semiconductor Specialists, Inc.
Some Corporation of America

Sevo Corporation of America
Shaheen Natural Resources
Abraham Shames
Sharon Steel Company
Sloan Valve Company
Lauraine G. Smith
Edward Swanson
Tennessee Partners, Ltd.
Ter Bush & Powell, Inc.
Trubin, Sillocks, Edelman
Twentieth Century Fox
Walter Van der Waag
Joseph F. Virdone
Wachenhut Corp.
S. G. Warburg & Company, Ltd.
David Westerman
Wilmer, Cutler & Pickering
Milton Zipper

Casey's financial disclosure form, listing assets and liabilities was also revised as the year went along. In his January 8, 1981 filing with the Office of Government Ethics, Casey and his wife listed assets of at least \$3.085 million, including holdings of \$100,000 or greater in: Prentice Hall, C&D Associates, Capital Cities Communications, Philip Morris, Raychem Corp., Amarex, Inc., Apache Corp., Dome Petroleum, Kerr McGee, Southland Royalty, Standard Oil of Indiana, Superior Oil, and Schlumberger Ltd. The couple reported holdings of \$50,000 or more in Georgia Pacific, Data Point Corp., IBM, Englehard Minerals & Chemicals, Atlantic Richfield, Mesa Royalty Trust Unit, Halliburton, Intel Corp., and two trusts related to Southland; with smaller holdings in Exxon, Alcoa, DuPont, Amax, Armc, and other firms. He listed no liabilities, nor any gifts.

In August, 1981, though, Casey amended his filing to add 10 additional assets worth more than \$145,000, and several liabilities (loan guarantees) worth \$472,000 as well as a direct liability of \$18,000. A few weeks earlier Jeff Gerth of the *New York Times* revealed that Casey had received as a gift a \$10,000 interest in Penverter Partners, a computer technology firm. Casey was given the stock by Carl G. Paffendorf, who described himself as a frequent business associate.

Unlike his two predecessors, George Bush and Admiral Stansfield Turner, who placed their holdings in blind trusts, Casey has kept control of his stocks. "I don't see why I should be picked on," Casey said when we asked about his decision. "The law is the law; it's a clear cut law as to what you have to do with your stocks and I'm

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CONFIDENTIAL

15 MAY 1985
AN-128-85

SMT LTD.
3 WEIZMAN ST.
TEL-AVIV

RE: YOUR ENQUIRY/MILITARY EQUIPMENT

1. THANK YOU FOR YOUR ENQUIRY.

2. WE ARE GLAD TO INFORM YOU THAT WE ARE ABLE AND WILLING TO PROVIDE YOU WITH THE FOLLOWING:

NO	ITEM	QUANTITY	PRICE PER UNIT	TOTAL PRICE
1.	AK-47 M-70 AUTOMATIC RIFLE WOODEN OR FOLDING BUTY (EACH RIFLE COMES WITH 2 EMPTY MAGAZINES, 1 SLING, 1 CLEANING KIT	5000	US\$210.00	US\$1,050,000.00
2.	SPARE MAGAZINES FOR AK-47	50,000	US\$9.00	US\$450,000.00
3.	7.62 CP MM REGULAR AMMUNITION	5,000,000	US\$0.11	US\$550,000.00
4.	60 MM MORTARS (M60 TYPE)	200	US\$1,550.00	US\$310,000.00
5.	81 MM MORTAR SHELLS	5,000	US\$37.00	US\$185,000.00
6.	81 MM MORTARS	100	US\$5,200.00	US\$520,000.00
7.	81 MM MORTAR SHELLS	2,000	US\$52.00	US\$104,000.00
8.	ANTI-PERSONNEL MINES (SIMILAR TO CLAYMORE TYPE)	1,000	US\$68.00	US\$68,000.00

Document 11: Letter from Nicholas Davies (also signed "Davis") to GMT Ltd., dated May 15, 1985. From Ari Ben-Menashe's *Profits of War*.

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3. ALL THE ABOVE ITEMS ARE NEW AND OF YUGOSLAV MAKE AND WILL ACCOMPANIED BY SUPPLIERS QUALITY CERTIFICATE.
4. PRICES SET ARE F.O.B. YUGOSLAV PORT AND DO NOT COVER TRANSPORT CARGO COSTS OR INSURANCE.
5. DELIVERY OF GOODS IS GUARANTEED TO BE MADE WITHIN (POSSIBLY WITHIN 45 DAYS) OF OPENING OF AN IRREVOCABLE AND TRANSFERRABLE LETTER OF CREDIT FOR THE FULL US\$3,242,000.00 IN OUR FAVOR CONFIRMED BY A PRIME EUROPEAN BANK OR PAYMENT IN CASH AGAINST CONTRACT.
6. LETTER OF CREDIT SHOULD BE VALID FOR 75 DAYS AND A 10% NEGOTIATION PERIOD AND BE RECEIVABLE IN EUROPE UPON PRESENTATION OF:
 - A. BILL OF LADING /FORWARDING AGENT'S RECEIPTS
 - B. COMMERCIAL INVOICES (3 ORIGINALS)
 - C. PACKING LIST
7. IF NECESSARY, ITEMS CAN BE INSPECTED BY A WEST EUROPEAN NATIONAL IN YUGOSLAVIA AFTER TRANSACTION ARRANGEMENTS HAVE BEEN COMPLETED. (TRAVEL COSTS WILL NOT BE COVERED).
8. GUARANTEES FOR THE DELIVERY OF THE ABOVE ITEMS CAN BE MADE AND WE WILL BE WILLING TO PUT UP A BOND OF 3.5% OF THE TOTAL VALUE OF YOUR PURCHASE IN YOUR FAVOR WITH A PRIME EUROPEAN BANK UPON COMPLETION OF DEAL ARRANGEMENTS.
9. WE UNDERSTAND THAT A VALID AND ACCEPTABLE ENG USER'S CERTIFICATE WILL BE PROVIDED BY YOU.
10. THE TERMS OUTLINED ABOVE ARE VALID UNTIL 15 JUNE 1995.
11. DUE TO THE NATURE, WEIGHT AND VOLUME OF THE ABOVE GOODS (GROSS WEIGHT APPROX. 200 TONS, TOTAL VOLUME APPROX. 250 CUBIC METERS) WE SUGGEST THAT THE ABOVE ITEMS WILL BE TRANSPORTED BY A TANKER VESSEL WHICH WILL REACH A YUGOSLAV PORT ON A DATE MUTUALLY AGREED UPON. IF NECESSARY, TRANSPORT OF GOODS CAN BE ARRANGED BY US AGAINST ADDITIONAL PAYMENT.
12. WE ARE LOOKING FORWARD TO COMPLETING THIS DEAL SUCCESSFULLY AND TO DOING FURTHER BUSINESS WITH YOU.

FAITHFULLY,

NICHOLAS DAVIS
UK CONSULTANT

Document 11: Letter from Nicholas Davies (also signed "Davis") to GMT Ltd., dated May 15, 1985. From Ari Ben-Menashe's *Profits of War*.

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LIST OF ABBREVIATIONS

ACUSR – American Committee on US-Soviet Relations

ADFA – Arkansas Development Finance Authority

AFL-CIO – American Federation of Labor and the Congress of Industrial Organizations

AIA – Aviation Industries Association

AIFLD – American Institute of Free Labor Development

AIG – American International Group

ANICO – American National Insurance Company

AREB – All-Russian Exchange Bank

BCCI – Bank of Credit and Commerce International

BCP – Banque de Commerce et de Placements

BNL – Banca Nazionale del Lavoro

BONY – Eastern European Division of Bank of New York

BONY-IMB – Bank of New York-Inter Maritime Bank

BSC – British Security Coordination

BWC – Bank of World Commerce

CAT – Civil Air Transport

CCC – Commercial Credit Corporation

CDC – Control Data Corporation

CIA – Central Intelligence Agency

CMA – Civilian Materiel Assistance

CMC – Centro Mondale Commerciale

COG – Continuity of Government

COI – Office of the Coordinator of Information

COP – Chiefs of Police National Drug Task Force

CORDS – Civil Operations and Revolutionary Development Support

CORU – Coordination of United Revolutionary Organizations
CPD – Committee on the Present Danger
CRP – Committee for the Reelection of the President
DEA – US Drug Enforcement Administration
DFS – La Dirección Federal de Seguridad
DIA – Defense Intelligence Agency
DNC – Democratic National Committee
DOD – Department of Defense
DOJ – Department of Justice
EATSCO – Egyptian-American Air Transport and Services Corporation
EJA – Executive Jet Aviation
ERA – Engineering Research Associates
EUB – European Union Bank
FABCO – First Arkansas Bankstock Corporation
FBI – Federal Bureau of Investigation
FBN – Federal Bureau of Narcotics
FGB – Financial General Bankshares (aka First American Bankshares)
FIDCO – First Intercontinental Development Corporation
GMT – GeoMili Tech Consultants Corporation
HUMINT – Nitze’s program for a naval human intelligence
IAHC – Italo-American Hotel Corporation
IAI – Israel Aerospace Industries
IAI – Israel Aircraft Industries
ICB – International Credit Bank
ICLR – International Computerized Land Research
IDEA – Institute for Democracy, Education, and Assistance
IDF – Israel Defense Force
IFMA – International Fund for Mergers and Acquisitions
IMB – Inter Maritime Bank
IOS – Investors Overseas Services
IRS – Internal Revenue Service

IRT – International Research and Trade
KMT – Nationalist Chinese the Kuomintang
LTV – Ling-Temco-Vought
MCA – Music Corporation of America
MECC – Midwest Employers Casualty Company
NAR – North American Resources
NHAQ – Nicaraguan Humanitarian Assistance Office
NSA – National Security Agency
NSC – National Security Council
NSIC – National Strategy Information Center
NVA – North Vietnamese Army
OMB – Office of Management and Budget
ONI – Office of Naval Intelligence
OPC – Office of Policy Coordination
OSG – Operations Sub-Group
OSS – Office of Strategic Services
PEC – Palestine Economic Corporation
PIIC – Pergamon International Information Corporation
PLO – Palestine Liberation Organization
RNB – Republic National Bank
SAG – Screen Actors Guild
SAT – Southern Air Transport
SDECE – France’s External Documentation and Counter-Espionage Service
SDNY – Southern District of New York
SEC – Securities and Exchange Commission
SGS – Société Générale de Surveillance
SIG – Special Interrogation Group
SOE – Special Operations Executive
SSI – System Services International
STTG – Stanford Technology Trading Group International
TF-157 – Task Force 157

TIWG – Terrorist Incident Working Group

TRADEVCO – Liberian Trade and Development Corp

UFG – United Financial Group

WCC – World Commerce Corporation

WWF – World Wildlife Fund

YAF – Young Americans for Freedom

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First and foremost, I'd like to extend my deepest and sincerest thanks to Ed Berger, without whom this book would not have been possible. Ed contributed amazing, in-depth and original research to several key parts of this book and his contributions were and are invaluable. If you enjoy historical deep dives about the intersection of organized crime networks, corporate power and intelligence agencies, please consider listening to and supporting his podcast: The Pseudodoxology Podcast Network at <https://www.patreon.com/wydna>

I also want to thank my amazing assistant Star Parsons for helping keep my website afloat while I worked on this book and for painstakingly formatting all the many, many citations within this book. I also owe much to my publisher Kris Millegan for his infinite patience and understanding, as this book was delayed several times, and for his support of my work. Also, an important thank you to Johnny Vedmore who made some important contributions to this book and whose original past reporting on the Epstein case was key to developing important parts of this book.

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Last but not least, I would like to extend my deepest, heartfelt thanks to all of my supporters, specifically the thousands of readers who financially support my work, allowing me to be 100% independent. Without your support, this book would not have happened and I cannot thank you enough for your help in nancing this book as well as in supporting and sharing my other work, both online and in print.

ONE NATION UNDER BLACKMAIL

VOL. 1



WHITNEY WEBB

Exposes vastly under-explored topics compared to other media reports and books on Jeffrey Epstein

How did Jeffrey Epstein manage to evade justice for decades? Who enabled him and why? Why were legal officials told that Epstein "belonged to intelligence" and to back off during his first arrest in the mid-2000s?

Volume 1 of *One Nation Under Blackmail* traces the origin of the network behind Jeffrey Epstein and his associates to the merging of organized crime and intelligence networks during World War II and follows their most notable activities through the decades. Various scandals, acts of corruption and other crimes throughout the last several decades of American history, many involving sex blackmail, can be traced back to these same networks, which have subverted and taken control of many of America's most important institutions for their benefit, and to the detriment of the public.



Whitney Webb has been a professional writer, researcher, and journalist since 2016. She has written for several websites and, from 2017 to 2020, was a staff writer and senior investigative reporter for *Mint Press News*. She currently writes for *Unlimited Hangout* and contributes to *The Last American Vagabond*. She also hosts an independent podcast called *Unlimited Hangout*. Her work aims to highlight under-reported issues and find common ground between people of different political persuasions regarding corruption, government overreach, the lack of accountability for militaries and intelligence agencies, and the military industrial complex.

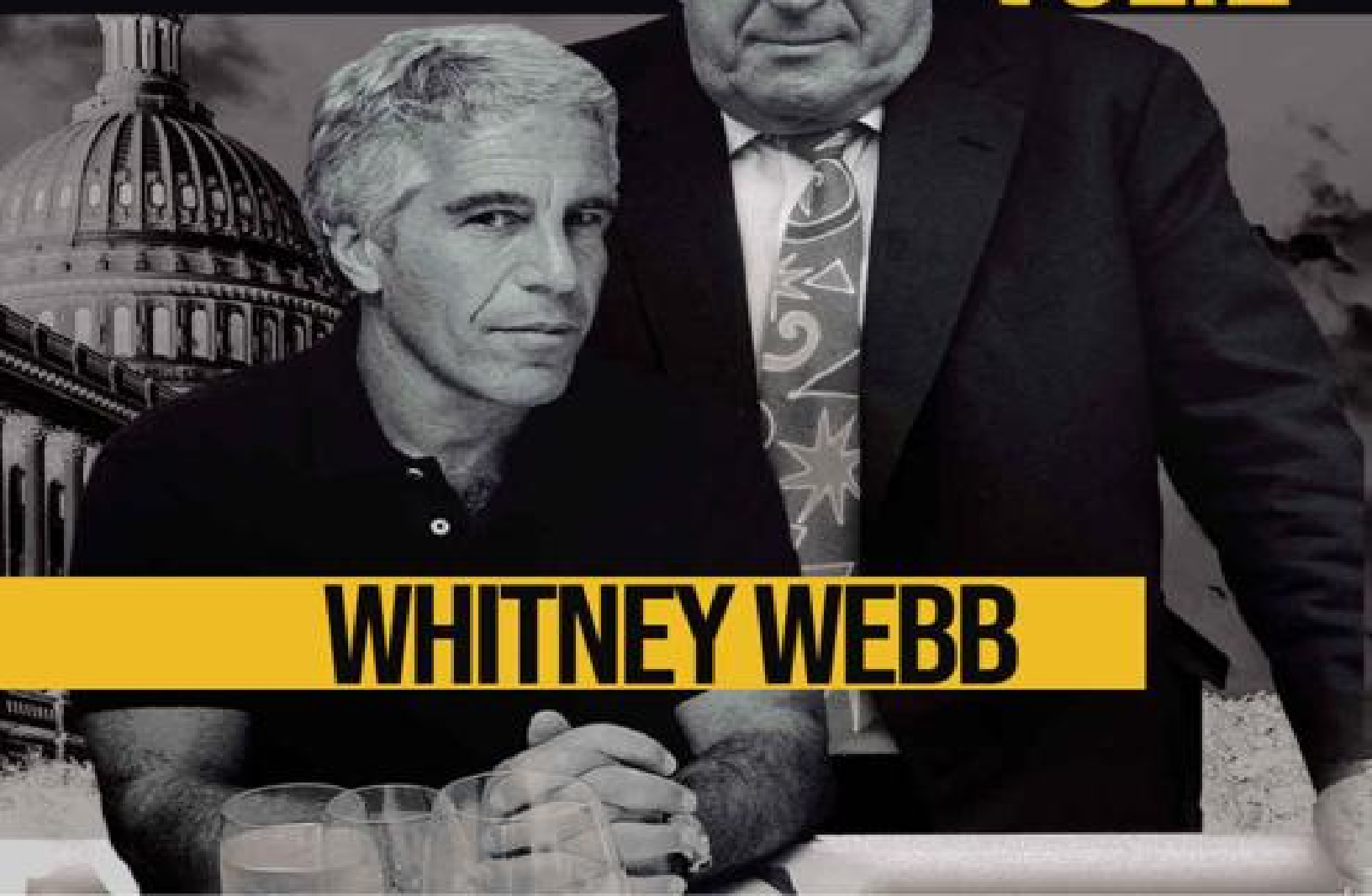
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The sordid union between Intelligence and
Organized Crime that gave rise to Jeffrey Epstein

ONE NATION UNDER BLACKMAIL

VOL.2



WHITNEY WEBB

One Nation Under Blackmail: The Sordid Union Between Intelligence and Crime that Gave Rise to Jeffrey Epstein, Volume Two.
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PUBLISHER'S FOREWORD

For although the act condemn the doer, the end may justify him...

– Niccolò Machiavelli, *Discourses*: I, 9, 1531

The illegal we do immediately. The unconstitutional takes a little longer. [laughter] But since the Freedom of Information Act, I'm afraid to say things like that.

– Henry Kissinger, *Memorandum of Conversation*, March 10, 1975

We're an empire now, and when we act, we create our own reality. And while you're studying that reality – judiciously, as you will – we'll act again, creating other new realities, which you can study too, and that's how things will sort out. We're history's actors ... and you, all of you, will be left to just study what we do.

– [S]enior adviser to Bush, Ron Suskind, *New York Times*, 2004

Government by blackmail is incompatible with democracy.

– Jerrold Nadler, *The Huffington Post*, October 7, 2013

Lord have mercy – and as God knows – we could use some!
After running around this blue ball for nigh on seventy-three years and moving in some strange circles, I reckoned I had seen, heard and read about most everything.

But the depth and breadth of Whitney Webb's opus, *A Nation Under Blackmail: The Sordid Union Between Intelligence and Crime that Gave Rise to Jeffrey Epstein*, exceeded my expectations. Matter-of-fact, Whitney delivered two books, over 900 fact-filled pages of exposé, exploring a netherworld nexus of criminals, scammers, drug-dealers, bagmen, intelligence agents, government operatives and political fixers.

How did this corruption happen? How did it seep so far into our body politic? What can we the people do?

TrineDay has been striving for years to bring these shameful actions more exposure, because we believe that by informing folks of the atrociousness of our current situation, we the people can overcome the perfidy we find ourselves enmeshed in.

We have published Nick Bryant's *Franklin Scandal: A Story of Power-brokers, Child Abuse & Betrayal*, Henry Vinson's *Confessions of a DC Madam The Politics of Sex, Lies, and Blackmail*, Dr. Lori Handrahan's *Epidemic America's Trade in Child Rape*, and others. We tried to get these books mainstream press coverage, hired PR folks, sent out numerous press releases – to no avail. Even the fringe outlets wouldn't cover, we were told directly that Coast-to-Coast AM wouldn't cover these subjects, and were never able to get these authors on. Jesse Ventura informed us that he was instructed that his show *Conspiracy Theory with Jesse Ventura* could not cover pedophilia scandals. Why? And by keeping honest information away from folk, it has allowed for the spurious politicization of very real events into crazy conspiracy theories and meme warfare that devalues, deflects and derides the actuality of the abuse.

Our forefathers and subsequent generations have given much so that we can live in this grand experiment of people running their own affairs, not ruled by Royals or Popes, but by our own wit and gumption. We can survive this corruption, and be better by it's exposure.

Whitney Webb is one of the lonely voices of truth in the wilderness of today's media landscape. She has been delivering solid information through various websites and podcasts. TrineDay is proud to publish her two volume exposition, *A Nation Under Blackmail*, a deep, deep dive into corruption that effects all of our lives and futures. Not salacious reportage but one that asks the basic questions: who, what, where, how and why.

Looking at this history, Whitney sorts out the different players, agendas and scandals giving us a honest view of our past – warts and all. And gives us a surprising glimpse of forthcoming technological advances in blackmail techniques. Thank-you, Whitney!

Whither goest our ship of state?

Onwards to the Utmost of Futures!

Peace,

R.A. "Kris" Millegan
Publisher
TrineDay
August 22, 2022

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INTRODUCTION, VOLUME 2

The July 2019 arrest of Jeffrey Epstein and his subsequent death that August brought national as well as international attention to a sex ring where certain members of the power elite sexually abused and exploited female minors and young women. Epstein's death, officially ruled a suicide, has been treated skeptically by many, for a variety of reasons. Regardless of the real circumstances of his death, it has led to scores of Americans embracing the view that his death was both intentional and necessary to protect his powerful co-conspirators and the full extent of his covert and illegal activities.

Even if one chooses not to entertain such disconcerting possibilities, it is quite apparent that most of those who aided or enabled Epstein will never see the inside of a prison cell. Though Ghislaine Maxwell is now serving a 20 year sentence, others known to have been intimately involved in his illegal activities continue to enjoy protection from the so-called "sweetheart deal", or plea deal that followed Epstein's first run-in with the law for his sex trafficking activities in the mid-2000s. In addition, Ghislaine Maxwell's recent trial saw information involving third parties redacted, leading many to believe that the public will never know the names of the "johns" or clients, who benefitted from the sex trafficking activities of Epstein and Maxwell and who were potentially blackmailed by them.

Yet, for both Jeffrey Epstein and Ghislaine Maxwell, there is much more to the story. This became apparent when it emerged that Alex Acosta, then-serving as Secretary of Labor in the Trump administration, had disclosed to the Trump transition team that he had previously signed off on Epstein's "sweet-heart deal" because Epstein "had belonged to intelligence." Acosta, then serving as US attorney for Southern Florida, had also been told by unspecified figures at the time that he needed to give Epstein a lenient sentence because of his links to "intelligence." When Acosta was later asked if Epstein was indeed an intelligence asset in 2019, Acosta chose to neither confirm or deny the claim.

Other hints of a connection between Epstein and intelligence subsequently emerged, with reporting from a variety of sources that Epstein was affiliated with

the CIA, Israeli intelligence, or both. Despite the implications and significance of these connection(s) to intelligence, most of mainstream media declined to dig deeper into these claims, instead largely focusing on the salacious aspects of the Epstein case. The narrative soon became that Epstein was an anomaly, the sole mastermind of an industrial sex trafficking enterprise and a talented con artist. Even his closest associates and benefactors, like retail billionaire Leslie Wexner, have been taken at their word that they knew nothing of Epstein's crimes, even when there is considerable evidence to the contrary.

Indeed, it was later stated by Cindy McCain, wife of former Senator John McCain, that "we all knew what he [Epstein] was doing" at an event in January 2020, where she also claimed that authorities were "afraid" to properly apprehend him. If he was such an anomaly and a stand-alone con artist – how was he singlehandedly able to intimidate the law enforcement apparatus of an entire nation for decades? The claim that Epstein did not have powerful backers and benefactors stands on incredibly shaky ground.

Oddly enough, mainstream reporting on Epstein was once relatively open about his alleged intelligence ties, with British media reporting as early as 1992 and throughout the early 2000s that Epstein had ties to both US and Israeli intelligence. In addition, also in the early 1990s, Epstein's name was mysteriously dropped from a major investigation into one of the largest Ponzi schemes in history even though he was labeled the mastermind of that swindle in grand jury testimony. Around the same time, subsequently released White House visitor logs show that Epstein visited the Clinton White House 17 times, accompanied on most of these visits by a different, attractive young woman. Reporting on those visitor logs was largely done by a single media outlet, Britain's The Daily Mail, with hardly any American mainstream media outlets bothering to investigate these revelations about Epstein and a former US president.

Why was Epstein so heavily protected from justice for decades – in connection to both his sex trafficking crimes and his financial crimes? Why have the once commonly reported intelligence connections of Jeffrey Epstein now been relegated to "conspiracy theory" despite evidence to the contrary? If powerful Senators knew what Epstein was doing to young women and girls – who else knew and why wasn't something done?

This two-volume book endeavors to show why Jeffrey Epstein was able to engage in a series of mind-boggling crimes for decades without incident. Far from being an anomaly, Epstein was one of several men who, over the past century, have

engaged in sexual blackmail activities designed to obtain damaging information (i.e. “intelligence”) on powerful individuals with the goal of controlling their activities and securing their compliance. Most of these individuals, including Epstein himself, have their roots in the covert world where organized crime and intelligence have intermingled and often cooperated for the better part of the last 90 years, if not longer. Perhaps most shockingly, these men are all interconnected to various degrees and those connections, networks and associations were the subject of Volume 1 of this book.

In Volume 2, we are introduced to Jeffrey Epstein. Detailed here are the key players in his rise and early career, many of whom have not been properly scrutinized by the media, and the existing evidence of Epstein’s connections to intelligence agencies and the networks detailed at length in Volume 1. We then turn to Epstein’s connections to retail mogul Leslie Wexner, with a focus on Wexner’s own rise, his particular brand of philanthropy and the many roles that Epstein went on to play in his business empire, including some with apparent links to espionage activity. Also examined in detail is the history behind Ghislaine Maxwell and her relationship with Epstein in the wake of her father’s death in 1991.

While the sex trafficking activities of Epstein and Maxwell are discussed at length and examined in depth, this book gives particular attention to the dramatically under-reported relationship that Jeffrey Epstein had with the Clinton White House from 1993 through 1995 and the significance of his 17 known White House meetings. Epstein brought many attractive, young women with him to these meetings and many of his meetings were with a man named Mark Middleton. Middleton, who died under suspicious circumstances in May 2022, was embroiled in foreign espionage activities at the time he was meeting with Epstein. Those activities were later investigated by Congress in relation to illegal fundraising efforts for Bill Clinton’s 1996 re-election campaign. Epstein’s activities at the Clinton White House, and in other parts of the country during this same period in time, point toward a major scandal of the Clinton era that has yet to be properly investigated.

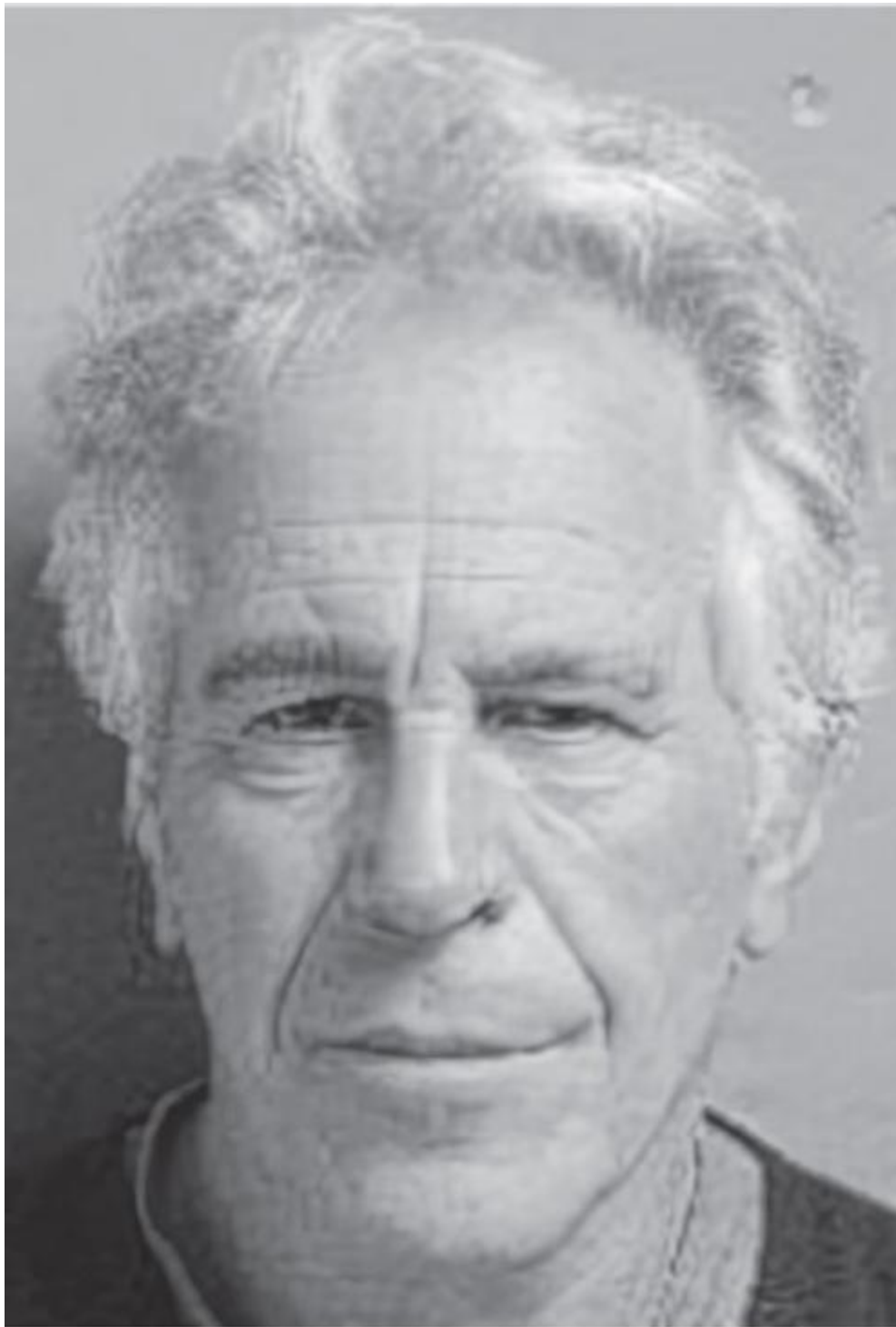
Volume 2 of *One Nation Under Blackmail* concludes by examining the relationship between Jeffrey Epstein/The Maxwells and Big Tech, particularly Microsoft executives such as Bill Gates and Nathan Myhrvold, among others. The book closes out tracing how at least two of Ghislaine Maxwell’s siblings appear to have major intelligence connections as well as great influence in Big Tech while

also tracing their ties to the apparent successors to the stolen PROMIS software. The theft of that software, as noted in Volume 1, had been intimately related to the activities of Robert Maxwell.

In closing, it becomes evident that the nature of blackmail evolved with society's increasing dependence on technology. Now, technology-derived blackmail is harvested through systems of mass surveillance and sex blackmailers, such as those discussed in Volume 1 as well as Jeffrey Epstein, became increasingly irrelevant and expendable. It is perhaps for this reason, as noted in this book, that Epstein and the Maxwells began efforts to influence and even blackmail top figures in Silicon Valley soon after Epstein's first arrest for sex trafficking in the mid-2000s. Epstein also began making major investments in data harvesting firms and those involved in mass surveillance.

The end result of is that the long-time reliance on the control of information, including information used for blackmail, by the power structures discussed throughout both volumes of this book has led them to create a society that gives them access to more information than ever before. Enabled by remarkable advances in technology, today the United States and much of the world have their digital secrets in the hands of people who will do absolutely anything to maintain their wealth, power and control. Essentially, the US – rather than one nation under God – has become one nation under blackmail.

Whitney Webb, 8/23/22



Epstein's Last Mug Shot

CHAPTER 11

THE RISE OF JEFFREY EPSTEIN

UNUSUAL BEGINNINGS

Jeffrey Epstein was born on January 20, 1953 to Paula (nee Stolofsky) and Seymour Epstein in Brooklyn, New York. His mother was a homemaker while his father was a groundskeeper for the New York Parks Department. His parents valued education, hoping that sending their sons – Jeffrey and Mark – to the right schools could be a “way out,” or rather, a way up into a higher strata of New York society.¹

Epstein was raised in the Lafayette neighborhood around Coney Island and attended Lafayette High School. In 1967, at age 14, he also attended the Interlochen Center for the Arts. He reportedly received a scholarship to Interlochen for his aptitude at playing the bassoon.² As an adult, Epstein would later donate heavily to Interlochen, from 1990 to 2003, and used his connection to the school to recruit unwitting female teens with musical talents into his sex trafficking and sex blackmail enterprise. Epstein was even allowed to construct his own lodge at Interlochen, the Jeffrey Epstein Scholarship Lodge (now the Green Lake Lodge), before the school cut ties with him after his first conviction in 2007.³ Given his own early attendance and his subsequent return for nefarious purposes, some have suggested that Epstein himself may have been groomed at Interlochen.⁴

In 1969, two years after he attended Interlochen, Epstein graduated from Lafayette high school at age 16 after skipping two grades. Epstein then studied at Cooper Union, from the fall of 1969 through the spring semester of 1971. He attended New York University (NYU) from September 1971 to 1974, but never graduated. Per a 2002 profile in *New York Magazine*, Epstein had studied at NYU’s Courant Institute of Mathematical Sciences.⁵

During this period, Epstein claims to have backpacked across Europe with friends in 1971 and, while visiting London, met British cellist Jacqueline du Pré, whose patron was Queen Elizabeth II. Epstein would later claim to have played the piano for a du Pré performance during this visit and that, through her, he gained access to the British royals, ultimately leading to his close relationship with Prince Andrew, Duke of York.⁶ It’s unclear when du Pré would have made such an introduction, but it would have had to have occurred before her 1987 death. What does seem certain is that Epstein, during this trip, did befriend some British

aristocrats as, a few short years later, he was seen at the New York mansion of British tycoon and corporate raider James Goldsmith.

It's unclear how Epstein, while ostensibly backpacking, had come to make du Pré's acquaintance, though du Pré did have ties to the Israeli and New York Jewish communities through her 1967 conversion to Judaism and subsequent marriage that same year to Daniel Barenboim, as well as her friendships with musicians Yehudi Menuhin, Itzhak Perlman, and Pinchas Zukerman. It's possible that Epstein met du Pré through some mutual connection in these circles. Years later, Epstein would claim to have once been a concert pianist, with media reports from the early 1990s onwards referencing such claims.⁷ However, some who knew Epstein early in life, including his brother Mark, give little weight to Epstein's claim to have been an accomplished pianist.⁸

In the latter half of 1974, Epstein began working at the elite Dalton School, teaching mathematics and physics. He would remain with the school until 1976. There has been much disagreement in the mainstream press over who at Dalton was responsible for hiring Jeffrey Epstein. At the time Epstein began working at Dalton, the headmaster was Peter Branch. Branch, when contacted in 2019 by professor and author Thomas Volscho, did not recall hiring Epstein and was "relatively certain" that the previous headmaster, Donald Barr, or perhaps the head of the Math Department, had hired Epstein because "hiring decisions were typically made in the Spring."

Branch also noted that Barr "liked to hire unconventional teachers to enhance the educational experience for students at Dalton."⁹ Epstein certainly fell in the unconventional category, as he lacked the academic credentials to even teach at a public school in New York City. *Vanity Fair* later reported that Barr had hired other "gifted college dropouts," which would make his hire of Epstein not as much of an anomaly as some outlets have implied.¹⁰

Donald Barr was the son of an economist and psychologist who had joined the OSS during World War II. He is alleged to have been a member of an OSS "target team" in Germany and to have worked at a prisoner of war camp.¹¹ His son, William Barr, would subsequently follow his father into the world of intelligence and served in the CIA from 1971 to 1977, which overlaps with the last few years his father was headmaster at the Dalton School – including the year Donald Barr is alleged to have hired Jeffrey Epstein. William Barr, whose alleged role in Iran-Contra was mentioned in Chapter 8, would go on to serve as Attorney

General under George H.W. Bush and Donald Trump, and served in that capacity when Jeffrey Epstein was arrested and found dead in a New York prison in 2019.

After exiting from US intelligence, Barr briefly worked as a literary editor and then went into academia. He taught English at Columbia for ten years while pursuing graduate studies. There, he started a series of conferences in 1955 focused on “the identification, guidance, and instruction of the gifted.” Barr joined the School of Engineering the following year and these conferences then grew into the Science Honors program, which offered Saturday classes to gifted high schoolers.¹² At the same time he was running this high school-focused program, Barr was also directing the Talent Preservation Project, “a massive research and therapy program for high school under-achievers.” It is possible that there may have been an early Epstein-Barr connection if Epstein had attended one of these programs for gifted high school students.

Donald Barr would become headmaster of the Dalton School in 1964 and, a decade later, in 1974, Donald Barr would leave the school under a cloud of controversy, amid claims that he had meddled in the college admission prospects of prominent students, including the son of writer Betty Friedan. The Dalton parent who is credited with orchestrating Barr’s ouster was Richard Ravitch, a real estate magnate who served in several government-appointed positions related to housing during his career. Ravitch claimed that, by the end of his stint as headmaster, Barr was reviled by many Dalton teachers as well as parents.¹³

Soon after leaving his post as headmaster, Donald Barr published *Space Relations*, a bizarre science fiction novel that deals with power, drugs, and sex slavery, which has fueled speculation about Barr’s apparent decision to hire someone like Epstein and what the fantasy book implies about Barr’s own “extracurricular” interests.

During his time at Dalton, Jeffrey Epstein taught mostly seniors, ages 17 and 18. He also coached the math team, which competed locally and had a few notable victories under Epstein’s leadership. The school’s newspaper, *The Daltonian*, reported on March 5, 1976 that Epstein wanted to start a “math-track team” due to his “unique philosophy of integrating physical exercise with spiritual and mathematical stimulation.” An earlier issue of the school paper refers to Epstein as “the ivory show man on the piano,” again raising the running theme of Epstein’s alleged musical talents.¹⁴

Several Dalton alumni later told various media outlets in 2019 how Epstein attended student parties during his time as a Dalton teacher. One former student who graduated from Dalton in 1976, Scott Spizer, told the *New York Times* that Epstein was well known among students for the “persistent attention” he directed at teenage girls in the hallways and recalled that Epstein had attended a party where Dalton students were drinking. “I can remember thinking at the time “This is wrong,” Spizer later stated. A 1978 graduate of Dalton, Paul Grossman, also recalled Epstein attending student parties, stating that “it was weird” and that “everyone talked about it.” A woman who attended Dalton during this period, but asked to remain anonymous, claimed that Epstein had “made multiple attempts to spend time with her away from school” and she also specifically recalled “reporting Epstein’s advances toward another female student to the school’s headmaster.”¹⁵

The headmaster at that time, Peter Branch, did not mention such reports when he was interviewed in 2019 regarding Epstein’s time at the school. This may relate to the fact that several Dalton alumni who attended during this period asserted that student-teacher relationships at the school “were not unheard of,” suggesting that Epstein’s alleged behavior was part of a larger problem, as opposed to an aberration.¹⁶ Branch has asserted that Epstein left the school following concerns from his colleagues in the math and science departments that his teaching skills had failed to improve over the previous year.¹⁷ “He was a young teacher who didn’t come up to snuff. So, ultimately, he was asked to leave,” Branch was quoted as saying in late 2019.¹⁸

BEAR STEARNS AND THE BRONFMANS

After Epstein left the Dalton School in 1976, he went to work on Wall Street for Bear Stearns. There are two conflicting accounts of how he landed his first job there – as a junior assistant to a floor trader at the American Stock Exchange. Both accounts intimately involve Alan “Ace” Greenberg, then a partner at Bear Stearns and who would become the bank’s CEO in roughly two years’ time, in 1978.

One account appears to have first been circulated in a 2002 profile on Epstein published by *New York Magazine*. Per that account, while still at the Dalton School, “So impressed was one Wall Street father of a student that he said to Epstein point-blank: ‘What are you doing teaching math at Dalton? You should be working on Wall Street – why don’t you give my friend Ace Greenberg a call.’”¹⁹ However, a year later, in the 2003 *Vanity Fair* profile penned by Vicky Ward, it is claimed that the connection with Greenberg was more direct, with Epstein tutoring Greenberg’s son who attended Dalton and also being “friendly” with one of his daughters.²⁰ Both claims have been repeated by numerous mainstream and independent outlets over the years, though Greenberg’s daughter, Lynne Koepfel (nee Greenberg), has publicly backed the version of events as published in 2002 by *New York Magazine*.²¹ Yet, other sources cite Koepfel as having recommended Epstein to her father.²² Regardless of which account is closer to reality, it is agreed that Greenberg was ultimately the person who brought Epstein into Bear Stearns.

Once installed at the bank, Epstein’s ascent was rapid and he was mentored by both Greenberg and James Cayne, who had also been hired by Greenberg years prior. While he started off as a floor trader, he soon “began working with wealthy clients on bigger projects that sought an edge in esoteric markets.”²³ According to a former senior Bear Stearns executive interviewed by *Fox Business*, “Epstein’s accumulated knowledge of the U.S. tax codes – and how rich people can avoid taxes through various investments – made him one of Bear’s prized assets in its small, but specialized brokerage department.” “He never went to college, but he knew everything about taxes. In fact, he could figure out just about anything if he studied it. The guy was a genius,” the former executive was quoted as saying.²⁴ Thanks to these talents, Epstein became a limited partner in relatively short order,

by 1980. While working at the bank, he met his former girlfriend Paula Heil Fisher, now an opera producer.

Epstein abruptly left Bear Stearns in 1981. In the years before he became notorious, he claimed to have left because he wished “to run his own business.” However, within the company, claims abounded that Epstein had been involved in a “technical infringement,” with Epstein’s later associate, Steven Hoffenberg, claiming that Epstein had left the bank after he was caught performing “illegal operations.” The former Bear Stearns executive interviewed by *Fox Business* claimed that Epstein had been asked to leave over “very serious stuff,” which he insisted was related to “a significant expense account violation concerning an airline ticket that upper management was misled about.”²⁵ These claims were denied by Cayne and Epstein, while Greenberg said he was unable to recall the circumstances. In 2003, Cayne supported Epstein’s version of events, stating that he had left the bank of “his own volition” because he wanted to strike out on his own.

However, as noted by *Vanity Fair*, the SEC’s records of Epstein in 1981 tell a different story. Per those records, Epstein was interviewed, along with other Bear Stearns employees as part of an investigation into insider trading at the bank. The insider trading case revolved around a tender offer placed on March 11, 1981 for St. Joe Minerals Corp by the Bronfman-owned company Seagram Company Ltd. A handful of investors were ultimately found guilty of insider trading, including Giuseppe Tome, former head of overseas operations of Bache & Company and E.F. Hutton.

In Tome’s case, he was ordered to “disgorge,” or hand over, \$3.5 million in illegal profits related to the 1981 failed takeover attempt by Seagram in mid-1986. However, Tome left the US shortly after the SEC began its investigation and did not return to the country after the court’s decision, complicating the enforcement of the ruling against him.

The court claimed that Tome had “insinuated himself into the confidence of Seagram Co. Chairman Edgar M. Bronfman.” However, a spokesperson for Bronfman declined to discuss his relationship with Tome and, in court testimony, Bronfman had admitted to discussing “Seagram’s secrets” with Tome because Tome counted with “20 years in this business ... he ought to know the rules. I assume he does know the rules.”

The *Los Angeles Times* described the Tome-Bronfman relationship in greater detail:

According to testimony in the case, Tome and Bronfman met in July, 1980. Bronfman was impressed with Tome's financial acumen and within weeks had made him an unofficial adviser to Seagram, a major producer and marketer of spirits and wine, on foreign currency matters.

The two men also struck up a close personal friendship, and Bronfman opened a commodities account at Tome's Geneva brokerage. The pair invested together in "Sophisticated Ladies," the Broadway show, and at one point Bronfman even covered a bounced check that Tome had issued to the show's producers. The families vacationed together in Switzerland and the hunt country of Virginia.

Throughout this time, Bronfman was telling Tome of Seagram's secret plans for major corporate acquisitions. Pollack's order indicated that Tome used inside information to trade in stock and options of Texaco and Santa Fe, two tentative Seagram targets. (Those trades were not cited in the SEC lawsuit, however.) In some cases, testimony showed, Tome learned from Bronfman of Seagram's plans even before its board of directors.

On March 9, 1981, Bronfman declined a dinner invitation from Tome, saying he had to visit Montreal for a board meeting. Tome concluded that a Seagram offer was imminent for St. Joe, which he knew as Bronfman's next target.²⁶

There is also the fact that Bronfman had considerable connections to Tome's former employer Bache & Company, a company with ties to the OSS-organized crime networks previously discussed in chapter 1. For instance, the Loeb banking dynasty had intermarried into the family of Jules Bache of Bache & Company as well as into the Bronfmans, with Edgar Bronfman's wife Ann being the daughter of John Loeb. Not only did the Bronfmans, Loeb, and Baches mingle through marriage, but the multi-million dollar holdings of all three families combined "to make up the largest single holding of stock in New York's Empire Trust Company" – Edgar Bronfman had joined that company's board in 1963.²⁷

Notably, the Empire Trust Company, with Bronfman still intimately involved, announced a merger with the Bank of New York (BoNY) in 1968.²⁸ Bronfman was placed on the board of the Bank of New York after the merger and remained there at least through 1975, if not later.²⁹ As previously mentioned in chapter 9, BoNY essentially merged with the banking network of Bruce Rappaport by the 1980s and, by 1992, executives at the bank were found to be closely associated with Russian mobster and Robert Maxwell business associate Semion Mogilevich.

When the SEC investigation took place, Bronfman subsequently claimed to have no knowledge of insider trading by Tome and claimed that Tome, conveniently outside of the country and tried *in absentia*, lied to him about having been involved in illegal trades related to the attempted takeover of St. Joe's. As the

1986 court case against Tome makes clear, Bronfman's ties to Tome were considerable and he had a history of voluntarily supplying the man with Seagram's "secret plans" before the company's board even knew, as the *Los Angeles Times* had noted. It appears, from Tome's case, that Bronfman seemed to have thought nothing of sharing "secret plans" with those outside the company and within his inner circle. Also of note is that Tome, and presumably others, made insider trades on Texaco and Santa Fe, two tentative Seagram targets, and profited off those as well. However, the trades involving those companies were, for reasons still unclear, excluded from the SEC investigation.

Another figure sued in connection with insider trading as part of the failed Seagram takeover attempt was Dennis B. Levine, "a prominent mergers specialist with the Drexel Burnham Lambert investment banking firm" who allegedly made \$12.6 million in illegal profits from the deal.³⁰ Drexel Burnham Lambert and many of its more infamous employees are mentioned throughout this book, as – at this time – Drexel was "corralling the majority of American [corporate] raiders."³¹

Dennis Levine was directly involved with many of these "raiders", specifically Ron Perelman, who dined with Epstein at Epstein's home throughout the 2000s and whose political fundraiser for Bill Clinton's re-election campaign was attended by Epstein in the mid-90s (see Chapter 16). Levine worked regularly with Perelman, serving as the "lead banker" for Perelman's 1985 takeover of Revlon, which Levine called "the high point" of his career.³²

In addition, Levine also played a key role in the hostile takeover of Crown Zellerbach by Sir James Goldsmith, a member of the Clermont Club mentioned in Chapter 4. Levine was intimately involved in Goldsmith's 1984-1985 takeover of Crown Zellerbach. That takeover was actually the brainchild of Rothschild Inc. and its then-President Robert S. Pirie.³³ Goldsmith was a longtime business associate of the Rothschilds and a distant cousin of the family.³⁴

As will be mentioned again in chapter 15, Pirie and Rothschild Inc. were later the architects of Robert Maxwell's takeover of Macmillan in 1989. By 1989, Maxwell and Goldsmith were closely associated, and Goldsmith would also later have his own ties to Jeffrey Epstein.³⁵ Goldsmith apparently knew Epstein long before Epstein had started at Bear Stearns. According to a former friend of Epstein's, art collector Stuart Pivar, he had first met Epstein at "Jimmy Goldsmith's mansion" in the early 1970s. "There," Pivar later told *Mother Jones*, "there was

somebody playing the piano with great virtuosity. And it was Jeffrey Epstein.”³⁶ Epstein’s ties to Goldsmith may have come through his daughter, Isabel Goldsmith, who has numerous telephone numbers and two addresses in Epstein’s “little black book” of contacts.³⁷

In the context of this 1981 takeover attempt by Seagram, it is worth noting that Pirie’s soon-to-be “second in command,” Gerald Goldsmith, was previously the executive vice president of E.F. Hutton, where Giuseppe Tome had also served in a top executive position. Goldsmith left to join the Rothschild bank in 1982.³⁸ (There is no familial relationship between Gerald Goldsmith and James Goldsmith).

These networks that surrounded this SEC investigation would, after the fact, clearly intersect with Epstein’s own network within a few years’ time. This raises the possibility that this 1981 insider trading affair may have marked Epstein’s entry into these circles or may indicate that he had already developed connections there, as he was alleged to have been directly involved in such trades.

On March 12, 1981, a day after Seagram made the tender offer at the heart of this insider trading case, Epstein resigned from Bear Stearns. At some point in their investigation, the SEC was tipped off that Epstein knew something about relevant insider trades that had been made at Bear Stearns, and the SEC interviewed him on April 1st.

During that testimony, per SEC records, Epstein complained about how he had been disciplined for a possible “Reg D” violation where he was said to have lent money to a friend, who he later identified as Warren Eisenstein. Epstein had been questioned about the loan, per his recollection, on March 4th and, five days later, had been fined \$2,500 by the bank. However, the SEC was mainly interested in the timing of Epstein’s exit from Bear Stearns and the Bronfman/Seagram-related insider trading. Epstein denied any connection and was never charged, but *Vanity Fair* noted that the SEC interviewers were skeptical of Epstein’s denials. *Vanity Fair* also noted that “if [Epstein] was such a big producer at Bear Stearns, [why would he] have given it up over a mere \$2,500 fine.”

It seems evident that the timing of Epstein’s “abrupt” departure and the Bronfman-related insider trades go a bit beyond mere coincidence. It certainly does seem unlikely that Epstein would abandon Bear Stearns over a relatively small fine (by the bank’s standards), unless he had received another offer of

employment or if there was a risk that he would soon face greater, more costly problems at Bear Stearns.

Furthermore, given that Edgar Bronfman had been somewhat open about the plan for a Seagram takeover of St. Joe Mineral Corp., it is not outside the realm of possibility that those “rumors” would have made their way to Epstein. Epstein had become installed at Bear Stearns, and likely risen in its ranks so quickly, due to the patronage of Alan Greenberg, who was intimately involved in several of the same organizations as the Bronfmans, like the United Jewish Appeal and the Jerusalem Foundation (the latter was notably created by Teddy Kollek, see chapter 3). Like Greenberg, the Bronfmans also donated heavily to those same groups in addition to being closely involved in their affairs. Greenberg also, at some point, saw his philanthropic efforts intersect closely with those of Charles Bronfman, per the *Jewish Telegraphic Agency*.³⁹

Had Greenberg potentially been informed by a loose-lipped Edgar Bronfman, just as Giuseppe Tome had been, and passed this along to one of his “protégés” at Bear Stearns, Jeffrey Epstein? Or had Epstein, a protégé of Greenberg’s, been advising Bronfman on behalf of the bank? After all, Epstein was said to have worked “with wealthy clients on bigger projects that sought an edge in esoteric markets,” and Bronfman could have been such a client.⁴⁰

If so, it may have prompted Epstein’s “abrupt” resignation, not so much to protect a young Epstein, but potentially to protect Greenberg, who had – by then – risen to become Bear Stearns’s CEO. Greenberg being ensnared in the SEC’s investigation would have been a much bigger headache for the bank than Epstein – now, a former limited partner in the bank.

In addition, given the networks of both Giuseppe Tome and Danny Levine at this time, and how Epstein would become a fixture in those networks in short order, it may be possible that Epstein’s abrupt resignation was part of an effort not just to shield Greenberg, but the full extent of these particular networks in this 1981 insider trading scheme, which was considerably larger than the select components that the SEC had chosen to investigate.

If Epstein was advised to leave due to potential legal concerns, it is worth mentioning that, as noted in Chapter 6, Bear Stearns was represented by the law firm Rogers & Wells and, from 1976 to 1981, was specifically a client of William Casey. Though Casey likely wasn’t involved in this particular situation, given that he had become CIA director several weeks before the tender offer, it is worth

reminding the reader that Casey's influence is another potential factor to consider when examining this situation as well as Epstein's activities immediately after leaving the bank.

THE FINANCIAL MERCENARY AND INTELLIGENCE ASSET

After leaving Bear Stearns, Epstein would later claim that he went on to manage “money only for billionaires,” telling Vicky Ward in 2003 that “I was the only person crazy enough, or arrogant enough, or misplaced enough, to make my limit a billion dollars or more.”⁴¹ However, it appears that there was much more to the story, as the details of Epstein’s life, from his 1981 exit from Bear Stearns until around 1986, are murky at best. The details that are known about Epstein during this period point to something considerably different than Epstein’s own account of his activities at this time. This is particularly obvious when one considers that his formal role as a money manager did not appear to begin until 1988, when he founded J. Epstein & Co.⁴²

Throughout the 1980s, Epstein’s main company was called Intercontinental Assets Group, which was incorporated in 1981.⁴³ Apart from that, little about the company is known. However, there is little indication he used the company to manage billionaire wealth, as the existing evidence about his life during this decade points in another direction.

After Epstein’s 2019 arrest, a former friend of Epstein’s, Jesse Kornbluth, stated that Epstein had claimed to be a “bounty hunter” for the rich and powerful:

When we met in 1986, Epstein’s double identity intrigued me – he said he didn’t just manage money for clients with mega-fortunes, he was also a high-level bounty hunter. Sometimes, he told me, he worked for governments to recover money looted by African dictators. Other times those dictators hired him to help them hide their stolen money.⁴⁴

Actress Anna Obregón later stated that she had hired Epstein, who mentioned his company Intercontinental Assets Group, to help her father, Madrid-based real estate magnate Antonio García Fernández. García Fernández had been one of several powerful Spanish individuals, which included members of the Spanish royal family, who had invested in Drysdale Government Securities, which collapsed due to fraud in 1982. Epstein had been hired by Obregón to “recover” money from the Drysdale collapse on behalf of her father, according to James Patterson’s book *Filthy Rich*.⁴⁵

Similar claims also surfaced in Vicky Ward's 2003 profile of Epstein in *Vanity Fair*. Ward wrote that: "A few of the handful of current friends who have known him since the early 1980s recall that he used to tell them he was a 'bounty hunter,' recovering lost or stolen money for the government or for very rich people. He has a license to carry a firearm."⁴⁶

Reference to firearms during this period can be found in even earlier reports of Epstein, such as a 2001 report in the UK's *Evening Standard* that was written by Nigel Rosser. There, Rosser asserts the following about Epstein:

He has a licence to carry a concealed weapon, once claimed to have worked for the CIA although he now denies it – and owns properties all over America. Once he arrived at the London home of a British arms dealer bringing a gift – a New York police-issue pump-action riot gun. "God knows how he got it into the country," a friend said.⁴⁷

The identity of this British arms dealer may be Sir Douglas Leese. Per Steven Hoffenberg, an alleged "mentor" to Epstein who worked closely with him beginning in 1987, he had been introduced to Epstein by Leese and further claimed that, soon after Epstein left Bear Stearns, he began working closely with the "mysterious" British arms dealer.⁴⁸ Hoffenberg's own relationship with Epstein is dealt with later in this chapter.

Per Hoffenberg, in an interview with journalist Edward Szall, Epstein was hired by Leese to serve as an investment banker for Leese-owned and Leese-managed companies.⁴⁹ Douglas Leese's son, Julian Leese has stated that Epstein first interacted with the Leese family around 1981, after meeting another of Douglas Leese's sons, Nick, at a party hosted by "a well-known oil baron down in Texas."⁵⁰ Julian Leese has acknowledged that his father was a "mentor" to Epstein and has spoken at length about Epstein seeming bright and intelligent as well as deeply entwined with business and social networks in the UK during this period.

Hoffenberg has also asserted that Epstein, in the early 1980s, "was trained in arms trafficking and money laundering by Adnan Khashoggi and Sir Douglas Leese jointly. ... Jeffrey Epstein was a major participant and principal in the arms trafficking and money laundering operations of Adnan Khashoggi and Sir Douglas Leese, for Israel, for what they were doing in the United Kingdom."⁵¹

Much of Leese's own history is shadowy. Throughout the 1950s and 1960s, he worked at Cam Gears Limited, an automobile parts manufacturing company, and became its managing director in 1957.⁵² Cam Gears was acquired by TRW Inc. in 1965, which had previously been known as Thompson Ramo-Woolbridge. It was

the result of a merger between Thompson Products, a major supplier of aircraft parts for the US Air Force, and Ramo-Woolbridge, a military contractor for ICBM components and components for other weapons systems.

Though it's not exactly clear, TRW seems to have been Leese's introduction into the world of weapons dealing. Oddly enough, years later, a young Bill Gates, who would eventually develop his own ties to Epstein (see Chapter 20), would also get "his first big break" thanks to TRW, when he worked "debugging grid control software for" the company at age 15.⁵³

Anecdotal evidence may also indicate the Leese family's persistent ties to TRW. After it was acquired by TRW, Cam Gears would have fallen under TRW's automobile-focused subsidiary, TRW Automotive, which was headquartered in Livonia, Michigan. In 2017, the International Police and Fire Chaplains Association (IPFCA) of Taylor, Michigan, received a \$50,000 donation from Gratitude America Limited, a foundation connected to Jeffrey Epstein. The donation was brokered by Douglas Leese's son Julian Leese, who was friends with IPFCA director Daniel Tackett.⁵⁴ Taylor and Livonia are just 13 miles apart and the aforementioned donation seems to indicate long-standing family ties of the Leese's to the local area, as well as Epstein's enduring ties to the Leese family.

Julian Leese has denied his father was an "arms dealer," claiming he worked in "defense" but was mainly involved in manufacture and sale of defense products other than weapons, such as radar systems.⁵⁵ However, Julian Leese has conceded that his father was a friend of notorious arms dealer Adnan Khashoggi, whose freindshipn with Douglas Leese most likely revolved around something other than radar and navigation systems.

Between 1966 and 1967, soon after Cam Gears was acquired by TRW, Leese began living in South Wraxall Manor, a luxurious home in Wiltshire, England. The house had been sold by its previous owners, the aristocratic Long family, in 1966, and at least one account from 1967 states that Leese was living in the home at that time, suggesting that he had been the mysterious "businessman" who had purchased the home.⁵⁶ An acquaintance of Leese's later stated that Leese "gave very unusual parties" at South Wraxall Manor as early as the 1970s, but didn't elaborate as to why they were "very unusual."⁵⁷

In 1978, House of Wraxall Limited was established with Douglas Leese and his wife, Jane Primrose Leese, listed as company directors. Douglas Leese listed his address as being located in Hong Kong, while that of his wife was listed as

South Wraxall Manor. The company was officially involved in the development and sale of real estate projects.⁵⁸

Not long after the creation of this company, Leese found himself involved with the Wraxall Group. It is unclear, given the name of Leese's residence at the time, if he was the founder/owner of the Wraxall Group. However, he was certainly in charge of the Group's Bermuda subsidiaries, including the Bermuda-based, wholly-owned subsidiary of the Wraxall Group, the Lorad Company.⁵⁹ Before going into greater detail about Lorad, and how Lorad may have been central to not only Leese's but Epstein's activities in the early 1980s, it is worth detailing a few of the other characters involved with the Wraxall Group.

Other individuals tied to the Wraxall Group aside from Leese include Sir Maurice (Robert) Johnston, who had previously served in the British military, attaining the rank of Lieutenant General and serving in Germany, Egypt, Jordan, Libya, Northern Ireland, and Borneo. He was Deputy Chief of Defense Staff in 1982 and 1983 before retiring from the military. A year later, in 1984, Johnston became "managing director, Freshglen Ltd, Wraxall Group."⁶⁰

Another interesting individual was "executive vice president of the Wraxall Group" from 1986 to 1990 – Peter Maxwell Dickson.⁶¹ Dickson, who has a lengthy history of engaging in fraud and suspect banking practices, ran the Bermuda-based firm Grosvenor Group Holdings, a decades-old offshore complex that has stashed away over \$1 billion for the Dukes of Westminster over the years.⁶² Grosvenor Group Holdings also controlled a Dickson-owned bank called Horizon Bank International that was set up in 1995 by William Cooper, who then served as the bank's managing director.

From 1981 to 1984, Cooper was the general manager of Swiss American Banking Group, which had been organized by Bruce Rappaport and Marvin Warner with the assistance of Burton Kanter.⁶³ Rappaport, discussed at length throughout this book (mainly in chapter 3), was intimately involved with the Iran-Contra affair and BCCI, as well as intelligence/organized crime networks in Israel and Russia. He was also a close friend of William Casey. Kanter was the mob-linked attorney that had previously partnered with CIA banker Paul Helliwell who was first introduced in chapter 1.

While Dickson has his own ties to the shadow banking empires previously detailed in this book, it is uncertain when he made those connections. It's quite likely that he came into contact with those forces during or after his time with the

Wraxall Group. This is because, Sir Douglas Leese, who managed Wraxall's businesses in Bermuda, where Dickson also resided, seems to have been very much connected to these same networks, including via his reported involvement in arms deals that paralleled Iran-Contra itself back in the early 1980s. These deals are also alleged to have involved not only Saudi arms dealer and Iran-Contra figure Adnan Khashoggi, but also Jeffrey Epstein.

The Lorad Company was one of the main Wraxall subsidiaries in Bermuda that was firmly under Leese's control. In June 1983, a joint venture of Lorad and another company was formed called Norinco Lorad Limited and, six months later, Lorad (Far East) Limited was created in Hong Kong, where Leese had already had at least one address listed as early as 1978.⁶⁴ The Norinco referenced here is the Chinese state-owned weapons producer Norinco (North Industries Corporation), which was founded in 1980 with the approval of the State Council of China.

After its founding, Norinco, along with a handful of other Chinese state-owned firms, helped China to emerge "as a leading arms supplier to the Third World, signing agreements between 1983 and 1990 worth more than \$16 billion" (\$33.7 billion in 2022 dollars). During this period, "much of China's business was with Iran; Beijing became Tehran's biggest weapons supplier during the 1981-88 Iran-Iraq War, selling \$4.8 billion [\$10.1 billion in 2022 dollars] in weapons and munitions to Iran in 1983-90," according to then-senior staff member of the Senate Foreign Relations Committee William Triplett II, writing for the *Washington Post* in 1991.⁶⁵

These sales to Iran during this period were dominated by Norinco as well as Poly Technologies, owned by the People's Liberation Army (PLA), and China Jingan, controlled by the People's Armed Police. Thus, the very year these Chinese weapons companies began selling massive amounts of weapon to Iran, 1983, was also the same year the main company involved in its sales, Norinco, set up a joint venture with the Leese-managed Lorad Company in Bermuda.

According to Steven Hoffenberg, by 1983, Leese was working closely with Jeffrey Epstein, specifically on the sale of Chinese weapons to Iran.⁶⁶ Per Hoffenberg, Saudi arms dealer Adnan Khashoggi, by then on the payroll of Israel's Mossad and close to the intelligence apparati of the Saudis and the United States, was also part of these efforts and had a "revenue sharing agreement" with Leese on arms deals.⁶⁷ Hoffenberg also asserts that Leese was deeply enmeshed in British intelligence networks and was actively involved with those networks at the time. If

we are to believe Hoffenberg, then Khashoggi, Leese, and Epstein were working together on a parallel operation to Iran-Contra while Iran-Contra was on-going.

In addition, Leese and Khashoggi were both involved in the 1985 arms deal with Saudi Arabia, known as the Al-Yamamah Deal, albeit on different sides. Khashoggi represented the French weapons industry, while Leese, along with Khashoggi rival Wafic Said, represented British defense interests, which ultimately won the day. Khashoggi later claimed that the deal had been secured for Britain, in part, due to the involvement of Mark Thatcher, Margaret Thatcher's son whose peripheral role in Iran Contra is discussed in Chapter 7.⁶⁸ Margaret Thatcher was Prime Minister at the time the Al-Yamamah Deal was signed, whereby Saudi Arabia paid for weapons largely manufactured by BAE Systems in oil, and accusations later arose that Britain only won the deal due to having bribed Saudi leadership.⁶⁹ Corruption investigations into Al Yamamah were later shut down thanks in large part to the efforts of Tony Blair as well as Prince Andrew, with the latter being a well-known Epstein confidant.⁷⁰

Aside from the documented Norinco-Leese and Leese-Khashoggi connections, there is further evidence that supports Hoffenberg's claims. For instance, during this period, Adnan Khashoggi was a reported client of Epstein, per Vicky Ward as cited by *New York Magazine*, during the period after he left Bear Stearns and before he formally teamed up with Hoffenberg and Leslie Wexner, which includes this period of time (i.e. 1983).⁷¹ Epstein is also known to have been associated with Leese during this period, and Leese subsequently appears in Epstein's black book of contacts. In addition, Epstein later maintained a relationship with at least one of Leese's sons, Julian. Douglas Leese's other son, Nicholas, who allegedly introduced Epstein to the Leese family, was arrested in 1996 and charged with over 200 counts related to corruption in Singapore.⁷²

Furthermore, during this period of time, Epstein was clearly involved in the world of shadowy banking practices and fronts. Per his claims to several friends and as mentioned in more than a few press reports authored prior to his 2007 arrest, Epstein was working as a financial "bounty hunter" and helped both recover and hide stolen money on behalf of powerful people. Thus, to be successful in such work, he would have needed an intimate working knowledge of front companies, offshore banking, and other components of the financial webs woven by those looking to hide away "looted" money.

If Adnan Khashoggi was indeed Epstein's client, this suggests that Epstein may have been associated with BCCI in some capacity. If Epstein worked in this financial "bounty hunter" capacity for Khashoggi, it's very likely that he would have come into contact with BCCI during this period, as BCCI was the main bank Khashoggi used during the period in which they were alleged to have worked together. In addition, the weapons sales to Iran that involved Norinco during this period, in which Leese, Epstein, and Khashoggi are alleged to have been involved, also made heavy use of BCCI. As noted by the *Washington Post* in 1991:

According to a Hong Kong source with detailed knowledge of China's weapons sales policies, until recently, the Bank of Credit and Commerce International (BCCI) was the bank of choice for the arms exporters. With its extensive Mideast operations and reputed money-laundering proclivities, BCCI would have been a natural fit for the Chinese. BCCI also operated in Beijing, the Shenzhen Special Economic Zone outside Hong Kong and in 27 branches in Hong Kong itself through what BCCI called the Bank of Credit and Commerce Hong Kong (BCCHK).⁷³

Years later, when BCCI was collapsing, the Lippo Group of the Riady family, who boasted close ties to Bill Clinton and Clinton/Bush financier Jackson Stephens, would attempt to intervene to rescue BCCHK. It is worth noting the involvement of Riady/Stephens with the BCCI subsidiary that was used by Norinco and other state-owned firms during this period. This is because, as will be detailed extensively in Chapters 16 and 17, Epstein may have been involved in arms smuggling activities related to a network that spanned the Clinton White House, Norinco and the Poly Group, and the Riadys in the mid-1990s. The fact that Epstein would find himself enmeshed within these same networks in the mid-1990s further corroborates his involvement with those same entities back in 1983, as has been alleged by Hoffenberg and other sources.

Hoffenberg, who was found dead in his apartment in late August 2022, had notably confided in Edward Szall off the record that Epstein had had a relationship with BCCI, but did not provide any specifics.

BCCI's considerable intelligence ties and the reported intelligence connections of Khashoggi and Leese also make it worth considering Epstein's past claims, as cited by Nigel Rosser, that he once worked for the CIA. BCCI's connections to the CIA and other allied intelligence agencies were discussed in Chapter 7. In addition, at the time this operation involving Khashoggi, Leese, and Epstein was said to have occurred – around 1983 – Khashoggi also employed two other men deeply enmeshed in these networks where Big Business, intelligence,

and organized crime intermingle: Roy Cohn and Robert Keith Gray.⁷⁴ Notably, Gray was also very much involved with BCCI, as noted in Chapter 7, and both Cohn and Gray were involved in sexual blackmail operations to some extent.

In addition, in 1989, Khashoggi himself had been called by *Vanity Fair* “one of the greatest whoremongers in the world.”⁷⁵ His biographer, Ronald Kessler, remarked in 1988 that “His [Khashoggi’s] whole modus operandi was to influence clients with his opulent lifestyle” and that “he would give them [potential clients] anything they wanted: girls, food, cash... He had quite a variety of occasions on the boat. Some were very formal, some were orgies.”

According to the UK’s *Independent*, “One of the ‘girls’ used in this way, Pamella Bordes, later spoke of being ‘part of an enormous group ... used as sexual bait,’” suggesting that Khashoggi commanded a veritable harem of women who were used to entice, or potentially coerce, would-be clients.⁷⁶ However, these lists of “potential clients” also included notable politicians, diplomats, celebrities, and a cadre of businessman. In the case of politicians and diplomats, it’s entirely possible that Khashoggi’s yacht was used as a means of collecting blackmail that Khashoggi used to benefit his network, or anyone willing to pay the right price.⁷⁷ This was also alleged by the head of a highly-connected call-girl ring, Fortuna Israel a.k.a. “Madame Tuna,” as discussed in Chapter 7.

Notably, Khashoggi’s infamous yacht would be sold to Roy Cohn’s protégé, Donald Trump, in 1988, with the involvement of the Sultan of Brunei.⁷⁸ As will be mentioned in the next chapter, the Sultan of Brunei would become Epstein’s landlord in the office he shared with Evangeline Gouletas-Carey and, as we will see in Chapter 19, the Sultan of Brunei makes other curious appearances in the Epstein-Clinton relationship.

In addition, both Cohn and Gray were very close to then-CIA Director Bill Casey. In Gray’s case, as noted in the previous chapter, *Newsweek* described him as often having “boasted of his close relationship with the CIA’s William Casey; Gray used to say that before taking on a foreign client, he would clear it with Casey.”⁷⁹ In Cohn’s case, Christine Seymour, Cohn’s long-time switchboard operator, said Casey and Cohn were close friends and, during the 1980 Reagan campaign, Casey “called Roy almost daily.”⁸⁰ As noted in the last chapter, in the immediate aftermath of Reagan’s electoral victory, both Cohn and Gray took Khashoggi on as a client. Jeffrey Epstein would follow suit, shortly after his resignation from Bear Stearns. As previously mentioned, Casey had been the legal representative of Bear

Stearns during Epstein's time there up until several weeks before Epstein's abrupt resignation, when Casey became CIA director.

With Cohn, Gray, and Casey in the periphery, this also raises the additional possibility that Epstein may have first been exposed to the idea of sexual blackmail operations in this period, due to his proximity to people like Cohn and Gray through Khashoggi, as well as (and more likely) his proximity to Khashoggi himself. Another possibility is that Epstein was first exposed to this type of operation through a potential link to BCCI, as the "dirtiest bank of them all" was also alleged to have been involved in the sex trafficking of minors.

According to the report entitled *The BCCI Affair*, by then-US Senators John Kerry (D-MA) and Hank Brown (R-CO), BCCI officials were alleged to have obtained leverage over and curried favor with powerful individuals, including prominent members of the ruling families of the United Arab Emirates (UAE), by providing them with young virgins, many of whom were under the age of 18.

The report (pages 69-70) specifically states:

BCCI's involvement in prostitution arose out of its creation of its special protocols department in Pakistan to service the personal requirements of the Al-Nahyan family of Abu Dhabi, and on an as-needed basis, other BCCI VIPs, including the families of other Middle Eastern rulers.

Several BCCI officers described the protocol department's handling of prostitution to Senate investigators in private, and two – Abdur Sakhia and Nazir Chinoy – confirmed their general knowledge of the practice in testimony.

The prostitution handled by BCCI was carried over from practices originally instituted by [BCCI founder Agha Hasan] Abedi at the United Bank, when working with a woman, Begum Asghar Rahim, he cemented his relationship with the Al-Nahyan family through providing them with Pakistani prostitutes.

Among BCCI bank officials in Pakistan, Begum Rahim was reputed to have in United Bank first won the favors or attention of the royal family by arranging to get virgin women from the villages from the ages of 16 to 20. Rahim would make payments to their families, take the teenaged girls into the cities, and there taught them how to dress and how to act, including the correct mannerisms. The women would be then brought to the Abu Dhabi princes. For years, Rahim would take 50-60 of these girls at a time to large department stores in Lahore and Karachi to get them outfitted for clothes. Given the size of Rahim's revenue and her spending habits – \$100,000 at a time was not unusual when she was engaged in outfitting her charges – her activities became notorious in the Pakistani community generally, and there was substantial competition among clothiers and jewelers for her business.

According to one U.S. investigator with substantial knowledge of BCCI's activities, some BCCI officials have acknowledged that some of the females provided some members of the Al-Nahyan family [one of the ruling families in the UAE] were young girls who had not yet reached puberty, and in certain cases, were physically injured by the experience. The official said that former BCCI officials had told him that BCCI also provided males to homosexual VIPs. ⁸¹

This BCCI-run sex trafficking operation has some obvious similarities to the operation that would later be run by Jeffrey Epstein and Ghislaine Maxwell, with Maxwell's actions in that operation paralleling the actions of Begum Asghar Rahim to a considerable degree (see Chapter 18).

Returning to the matter of Epstein's past claim to have been tied to the CIA during this period, there is also evidence of Norinco specifically working with CIA assets to arm the CIA-backed Mujahideen in Afghanistan. Michael Riconosciuto, who was then directly affiliated with the CIA and who programmed a backdoor into PROMIS (see Chapter 9), also claimed to have personally assisted the CIA effort to arm the Mujahideen in Afghanistan with unassembled Chinese rocket systems in 1986. Riconosciuto alleges that he aided this specific effort using pre-existing connections of his to Norinco.

In an interview with author Cheri Seymour, Riconosciuto stated that the furnishing of weapons to Iran, the Afghanistan Mujahideen, and the Contras were done by the a single entity, which he referred to as simply "The Company."⁸² Riconosciuto also said that Mujahideen and Contras would "pay" for the arms with drugs, not currency, as part of the parallel "arms-for-drugs" trafficking operations that was detailed in Gary Webb's *Dark Alliance*, among other sources. The FBI would later refer to "The Company" in a case file on Andrew C. Thornton II, calling it a CIA-linked network of former special forces officers and law enforcement officials involved in the smuggling of cocaine into the US.⁸³

Another associate of Riconosciuto during this period, namely W. Patrick Moriarty, was also deeply involved in managing negotiations and trade agreements with China during this period, supporting Riconosciuto's claim that he and his networks during this period were connected to influential Chinese firms, such as Norinco. The Norinco connection to BCCHK, as well as the alleged connections to Epstein and then-CIA-connected Riconosciuto, makes the case that Norinco was involved with the CIA-affiliated individuals and entities during this period as it related to arms deals.

Furthermore, given that Khashoggi was affiliated with Saudi, American, British, and Israeli intelligence by 1982, it is also possible that Epstein made his way into the fold of intelligence himself through Khashoggi.

Epstein's affiliation with some national intelligence agency was essentially confirmed in 2019, when it was reported that then-Secretary of Labor Alex Acosta, who had signed off on Epstein's "sweetheart deal" during his first criminal

case, had “been told” to back off of Epstein, that Epstein was above his pay grade. “I was told Epstein ‘belonged to intelligence’ and to leave it alone,” Acosta had reportedly told the Trump transition team.⁸⁴ It is unclear, from Acosta’s reported statements, exactly what intelligence agency, American or foreign, Epstein had been affiliated with and when.

It is entirely possible that, as Epstein once claimed, he worked for the CIA during this specific period, and later affiliated himself with another intelligence agency. Alternatively, he may have worked for more than one intelligence agency at a time, being a double or potentially even triple agent.

According to former Israeli military intelligence officer Ari Ben-Menashe, who I first interviewed in December 2019, Epstein’s affiliation with Israeli intelligence dated back at least to the mid-1980s, when Ben-Menashe was personally introduced to Epstein by Robert Maxwell. Per Ben-Menashe, Maxwell introduced Epstein as having been approved by the “higher ups” in the Israeli intelligence network where Ben-Menashe and Maxwell were both operating. The introduction reportedly occurred at Maxwell’s offices in London.⁸⁵

During this period, Ben-Menashe has stated that he believes one of these “higher ups” was Ehud Barak, the future Prime Minister of Israel who was head of the Israeli military intelligence directorate AMAN from 1983 to 1985. Ben-Menashe could not recall the exact date of his introduction to Epstein, but stated that it occurred within that 1983-1985 period in which Barak held this post. Barak would later become infamous for his close proximity, not only to Epstein, but his sex trafficking/sex blackmail operation, which is discussed in the next chapter.

In a September 2019 interview with journalist and former *CBS News* producer Zev Shalev, he stated “he [Maxwell] wanted us to accept him [Epstein] as part of our group.... I’m not denying that we were at the time a group that it was Nick Davies [Foreign Editor of the Maxwell-Owned *Daily Mirror*], it was Maxwell, it was myself and our team from Israel, we were doing what we were doing.”⁸⁶

Past reporting by Seymour Hersh and others revealed that Maxwell, Davies, and Ben-Menashe were involved in the transfer and sale of military equipment and weapons from Israel to Iran on behalf of Israeli intelligence during this time period. Ben-Menashe was not aware of Epstein being involved in arms deals for anyone else he knew at the time, but did confirm that Maxwell wanted to involve Epstein in the arms transfer in which he, Davies, and Ben-Menashe were engaged on Israel’s behalf.

After the initial introduction, Ben-Menashe would witness Epstein at Maxwell's offices on several occasions, stating that Epstein was "frequently present" at that location. Ben-Menashe stated specifically that Epstein "used to be in [Robert Maxwell's] office [in London] quite often" and would arrive there between trips to and from Israel.⁸⁷ Ben-Menashe also asserted that Ghislaine Maxwell accompanied her father so frequently that she was involved in his intelligence-related activities to some extent. However, he stopped short of saying how involved she was or what she had specifically been involved in prior to her father's death. Ghislaine's early life and her relationship with her father is detailed in Chapter 15.

Aside from Ben-Menashe's claims, there are also statements made by Steven Hoffenberg that, during the late 1980s, Epstein had boasted of his ties to Israel's intelligence services, claiming that it had been Ghislaine Maxwell who had made the introduction.⁸⁸ Furthermore, Zev Shalev reported that another well-placed and independent source, who has remained anonymous, had corroborated Ben-Menashe's assertions that Epstein had been an intelligence asset for Israel.⁸⁹

Close ties to Israel's government later in his life can also be seen in an odd visit Epstein made to Israel in 2008. The visit was odd partly due to the timing, as it took place during the course of his trial and just a few months before he was sentenced to prison in June 2008. In April of that year, the *Palm Beach Daily News* reported that Epstein was staying at the Tel Aviv Hilton and quoted an Epstein spokesman as saying that he was "spending Passover, meeting with Israeli research scientists, and taking a tour of military bases."⁹⁰ Access to military bases is certainly not something easily obtained by tourists to Israel, even very wealthy ones, again suggesting that Epstein had long-standing connections to Israel's national security apparatus, along with his "friendship" to Ehud Barak.

Some have speculated that the timing of this trip saw Epstein implore prominent Israelis for aid in his legal troubles back in the US. After all, as will be revisited again in chapter 14, Ehud Barak was a key reason behind Bill Clinton's controversial pardon of Marc Rich and Epstein may have thought a similar intervention could work to his benefit.

It is worth noting that, during and before this period of Epstein's career (i.e. the early to mid-1980s), both Israeli and British intelligence were already involved in the acquisition of sexual blackmail domestically within the United States. Some

of the blackmail sources were call services operating in New York and Washington, DC that sexually exploited minors.

In 1982, the New York State Select Committee on Crime, which investigated nationwide networks of underage sex trafficking and the production of child pornography, saw committee investigator Dale Smith reveal that an accountant for “several call service operations” in Washington, DC, named Robert Koehler was selling “information on the sexual proclivities of the clients to agents of foreign intelligence services.”⁹¹ Two other call service operations were called Brian’s Boys and Fantasies Unlimited, which were operated out of Alexandria, Virginia, and managed by Jonathan C. Reynolds III. Reynolds told Smith that he was “selling information out of the call services” specifically “to British and Israeli intelligence.”⁹² Smith also stated that Soviet Military Intelligence had been purchasing similar information from call services in Washington.⁹³

Epstein’s involvement with intelligence during this period and his subsequent sex trafficking activities suggest that these operations, as well as those practiced by top officials at BCCI during this period, may have served as a sort of blueprint for Epstein’s own, subsequent sex trafficking/sex blackmail operation with Ghislaine Maxwell, daughter of the intelligence-connected Robert Maxwell.

THE AUSTRIAN PASSPORT MYSTERY

The mystery surrounding the exact nature of Epstein's intelligence connections forged during the 1980s deepened soon after Epstein's 2019 arrest, when it was revealed in court that Epstein possessed in a safe "a passport from a foreign country with a picture of the defendant [i.e. Epstein] under another name." The passport had been issued in the 1980s.⁹⁴ The contents of that safe were used by the prosecution to argue that Epstein was a flight risk, as the safe with the passport had also contained \$70,000 in cash and 48 small diamonds.⁹⁵ It was later revealed, during the course of the Ghislaine Maxwell trial, that the safe had actually contained multiple passports, but only the details of the aforementioned passport "under another name" have been made public.⁹⁶ That passport was long expired and would not have facilitated Epstein's potential "quick getaway."

The passport had been issued in Austria and listed Epstein's alias and a Saudi Arabian address. The alias of Epstein's used in this passport remains unknown. The passport showed stamps from France, Spain, the United Kingdom, and Saudi Arabia.⁹⁷ These locations suggest deeper links to Khashoggi, who was from Saudi Arabia and close to Saudi intelligence, as well as the Maxwell family, who had family homes in both the United Kingdom and France. The visits to Spain may be explained by Epstein's involvement with recovering lost millions on behalf of powerful Spaniards in 1982, including Ana Obregón's father, as it related to the collapse of Drysdale Government Securities.

Epstein's defense lawyers had attempted to explain away the passport. According to the *Associated Press*, they argued that "a friend gave it to him [Epstein] in the 1980s after some Jewish-Americans were informally advised to carry identification bearing a non-Jewish name when traveling internationally during a period when hijackings were more common."⁹⁸ This claim appears to be related to concerns that followed the hijacking of Air France Flight 139 in 1976, when Israeli and Jewish hostages were separated from other hostages based largely on the passports in their possession.⁹⁹

Given that Epstein was unable to meet the conventional qualifications for an Austrian passport – including long-term residency in Austria (the passport lists him as a resident of Saudi Arabia) and fluency in German – it appears that the only way to have acquired an Austrian passport was by unconventional means,

meaning assistance from a well-connected Austrian official or foreign diplomat with clout in Austria.

The origins of this passport still remain shrouded in mystery. Some, such as journalist Edward Szall, have speculated that the source was Ronald Lauder, heir to the Estee Lauder fortune who served as the US ambassador to Austria from April 1986 to October 1987. There is certainly a case to be made for Lauder being the potential source. He would have been well-positioned to acquire such a passport, particularly for the reason cited by Epstein's attorneys that Jewish-Americans could be targeted during travel, and in light of Lauder's very public concerns over threats Jews faced from certain terror groups during that period.

In addition, Lauder swam in the same social circles as Epstein's former patron Alan Greenberg as well as Donald Trump, another friend of Lauder and Greenberg who began his friendship with Epstein in 1987.¹⁰⁰ Lauder's parents were also close friends of Roy Cohn, Trump's mentor who was the lawyer of Epstein's client in the 1980s, Adnan Khashoggi.¹⁰¹ In 1987, Epstein also began his formal relationship with Leslie Wexner, who shares strong "philanthropic" connections to the Bronfmans with Lauder. Lauder would later take over Edgar Bronfman's role as head of the influential Zionist lobby organization the World Jewish Congress in 2007. Wexner's role in co-founding the Mega Group with Charles Bronfman and other intersections of their philanthropic endeavors are detailed in chapter 14.

Lauder also possessed some apparent connections to US intelligence as well as close ties to Israel's government, particularly during Benjamin Netanyahu's first term as Prime Minister, as Netanyahu's successful 1996 campaign was largely bankrolled by Lauder. Regarding a potential US intelligence connection, Lauder co-founded the Eastern European broadcasting network CETV with Mark Palmer, a former US diplomat, Kissinger aide, and Reagan speechwriter. Palmer is best known for co-founding the National Endowment for Democracy (NED), an organization often described as an accessory to US intelligence. NED's first president confessed to the *Washington Post* in 1991 that "a lot of what we do today was done covertly 25 years ago by the CIA."¹⁰²

In the case of Lauder's Israel ties, Lauder himself has been alleged to have ties to Israel's security and intelligence services, as he is a long-time, major funder of IDC Herzliya, an Israeli university founded in 1994 and closely associated with Israeli intelligence agencies.¹⁰³ Lauder even founded IDC Herzliya's Lauder

School of Government, Diplomacy, and Strategy.¹⁰⁴ In 2007, founding president of IDC, Uriel Reichman, told the *Jerusalem Post* that “a central mission of ours is the strengthening and development of Israel’s security forces.”¹⁰⁵ Notably, Israeli intelligence services have a history of using ambassadors abroad to procure false, foreign passports for its operatives.¹⁰⁶

However, it is hard to know the likelihood of Lauder’s involvement in procuring the passport as the date of issuance or the passport’s creation, as well as the dates on the stamps to Saudi Arabia and other countries, remains unknown. Prosecutors in the 2019 case against Epstein stated that the document had expired in 1987, the year Lauder left his ambassadorship, but there is still a possibility it had been given to Epstein for shorter term use during Lauder’s time in that position.

Another possibility other than Lauder is the previous US ambassador to Austria, Helene Von Damm, who held that post from 1983 to 1986, and was a known attendee of parties on Roy Cohn’s yacht.¹⁰⁷ Still another, and more likely, possibility was Von Damm’s deputy, Felix Bloch, who was known to buck protocol and was deemed insubordinate by both Von Damm and her successor Ronald Lauder.

Bloch is a controversial figure who found himself investigated for illegal activities by the FBI and was alleged to have had relationships with foreign intelligence services, namely the Soviet Union. He had been the second-ranking officer at the US embassy in Vienna until 1987, when he returned to the US to head the State Department office handling regional affairs for Europe.¹⁰⁸ He was suspended from his diplomatic post in mid-1989 and reportedly told investigators that the Soviet Union had paid him “a lot of money” and that he had collaborated with the Soviets for “many years,” per the *New York Times*.¹⁰⁹ However, he was never charged due to a purported “dearth of evidence.”¹¹⁰

If Bloch indeed had had ties to the KGB, it is possible he had helped furnish a passport clandestinely for Epstein. This is because Robert Maxwell, who had reportedly brought Epstein into his arms dealing-intelligence network by the mid-1980s, had considerable ties to the KGB and could have likely arranged for the Austrian passport through a man like Bloch. Among Maxwell’s close contacts in the KGB was Vladimir Kryuchkov, who joined the KGB in 1967 and would serve as the agency’s head from 1988 until August 1991, at which point he was involved with a failed coup against Mikhail Gorbachev.¹¹¹ Another of Maxwell’s contacts

with KGB connections was Yuri Andropov, who served as head of the KGB from 1967 through 1982.[112](#)

FROM LEESE TO HOFFENBERG

In 1987, it would again be Douglas Leese who would further alter the course of Epstein's career, introducing him to Steven Jude Hoffenberg, who had founded and led Towers Financial Corporation. Towers Financial was ostensibly a collection agency, which originally focused on buying the debts people owed to hospitals, banks, and so on. Yet, with Epstein's assistance, it would soon become much more.

Hoffenberg has stated that Douglas Leese was a principal at Towers Financial and wanted Hoffenberg to hire Epstein at the company for a position specifically related, originally at least, to the sale of securities.¹¹³ Per Hoffenberg, Douglas Leese, in introducing Epstein to Hoffenberg, was interested in using Towers Financial funds for the purpose of "embezzlement" and fraud and that this was part of his motive in introducing Epstein to Hoffenberg.¹¹⁴ Julian Leese has claimed that he worked briefly at Towers Financial and that he was the one who first introduced his father to Hoffenberg.¹¹⁵ Criminal financial activity would take place at Towers Financial, though those crimes would later be tied to Epstein and Hoffenberg, not Douglas or Julian Leese. However, Hoffenberg, who ultimately took the fall for the entire scheme, has stated that, not only was Douglas Leese involved in the planning of these crimes, but so were Douglas Leese's sons Julian and Nicholas.

Hoffenberg told the *Washington Post* in 2019 that Leese had told him about Epstein, "The guy's a genius.... He's great at selling securities. And he has no moral compass."¹¹⁶ Hoffenberg, at the time, has admitted to having been "a schemer," stating that he "was always under investigation," well before Towers Financial Corporation collapsed and became known as one of the largest Ponzi schemes in US history.

Hoffenberg, after founding Towers in the early 1970s, had had several run-ins with the law. In one example, in 1980, Hoffenberg and two partners were "sued for fraud over their acquisitions of a hardware supplier," resulting in a \$300,000 settlement.¹¹⁷ It was also reported in the 1980s that "the Securities and Exchange Commission accused Towers of selling \$34 million in unregistered securities to the public" and that charge was also settled, though with "no admission of guilt."¹¹⁸

Leese's assertion about Epstein's genius and lack of morals appeared to have piqued the interest of Hoffenberg, perhaps because, with such talents, Hoffenberg could execute bigger and more lucrative "schemes." Between 1987 and 1993, Epstein was paid \$25,000 a month by Hoffenberg. A year after they met, in 1988, Hoffenberg would also provide Epstein with a \$2 million loan that, per Hoffenberg, Epstein never paid back.

The same year that Hoffenberg met Epstein and Epstein became involved in Towers Financial, the company "began constructing one of the largest frauds in history." The *Washington Post* detailed the origin of the scheme as follows:

The scheme began when Towers acquired the parent of two insurance companies, Associated Life Insurance United Fire. Then, Towers launched a takeover attempt against Pan Am, the once-proud but then-struggling airline.

To boost its chances, Towers told the SEC that it had an expert on its team: Epstein. Towers called him "a financial advisor who has been familiar with Pan Am for approximately six years" and was now advising Towers.

What neither regulators nor Pan Am knew was that, as Hoffenberg admitted later in court, Towers had begun devising a classic Ponzi scheme, named for a swindler who defrauded investors by moving money back and forth to create the false impression that profit was being made.

After acquiring the insurance companies, Towers began siphoning funds from them to make its bid for Pan Am look viable. Hoffenberg and Epstein also began pulling out hundreds of thousands of dollars for themselves, court documents show. Hoffenberg issued more than 50 checks from the insurance companies to pay his stepdaughter's tuition, expenses on his private plane, and monthly \$25,000 checks to Epstein.

"I advanced money to Epstein perpetually because I thought this thing could work," Hoffenberg said. "He could sell anything. People loved him."¹¹⁹

However, the takeover attempts of the airlines failed, causing problems for the Towers-owned insurance companies. Hoffenberg would then siphon off an additional \$1.8 million from those companies in a failed attempt to acquire Emery Air Freight, leaving the insurance companies insolvent and robbing thousands of customers in Illinois and Ohio. The Illinois Department of Insurance and the SEC then sued Towers. Hoffenberg has said that some of these takeover attempts involved assistance from people at Epstein's former employer Bear Stearns, but qualified that it was "not a lot."¹²⁰

Yet, the duo of Epstein and Hoffenberg showed no signs of slowing down and instead expanded, developing a separate Ponzi scheme in 1988 that involved selling around \$272 million in promissory notes, where they were "offering returns of 12 to 16 percent and marketing them largely to people of modest

means, among them widows, retirees, and people with disabilities.”¹²¹ Money from the sale of the promissory notes was used to convince Illinois regulators that the company was not actually insolvent and that the insurance companies had sufficient capital to cover claims. Two years later, in 1990, they would engage in similar behavior, selling about \$210 million in bonds and filing false financial statements to cover their tracks.¹²² Regarding these acts, Hoffenberg would tell the *Washington Post* in 2019, “I call it a turnover. You raise a dollar here, you pay a dollar there. Epstein was brilliant at this.”

During this period, Epstein and Hoffenberg grew very close. “They traveled everywhere together – on Hoffenberg’s plane, all around the world, they were always together,” one source told Vicky Ward in 2003.¹²³ Hoffenberg, on the matter of their then-close relationship would later tell *CBS News* “He was my best friend for years. My closest friend for years.... We ran a team of people on Wall Street, investment people that raised these billion dollars illegally. He was my guy, my wingman.”¹²⁴

Hoffenberg later claimed to have fired Epstein in the early 1990s because Epstein “was stealing too much. I couldn’t supervise him.”¹²⁵ However, the manner in which they parted ways is disputed. Even if Hoffenberg did cut ties with Epstein well before he was arrested in 1993, Hoffenberg did seem to maintain ties with Epstein/Maxwell-connected networks until the very end. For example, when Hoffenberg moved to buy the *New York Post*, which he had done at Governor Mario Cuomo’s request, he used the same lawyers that Robert Maxwell had used to take over the *New York Daily News* just a few years prior to secure that transaction.¹²⁶ It’s also worth noting that the way both Hoffenberg and Maxwell played up their respective “rescues” of well-known New York newspapers was remarkably similar.

Shortly after Hoffenberg became the *New York Post*’s “savior,” he was sued by the SEC and Towers Financial filed for bankruptcy shortly thereafter. The Ponzi scheme had imploded.

Soon, Hoffenberg appeared in front of a Chicago grand jury, in November 1993, to which he confirmed while being questioned that “Jeffrey Epstein was the person in charge of the [fraudulent] transactions.” When asked by federal prosecutor Edward Kohler if Epstein had been trying to manipulate the price of stocks, Hoffenberg responded affirmatively. Kohler’s line of questioning and overarching narrative at the hearing painted Epstein as the “technical wizard” of

the Towers Financial fraud; yet, somehow, three months later, Epstein's name mysteriously disappeared from the case.¹²⁷

Hoffenberg was arrested in 1994 and pled guilty in April 1995. Hoffenberg had been offered a reduced sentence by prosecutors in exchange for information about co-conspirators, but either prosecutors were no longer interested in pursuing Epstein or Hoffenberg chose not to talk about Epstein.¹²⁸ Other Towers executives, Mitchell Brater and Michael Rosoff, were charged for their role in the Towers Financial schemes, but Epstein was never charged.¹²⁹

Hoffenberg has since alleged that he only pled guilty at the behest of his then-lawyer in order to reduce his sentence. His lawyer at the time, Jeffrey Hoffman, told the court that the guilty plea and accompanying confession from Hoffenberg was offered "to spare Mr. Hoffenberg the trauma, embarrassment, and expense of a trial," according to the *New York Times*.¹³⁰

Hoffenberg has since claimed that, if his case had gone to trial, not only Epstein's role in the fraud, but also the true extent of the Epstein-Leese connection would have been exposed. If so, this would have been damaging for several parties, including the intelligence agencies to which both Epstein and Leese were allegedly connected. There is evidence that Hoffenberg did attempt to withdraw his guilty plea after it had been filed, but this effort was mentioned in press reports at the time as having been "based in part on claims of mental illness," with Hoffenberg claiming he had been "mentally impaired" when he had pled guilty.¹³¹

Hoffenberg would attempt to file a lawsuit against Epstein in 2016, but Hoffenberg later withdrew the lawsuit, saying that victims of the Towers Financial fraud "may be in a better position to pursue and assert their own claims" against Epstein.¹³² A similar lawsuit was filed in 2018 by Towers Financial note and bondholders, but was dismissed, suggesting that efforts to shield Epstein from culpability in the Towers case continued nearly up until his 2019 arrest.¹³³ Notably, that complaint alleged that Hoffenberg, despite having been offered a reduced sentence for offering information about co-conspirators in the early 1990s, did not provide any useable intel to investigators on Epstein until his 2016 lawsuit. *The Daily Beast* reported in 2019 that, in the early 1990s, Hoffenberg had never made an attempt to implicate Epstein prior to the 2016 lawsuit, but this was contradicted by reporting from the *Washington Post*, which referenced

Hoffenberg's November 1993 testimony that did both mention and implicate Epstein.¹³⁴

According to Vicky Ward's 2003 report on Jeffrey Epstein in *Vanity Fair*, it had been Hoffenberg who, in 1987, had originally "set Epstein up in the offices he still occupies in the Villard Houses, on Madison Avenue, across a courtyard from the restaurant Le Cirque." If that is the case, as other reports also claim, it would mean that Hoffenberg directly connected Epstein to a network involving the Gouletas family. Evangeline Gouletas appeared to share that very office directly with Epstein.

In his article "My Tea with Jeffrey Epstein," Edward Jay Epstein writes how in the late 1980s, Jeffrey Epstein introduced him to "Evangeline Gouletas-Carey, the wife of former governor Hugh Carey, who shared an office with Epstein at the Villard Houses."¹³⁵ That the two shared an office is confirmed by *Business Insider*: "John Catsimatidis, who owns the Manhattan grocery chain Gristedes, told *Insider* that he met Epstein through his friend Evangeline Gouletas, a real estate executive who shared an office with Epstein in the building of the then-Helmsley Hotel in the early 1990s."¹³⁶

The Helmsley Hotel was the name of a Manhattan luxury hotel that was open from 1981 to 1992, at which point it was purchased by the Sultan of Brunei.¹³⁷ The complex encompassed a portion of the Villard Houses, confirming that the shared Epstein/Gouletas-Carey office alluded to by both Edward Jay Epstein and John Catsimatidis were one and the same. Given the timing, it seems as though Hoffenberg helped forge the connection between Epstein and the Gouletas.

There seems to be special significance to the Gouletas connection. The Gouletas family's lawyer – Allan Tessler – would join the board of Leslie Wexner's The Limited in 1987, the same year that Epstein formally allied with Hoffenberg at Tower Financial and that Epstein became a financial advisor for Wexner. This could potentially mean that Hoffenberg may have had a role in the genesis of the Wexner-Epstein relationship by helping set Epstein up with Gouletas. As we shall see, the Gouletas had considerable ties, throughout the 1980s, to organized crime-linked businessmen in Wexner's inner circle, corrupt New York politicians bankrolled by the Bronfmans and other companies and characters that have already been explored in previous chapters of this book.

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CHAPTER 12

THE PROPERTY DEVELOPER

THE GOULETAS' REAL ESTATE EMPIRE

The real estate empire of the Gouletas clan – brothers Victor and Nicholas, and sister Evangeline – was a vast, interlocking enterprise composed of multiple layers of ownership, comprised of firms nestled within holding companies and with tendrils that spread out from its capital city of Chicago and spanned from New York City to San Diego.

Each of the Gouletas, through individually-owned firms, were the shareholders in Ambelos Corp., the 100% owner of their flagship company, American Invesco Corp. There was also Tamco Holding Co., another company owned by the family. More specifically, this was a holding company that controlled Tamco Industries Inc. American Invesco would pour its money into Tamco, in order to both finance the company's operations – which consisted mainly of acquiring other companies, in an embrace of the wild corporate takeover culture of the 1980s – and to protect the Gouletas' wealth from the creditors that so often dogged Invesco.

It's actually something of a mystery where the Gouletas' wealth came from in the first place. Newspaper records show that, in the early 1970s, American Invesco peddled apartments, and then condominiums, but the units that they offered were unremarkable. Then, suddenly, sometime between 1976 and 1978, their fortunes exploded. The Gouletas became *the* source of condominiums in Chicago, and American Invesco was turning millions upon millions over in annual profit.

One explanation that has been offered for this sudden change was that the Gouletas were backed by Greek shipping money, particularly that of Aristotle Onassis. These rumors were fueled by American Invesco's interest in purchasing half of New York's Olympic Tower, which had been developed and co-owned by Onassis.¹ Another was that their coffers were flush with money from the Middle East. This notion arose because one of Invesco's partners was the J.P. Construction Company, which specialized in construction projects in that particular region.

Another, perhaps more likely although ultimately unproven, allegation is that the Gouletas were fronting for organized crime interests. *Fortune* magazine, in 1981, alluded to an “anonymous report received ... by Congressman Benjamin Rosenthal, chairman of the House subcommittee on commerce, consumer, and monetary affairs” that “traced American Invesco's seed money back to Greek

mobsters in Chicago.”² There was also the issue of a “confidential intelligence bulletin, issued in 1978 by the Los Angeles County district attorney” that raised the possibility that American Invesco was tied to “Briar Management Co., ‘a vehicle for organized crime infiltration of Chicago real estate.’”³

Other hints of potential organized crime connections can be found among some of American Invesco’s management. A long-time president of the company was Douglas Crocker II, who, by the time he linked up with the Gouletas, had amassed a serious track record in the high-stakes real estate game. According to a 1987 issue of the *Chicago Tribune*, one of Crocker’s early business partners was Sam Zell, another wizard in the Chicago real estate scene who, like Ronald Lauder, is a major funder of the intelligence-connected IDC Herzliya. The same article describes another “partner in some of those early ventures” as being Burton Kanter – the mob-linked attorney who joined together with CIA banker Paul Helliwell to form management Castle Bank & Trust, the offshore hot money vortex located in Grand Bahamas’ Freeport (see chapter 1).⁴ In 1976, Kanter, Zell, and two other associates were charged with having used Castle Bank accounts to evade taxes on the sale of a Reno, Nevada, apartment complex that the group – along with other principals, such as Florida senator George Smathers (who had boasted of his own ties to organized crime) – had purchased in 1969.⁵

In 1983, the Gouletas decided to break into the savings and loan game. Through Tamco, they purchased Imperial Corp., a holding company that controlled Imperial Savings and Loan. Imperial controlled numerous thrifts scattered across the United States – at one point, these totalled 40 different institutions with \$6.8 billion in assets.⁶ The holding company had fallen under the control of Saul Steinberg, the corporate raider, friend of Michael Milken, and eager client of the Drexel Burnham Lambert junk bond pipeline. Shortly thereafter, “he split Imperial Corp’s S & L operations into two entities, Imperial Savings in San Diego and Gibraltar Savings in Texas.”⁷ Gibraltar passed through a chain of owners before finally ending up in the hands of Ronald Perelman, another participant in the Milken junk bond universe. Twenty-five percent of Imperial was then bought by Tamco.

In keeping with tradition, Imperial under the control of the Gouletas saw its portfolio swell with Drexel Burnham Lambert junk bonds. It also tapped other Milken clients for financing. Among these was Fred Carr’s First Executive Corp, which, by 1990, owned nearly \$10 billion worth of debt sold through Drexel. First

Executive went insolvent in 1991 and was taken over by the State of California. This followed Imperial's own spectacular collapse at the end of 1990. In all likelihood, the two collapses were intertwined, as the run-up to their parallel breakdowns was characterized by highly irregular business activities that appear to have indicated a large-scale case of stock manipulation.

Those "irregularities" played out as follows: by 1987, the thrift industry as a whole was destabilizing, and a massive cascade of failures was well under way. In late summer, the Gouletas defaulted on a massive loan from First Executive. While Tamco still owned a big chunk of the company, majority ownership was edged out by Fred Carr's insurance firm. Yet, by October, the markets were in turmoil, and the stock price of Imperial was plummeting. It was at this point that strange moves began to be made. As Peter Brewton writes, "who should come to the rescue – none other than Larry Mizel's M.D.C. Holdings, another one of Milken's big clients." (M.D.C. had "raised more than \$700 million from Drexel junk bonds.")⁸

M.D.C. – which continues to exist today – was a major development company with a slew of subsidiaries that specialized in things like home construction. Brewton points out that the manager for Mizel's various investment trusts was Calvin Eisenberg, formerly of Burton Kanter's law firm.⁹ Given the ties between Invesco manager Douglas Crocker and Kanter's circle, it appears that there was a shared social network or *milieu*, where the worlds of real estate, organized crime, and intelligence intersected in Chicago.

The way that M.D.C. "saved the day" was by buying, between November 1987 and February 1988, massive shares of Imperial, causing the stock price to rise from \$7.50 to \$12.50. Then, between June and September of 1988, the company sold off all its stock for "nominal gain."¹⁰

M.D.C.'s timing was auspicious. In October 1988, regulators opened an investigation into a potential "daisy chain" operation involving M.D.C., Silverado Savings in Colorado, Charles Keating's Lincoln Savings in California, San Jacinto Savings in Dallas, and its parent company Southmark – a "vulture capitalist" institution that feasted on the remains of dead thrifts.¹¹ Daisy chains made the illusion of liquidity where it may actually have been scarce, and entailed a network of financial institutions making loans to one another, swapping stock and flipping properties among themselves. These complex wranglings were also deployed by Milken to circulate junk bonds, by making them look more attractive. With that in mind, it's not surprising at all that when the regulators were looking at this specific

cluster of entities, “particular interest was whether securities had been ‘parked’ at the insured institutions by Drexel Burnham and other brokers.”¹²

There were close ties between all of these institutions. Charles Keating of Lincoln was a major Drexel Burnham client, while Southmark was “the largest estate-based conglomerate financed by Milken.”¹³ Over at Silverado Savings, Colorado attorney Norman Brownstein, who also did legal work on behalf of Larry Mizel and M.D.C., had a position on the board. Brownstein was also reportedly a co-trustee for some of Mizel’s investment trusts, alongside the aforementioned Calvin Eisenberg.¹⁴

Brownstein had other clients of interest. There was “Ohio shopping center magnate Edward DeBartolo,” and – importantly – American Invesco. DeBartolo’s considerable ties to both organized crime and Leslie Wexner are discussed in the next chapter. The Gouletas’ ties to this “daisy chain” didn’t stop there, however. Serving as president of Southmark and vice president and chief loan officer of its subsidiary, San Jacinto Savings, was Joseph Grosz – formerly of American Invesco, where he had served under Douglas Crocker.¹⁵

Given the ties between all the individuals involved and the way that the events overlapped at the time, it seems very likely that M.D.C.’s pump and dump of Imperial stock was connected directly to the “daisy chain” operations between M.D.C., Lincoln, Silverado, and Southmark.

ALLAN TESSLER: THE GOULETAS' ATTORNEY

As Imperial was nearing collapse, Allan R. Tessler, the Gouletas family's attorney and board member at a number of their enterprises, was briefly appointed CEO of the thrift combine. His goal was to restructure the organization, salvage its finances, and get it up and running again. In this task, Tessler failed. It is a black spot on his long career, which has included some curious connections.

Tessler was a mergers and acquisitions specialist from the New York City law firm Shea & Gould. The firm's partners and clients were prominent. They had, for example, represented Carmine de Sapio, the last boss of the Tammany Hall political machine, close associate of mobsters like Frank Costello as well as a close personal friend of Roy Cohn. One of the firm's partners was Thomas A. Macioce, brought in by the Vatican in 1989 to help clean up its scandal-ridden bank.¹⁶ Macioce, who chaired Allied Stores, was also on the board of Capital Cities, which took over the American Broadcasting Corporation (ABC) in 1985. There he had served alongside William Casey, who worked for the company between 1976 and 1981, at which point Casey became director of the CIA.¹⁷ Casey continued to hold a significant amount of stock in Capital Cities well into his tenure as CIA director.¹⁸

This wasn't Casey's only connection to Shea & Gould. Milton Gould, the firm's co-founder and senior partner, was Casey's friend and lifelong attorney. It's fair to say that Shea & Gould wouldn't even have existed if it weren't for Casey, as he had introduced Gould and his fellow co-founder William Shea to one another sometime in the 1960s.¹⁹

It isn't clear exactly when Tessler became counsel to the Gouletas, but it was certainly prior to their acquisition of Imperial, and probably dated back to the late 1970s, right around the time that the family's wealth began to rapidly expand.

Throughout this same period, Tessler had another important client: Dr. Earl W. Brian, the Ronald Reagan crony and one of the main architects of the PROMIS software bugging and related scandals (see chapter 9). Brian was also head of the venture capital firm Infotechnology. In 1990, Infotechnology was teetering on the brink of collapse, with cash flow problems tearing the company apart. Tessler, in a move that directly paralleled his actions at Imperial not even a year prior, became

Infotechnology's co-CEO, with a mandate for a corporate restructuring that entailed selling off subsidiary firms, among other things.²⁰

By his own admission, Tessler had been involved with Brian's business affairs since around 1977. This aligned with Brian's time as president of a technology firm called Xonics – and more specifically, with an SEC law-suit against the company for, among other things, artificially manipulating its stock price to raise money for acquisitions. Xonics managed to limp on for several years before it finally collapsed, at which point Brian took control of a subsidiary company called Hadron. As noted in chapter 9, it was Brian, operating through Hadron, who attempted to acquire the PROMIS software from William Hamilton's Inslaw on behalf of the Department of Justice, and he, as well as Hadron, remained deeply tied to the events that surrounded the software's eventual theft and illicit use by intelligence agencies.

Tessler himself makes a brief appearance in the annals of the "Inslaw Affair" itself. William Hamilton of Inslaw Inc. charged that a venture capital firm called 53rd Street Ventures, which held a stake in Inslaw, was party to the Hadron-DOJ conspiracy to acquire PROMIS. An affidavit by Hamilton states that 53rd Street's founder and owner, Daniel Tessler, was "a relative of Alan [sic] Tessler, the senior partner in the New York City law firm of Shea and Gould responsible for Brian and Hadron's mergers and acquisitions work."²¹ Daniel Tessler's wife, Patricia Cloherty, was reported to have told an officer at Hambro International Bank that she "'knew all about' Brian's role in the INSLAW matter." The report of special counsel Nicholas J. Bua – a dismissal of Hamilton and Inslaw's allegations – says that Daniel Tessler met with Inslaw concerning potential investments into the company on behalf of another investor in the company, Hambro International. He further denied that he was related to Allan Tessler and that he or his wife knew Earl Brian.

In the "Rebuttal of the Bua Report", drafted by Hamilton's lawyers, it is pointed out that Daniel's statement concerning his and wife's unfamiliarity with Brian was unlikely to be true: Cloherty served alongside Brian on the board of National Association of Small Business Investment Companies in 1980.²² The question of a family relation between Daniel and Allan Tessler is not mentioned, however.

As detailed in chapter 9, the CIA's modification of the PROMIS software was alleged to have taken place at the Cabazon Indian Reservation in Indio, California.

Cabazon, at this point, was under the dominion of a mobster (and possible CIA asset) named John Nichols, who had managed to take control of the reservation from the tribal government after becoming the manager of a bingo hall – and projected casino project – at the reservation. Between 1981 and 1983, Nichols and his partner G. Wayne Reeder, a land developer of ill repute, steered Cabazon into a joint venture with the Wackenhut Corporation and several smaller companies. The multifaceted plan – which never came to full fruition, despite a surprising number of dead bodies turning up along the way – included a scheme for an arms research, development, and manufacturing plant. It seems that the weapons made at Cabazon were to be deployed into the different theatres of the Reagan administration’s various covert wars. For instance, as previously mentioned, it is a matter of record that representatives of the Contras attended a meeting at Cabazon to observe a weapons demonstration.

According to a Riverside, California, district attorney intelligence report that was later made available to Inslaw, that meeting took place in September 1981, *before* the consolidation of the Contra-support apparatus. It was attended by two Contra generals, representatives from the Cabazon tribal government, and the president of the weapons company Armtech. Also in attendance were Earl Brian and Wayne Reeder. According to the report, the pair “arrived together in a 1981 White Rolls Royce, License Plate 2XG2302.”²³

The connection between Brian and Reeder is Brian’s second connection, following his relationship with Tessler, to the world of savings and loans. Reeder was a prolific borrower from Silverado Savings. For instance, later, when the thrift was near collapse, one of Reeder’s companies defaulted on a \$14 million loan. He was also affiliated with Herman Bee-be, the king of bad S & Ls that had a long list of mob and intelligence ties stretching back to the 1960s, if not earlier.²⁴ A 1985 report by the Comptroller of the Currency on Beebe’s banking and insurance empire listed San Jacinto Savings – a key node in the S & L “daisy chain” that involved the Gouletas, M.D.C., Lincoln, and Silverado – as an institution under his control.²⁵ Beebe’s pernicious influence could also be felt at the parent company, Southmark. “The company’s 1985 10-L showed that Herman Beebe held nearly 62% of Southmark’s Series E Preferred Stock.”²⁶

To return briefly for a moment to Tessler, in 1987 he joined the board of Leslie Wexner’s company The Limited.²⁷ This is the same year that Epstein officially entered Wexner’s inner circle by becoming his financial advisor and the

same year that he began sharing an office with Evangeline Gouletas. Tessler remained at The Limited for some time, and by the mid-late 1990s, he became chairman of the company's finance committee. Thus, Tessler would have come into contact with Epstein at some point – and indeed, Tessler appears in Epstein's contact book, with two addresses and four different phone numbers listed. Among the numbers was Tessler's line at Data Broadcasting Corp – an “electronic news summary” company that had been acquired by Earl Brian's Infotechnology in 1987.

THE GOULETAS IN NEW YORK, PART I: HUGH CAREY'S WORLD

In 1982, just as the Gouletas' adventures in the wild world of savings and loans were just getting started, Evangeline Gouletas left Chicago for New York. The reason was marriage: she had married New York governor Hugh Carey, just three months after meeting him. Evangeline's surname was then changed to Gouletas-Carey and, even though the marriage wouldn't last, the name-change would. The exact circumstances through which Hugh and Evangeline met remains unknown, but one possibility is a mutual relationship to the law firm of Shea & Gould. Carey himself would later be a veteran of the firm, and had long counted Shea as a close, personal friend.²⁸ Shea's protégé—and NYC governmental law specialist at Shea & Gould – Kevin McGrath worked on Carey's 1974 and 1978 gubernatorial campaigns.²⁹

Carey surrounded himself with other curious individuals. One of these was Arthur D. Emil, an attorney from Surrey & Morse – the law firm of Walter Surrey, the OSS alumni who had helped set up the World Finance Corporation. Emil had served as the treasurer for Friends of Governor Carey, Hugh Carey's campaign finance vehicle during the 1978 campaign season. In 1979, he was mentioned in a *New York Times* article on the allegations that Anthony M. Scotto – head of the International Longshoremen's Association Local 1814 and a racketeer for the Gambino crime family – had provided large sums to both Mario Cuomo and Carey.³⁰ "Around this time," Peter Brewton writes, "Edgar Bronfman allegedly made a \$350,000 loan to Carey to help pay off a campaign debt."³¹

The nexus around Governor Carey wasn't the only place where Arthur Emil and Edgar Bronfman could be found together. In the 1980s, both served on the board of the Gulfstream Land & Development Corp, a major Florida real estate concern, with Bronfman serving as chairman.³² In 1986, Gulfstream was purchased by a real estate developer named Kenneth M. Good, using \$250 million he had borrowed from a variety of sources. "This included \$70 million of the usual junk bonds and \$90 million from major East Coast banks and the rest from a group of mostly Florida savings and loans."³³ Also telling is the man then serving as Good's attorney: Norman Brownstein, the same lawyer who sat on the board of

Silverado, and had represented M.D.C., Edward DeBartolo, and the Gouletas' American Invesco. After Gulfstream was acquired, Good put two new individuals on the board. One was Brownstein, and the other was Brownstein's fellow Silverado director, Neil Bush, the brother of then-Vice President George H.W. Bush.

When Silverado finally collapsed, the blame was placed on Good and one of his business associates, Bill Walters. The pair not only "walked away from more than \$132 million in bad debts" – both were investors in JNB Exploration, an oil company formed by Neil Bush in 1983.³⁴ Remarkably, Bush had invested a mere \$100 into the company, while Good and Walters put in \$160,000 and a bank Walters controlled issued JNB a \$1.75 million line of credit.³⁵ It was two years after this operation was up and running that Bush arrived at Silverado, with the S&L subsequently issuing multi-million dollar loans to Good and Walters. Real estate developments and other investments across the country were the recipients of this money.

Were the Silverado shenanigans that ensnared Bush, Brownstein, Walters, and Good just a case of cronyism when it came to lending practices, or was there something else going on? The problem with suspect S&L lending during this period is that, without having a full picture of where the money was coming from, it becomes more difficult to see the significance of where it was going. In cases where this full picture has been developed, it becomes clear that the flow of money was often related to broader money laundering networks that involved organized crime and intelligence services. Then, there was the junk bond-related "daisy chain" that Silverado was engaged with, and that involved M.D.C., the Gouletas, and Keating, in this same period. Money from this network could have been siphoned out into Walters and Good's various operations.

There is a possibility that paints Silverado's lending activities in a darker light, and which might be relevant to the daisy chain operation as a whole. Silverado had appeared in Operation Polar Cap, a major DEA investigation into Medellin cartel money laundering networks in the US.³⁶ Culminating at the end of the 1980s, Polar Cap involved revelations around "La Mina" or "The Mine," a triangular formation linking banks, jewelers, and precious metals dealers in Florida, New York City, and Los Angeles. One informant described the objectives of "La Mina" as:

... the exploitation of legitimate gold mines for the purposes of laundering illegitimate monies. This involved linking up with and taking control of gold mines in Peru, Venezuela, Chile, Uruguay, etc., of gaining access to US gold refineries and jewelry stores, and of amalgamating money generated through legitimate gold sales with drug money to conceal its origin. Some of the money was reinvested by the cartel to fund the operation. Laundered drug money paid for airplanes and boats in the United States, and bought coca paste in Bolivia and Peru. Later, accounts in Banco de Occidente and BCCI were identified by the US and the Canadian RCMP as having been used to purchase aircraft used to ferry drugs. The RCMP also identified a number of cartel operatives and airplane manufacturers and fixed-based operators (FBO) such as Aviel in Colombia, Eagle Air in Memphis, and Downtown Air, in Oklahoma City.³⁷

The details of Silverado's connection to La Mina and/or to related money laundering operations are unknown, but there are several reasons to consider the possibility that cartel money laundering was key to this network:

- While BCCI accounts were directly used by the cartels, other banks in the wider BCCI network were also deployed. Among these was Independence Bank in LA, which was owned by BCCI frontman Ghaith Pharaon.³⁸ Pharaon also owned an S&L in Florida called CenTrust, which did extensive business with both Keating and Milken's Drexel Burnham Lambert.³⁹
- Neil Bush's brother, Jeb Bush, was close to a major Florida GOP activist and fundraiser named Leonel Martinez. Ostensibly a prominent construction magnate, Martinez was involved in the trafficking of cocaine and marijuana into Florida from Colombia and elsewhere.⁴⁰ Both Martinez and Jeb were boosters of the Contras, and Martinez was particularly close to Eden Pastora – the same Eden Pastora who appeared at Cabazon in the company of Earl Brian and Silverado borrower Wayne Reeder.
- According to Cheri Seymour, the final leg of Danny Casolaro's investigation was into connections between his "Octopus" and cartel money laundering, with a focus on Michael Abbell, a high-ranking DOJ official-turned-cartel attorney. The cartel in that case, however, was the Cali Cartel, and not the Medellin cartel.⁴¹

- One of the New York City banks utilized by Medellín's money laundering networks that was turned up by Polar Cap was Republic National Bank. Robert Owen, Oliver North's primary liaison to the Contras, utilized an officer at Republic National Bank named Nan Morabia as a courier.⁴² The founder and owner of Republic National was Edmond Safra, as noted in chapter 7. According to Gordon Thomas, and as previously noted in chapters 7 and 9, Safra was a close friend of Robert Maxwell and allowed Maxwell-linked crime syndicates to move money through his bank.⁴³ Safra's name, address, and number can also be found inside Epstein's contact book.

THE GOULETAS IN NEW YORK, PART II: IMB CAPITAL

In 1985, Evangeline Gouletas-Carey oversaw the relocation of Tamco's merchant banking subsidiary, IMB Capital, to New York City, and also became the family member tasked with overseeing its operations. That same year, IMB Capital, working through a front called 457 Corp, acquired Electronic Realty Associates Inc. (ERA) from its "financially-troubled" parent company, Control Data Corp.⁴⁴ Part and parcel of this acquisition was a software program that had been developed for ERA and was called Remote Mortgage Origination (RMO) – "a computerized prequalification, origination, loan tracking, process, and underwriting network."⁴⁵ RMO had been developed by an "affiliate" of ERA, the Commercial Credit Mortgage Company; a perusal of newspaper archives and other records shows that Commercial Credit often worked with various savings and loan associations.

Control Data Corp, previously discussed in connection with PROMIS, the World Bank and technology transfer in chapter 9, was a long time defense contractor that was started by a team of engineers dedicated to developing code-breaking technology. It was historically close to the Navy, and supplied this branch of the Armed Forces with super computers. Later, in the 1960s, it began to acquire various technology-oriented firms that were less directly connected to the national security state. In 1976, they hired one of Edwin Wilson's companies – possibly Consultants International, where Robert Keith Gray served on the board – in an advisory capacity. Notably, this would have taken place prior to the shutdown of the Navy's Task Force 157, where Wilson was working. In addition, Wilson apparently bugged the offices of the Army Materiel Command on behalf of the Control Data Corp in order to "get inside information on the Army's bidding and procurement plans."⁴⁶

The address for the New York City corporate headquarters of IMB Capital was 457 Madison Ave – the location of the Villard Houses, where Gouletas-Carey shared an office with Jeffrey Epstein.⁴⁷ This suggests that the shared office of Gouletas-Carey and Epstein was, in fact, also the offices of IMB Capital, thus hinting at possible ties between Epstein and the firm.

DONALD TRUMP, THE REAL ESTATE MOGUL, AND JEFFREY EPSTEIN, THE “PROPERTY DEVELOPER”

The year 1987 was a pivotal year for Epstein, as it was the year he not only became involved with Hoffenberg and the Gouletas, but also with Donald Trump and Leslie Wexner. Both Trump and Wexner, at the time, were deeply involved in the worlds of New York real estate, as were the Gouletas. It was during this period that Epstein would begin branding himself a “property developer” and become focused on real estate deals, with numerous media reports referring to Epstein as “a property developer” well into the 2000s.⁴⁸

However, it seems that Epstein’s involvement with real estate may have been a new means of disguising his old financial tricks, as many of his real estate transactions during this period involved the sale of the same property multiple times, all for miniscule sums, including for as low as \$1. Another property under his control he had mysteriously obtained from the US State Department. The specifics of Epstein’s real estate involvement were intimately interwoven into his relationship with Leslie Wexner, whose connections and ties to organized crime are dealt with specifically in the next two chapters.

Commercial real estate in the US has a long history of being used to launder money, and the practice is particularly common in specific American real estate markets, like New York City and Palm Beach, Florida.⁴⁹ These are notably two places where Epstein, as well as Trump, have long been active in property markets. Trump and his inner circle, including the family of his son-in-law Jared Kushner, have long been accused of both permitting or engaging in money laundering in connection with their real estate interests, particularly in New York.⁵⁰ Much of the money laundering accusations that would later dog Trump during his political career revolved around his alleged cooperation with Russian mobsters whereby those mobsters used Trump properties to launder their ill-gotten gains.

However, while some in the mainstream press misleadingly painted this Russian mobster-connection as meaning that Trump was “owned” by Vladimir Putin, it is important to note that the Russian mobsters in question tied back to Russian mob boss Semion Mogilevich. As noted in Chapter 9, Mogilevich was a

major business partner of Robert Maxwell and a key fixture in the global criminal syndicate that Maxwell had helped create at the end of the 1980s. Thus, the connections point more to money laundering on behalf of a Maxwell-connected criminal enterprise that encompassed Eastern European/Russian organized crime than one necessarily tied to the current Russian government. Trump very much appeared to exist in the Robert Maxwell orbit, having been photographed attending parties in the late 1980s hosted by the media baron/intelligence asset on his yacht, the *Lady Ghislaine*.⁵¹ His connections to such circles is also evident given his relationship with Jeffrey Epstein as well as Epstein's "girlfriend" Ghislaine Maxwell.

As previously mentioned, Epstein is known to have met Trump in 1987. It is unclear exactly how the two men met, but it may have been through Epstein's relationship with Steve Hoffenberg, which was established that same year. Hoffenberg would later tell the *Washington Post* that, during this period, "Donald's crowd was my crowd."⁵² He is also known to have rented a floor in Trump Tower before his arrest.⁵³

In 1988, Trump purchased the Plaza Hotel, once the site of sexual blackmail "parties" involving minors that had intimately involved Roy Cohn and were first discussed in chapter 2. Cohn was not only Trump's lawyer, but his mentor and friend, and the two men regularly partied together. Cohn's former switchboard operator Christine Seymour claimed that, prior to Cohn's 1986 death, Trump called Cohn regularly, "up to five times a day."⁵⁴ Cohn is also alleged to have aided the judicial career of Trump's sister, Maryanne Trump Barry.⁵⁵

After purchasing the Plaza Hotel, it would be reported and confirmed by then-attendees that Trump "used to host parties in suites at the Plaza Hotel when he owned it, where young women and girls were introduced to older, richer men" and "illegal drugs and young women were passed around and used."⁵⁶

Andy Lucchesi, a male model who had helped organize some of these Plaza Hotel parties for Trump, said the following when asked about the age of the women present: "A lot of girls, 14, look 24. That's as juicy as I can get. I never asked how old they were; I just partook. I did partake in activities that would be controversial, too."⁵⁷

Some authors, such as Michael Wolff, have alleged that, during the late 1980s and early 1990s, Trump and Epstein, along with Tom Barrack, were a "set of nightlife Musketeers" who frequently partied together.⁵⁸ Barrack, founder and

CEO of Colony Capital, was also a major player in real estate and subsequently played a key role in Trump's later political career. During this same period, in 1990, Epstein bought a home in Palm Beach, making him Trump's neighbor. This suggests that – at the very least – the two men became even better acquainted after that purchase.

Other evidence for the early partying days of Trump and Epstein later emerged with a video recording of the two men chatting and laughing while pointing at women during a Mar-a-Lago party held in 1992.⁵⁹ It certainly appears from the video that the two men were well acquainted. There are several other occasions where Trump was photographed alongside Ghislaine Maxwell during the 1990s.

There are also other allegations, such as those made by Florida businessman George Houraney. He told the *New York Times* that, in 1992, he organized an exclusive, “calendar girl” competition that was only attended by Trump and Epstein. Houraney claims that he flew in about 28 women for the event, at Trump's request. Houraney claimed to know Epstein “really well” and subsequently declined to host more events involving Epstein at Trump's request.⁶⁰ Some, however, have accused Houraney's allegations as being politically motivated and possibly inaccurate, as he had accused Trump of inappropriate behavior toward his girlfriend and business partner shortly before the 2016 presidential election.

The relationship with Trump would continue for some time, with Trump flying on Epstein's plane in 1997 and the two men being photographed together at a Victoria's Secret party that same year. A year later, Epstein had claimed to have introduced Trump to his current wife, Melania, at an event during New York fashion week. They would attend other parties together, including an event in 2000 hosted by media baron and convicted fraudster Conrad Black, who appears in Epstein's book of contacts.

Also, in 2000, Epstein, Maxwell, and Prince Andrew attended a celebrity tennis tournament at Mar-a-Lago, where Trump and the Prince took pictures together.⁶¹ Mar-a-Lago would figure prominently as a place of socialization for Epstein and Maxwell, as well as a place where they recruited minors into their sexual blackmail/sex trafficking operations, with the most well-known of these being Virginia Roberts (now Virginia Giuffre). However, the Trump Organization has claimed that Epstein was not a dues-paying member of the club. Trump is also

present in Epstein's contact book with several numbers listed; Melania Trump is also listed among his contacts.⁶²

In 2002 and 2003, Trump was still in Epstein's good graces, attending several of his dinner parties in Palm Beach as well as in Manhattan.⁶³ At one 2003 dinner at his Upper East Side home, other attendees besides Epstein and Trump included Google co-founder Sergey Brin, Leslie Wexner, controversial British political operative Peter Mandelson, and Bill Clinton aide Doug Band.⁶⁴ In 2002, *New York Magazine* quoted Trump as saying the following about Epstein: "I've known Jeff for fifteen years. Terrific guy [...] He's a lot of fun to be with. It is even said that he likes beautiful women as much as I do, and many of them are on the younger side. No doubt about it – Jeffrey enjoys his social life."⁶⁵

However, in 2004, the two men had a falling out, reportedly over their rivalry to purchase a Palm Beach property called Maison de l'Amitie that was being sold out of bankruptcy. Trump, for his part, declined to publicly state exactly why their friendship ended, saying that "the reason doesn't make any difference, frankly" and that what mattered is that the relationship had ended well over a decade before his political career and prior to Epstein's arrests.⁶⁶ Years later, lawyer Brad Edwards, who has represented victims of Epstein's, said that, in 2009, Trump was very cooperative in providing information about Epstein for the cases against him.⁶⁷

Some, such as Steve Hoffenberg, have alleged that – in the early days – Trump was not only close to Epstein, but was arguably even closer to Ghislaine Maxwell.⁶⁸ After Epstein's 2019 arrest, Trump attempted to distance himself even further from Epstein, saying he was "not a fan" of the then-jailed billionaire. However, when Ghislaine was arrested roughly a year later, Trump publicly offered her well wishes instead of aiming to distance himself from her as he had with Epstein. This is despite the charges she was then facing, all of which pertained to sex trafficking of minors in connection with Epstein.⁶⁹

EPSTEIN'S REAL ESTATE WEB

According to a Columbus, Ohio police document from the early 1990s, numerous Wexner-linked entities, like the Wexner Investment Company, SNJC Holdings, and PFI Leasing, shared the same office space and telephone numbers.⁷⁰ That document, part of a murder investigation detailed extensively in the next chapter, also noted that this office was on the same floor as Wexner's New Albany real estate project and the offices of New Albany's co-founder Jack Kessler. One of the companies that shared this space was originally named Lewex and was later renamed Parkview Financial.

Records from 1990 list Leslie Wexner as Parkview's director and president whereas Epstein is listed as vice president and treasurer. Records from 1987 show that the role of vice president had previously been occupied by Harold Levin, Wexner's money manager before Epstein took over that role.

This specific office space shared by all of these entities was located on the 37th floor of the Huntington Center, located at 41 South High Street, Columbus, Ohio. Beginning in 1982, the Huntington Center was largely controlled by the business interests of Gerald D. Hines, a Houston-based real estate developer and chairman of the Federal Reserve Bank of Dallas from 1981 to 1983. Hines's other notable real estate projects include Houston's Galleria, which was discussed in chapter 7 as money from the Marcos family was invested into that particular project and Adnan Khashoggi, who was also involved with Marcos family finances, had suspect real estate dealings immediately adjacent to the Galleria. Another notable Hines project was Pennzoil Place in Houston, which leased space to the Bush family-connected companies, Pennzoil and Zapata Petroleum.

Hines had also been an investor in Houston's "Fantasy Island" project alongside Walter Mischer, whose connections to George H.W. Bush were discussed in chapter 6.⁷¹ There, it was also mentioned that Mischer may have played a role in Bush's own private intelligence network and that Mischer's son-in-law, Robert Corson, had been connected to both American and Israeli intelligence.

Another investor in "Fantasy Island" alongside Hines and Mischer was Joe Russo, a close associate of both Bush and Mischer. Russo was also connected to the suspect S & L Lamar Savings, which had alleged connections to Israeli

intelligence and Adnan Khashoggi, as noted in chapter 7. Russo, incidentally, was also a “minority owner” of the media outlet UPI at the time that a company controlled by Earl Brian, one of the architects of the PROMIS scandal, took control of the outlet. Russo, on Brian’s role in acquiring UPI, told the *Houston Post* “He [Brian] knows what he is doing.”⁷²

It is unknown if there were any direct interactions between Hines and Wexner aside from Wexner-controlled companies leasing office space from Hines’s Huntington Center. However, it is interesting that many of Wexner’s business entities, particularly those flagged by Columbus police as part of a murder investigation, leased office space from a man whose other ventures were enmeshed with Mischer, the Bush family, Khashoggi and other intelligence-linked entities, particularly when one considers Epstein’s own intelligence connections and his intimate involvement, from 1987 on, in several of these specific companies.

Parkview Financial, following the Shapiro murder, became a key vehicle for Wexner’s, and later Epstein’s, role in real estate, specifically in New York City. However, Wexner’s interest in Manhattan real estate pre-dated his relationship with Epstein, as – by 1985 – he had already acquired the Gurney House on East 74th Street for \$5.8 million and was cited by *New York Magazine* that year as already owning “small chunks of New York” at the time.⁷³

Once Epstein became Wexner’s financial advisor, Parkview Financial continued to expand Wexner’s real estate holdings in the metropolis by scooping up a condominium complex in Queens called Dara Gardens. The financing for this purchase was arranged by Dime Savings Bank of New York – one of the largest S & Ls in the state.⁷⁴

During this time, Dime Savings was one of many savings and loans that “had extended themselves too far, making real estate loans to questionable borrowers.”⁷⁵ When the S & L crisis erupted, Dime was “left with huge losses on some 1500 defaulted mortgages,” but avoided collapse, largely thanks to the bank’s top executive at the time – Richard Parsons, a lawyer and former aide to Nelson Rockefeller.⁷⁶ As a lawyer, Parsons’ clients had included “members of the Rockefeller family and Estee Lauder among others.” In 1991, Parsons was recommended to Time Warner CEO Steve Ross, a fixture on Robert Maxwell yacht parties with past ties to organized crime, by Laurance Rockefeller. He joined Time Warner’s board and later became the company’s CEO.⁷⁷

Once Wexner's business interests had taken over Dara Gardens, it was revamped and financially managed by Imperial Properties, the president of which was Myles J. Horn.⁷⁸ A few years later, in 1994, Horn was reported to be the owner of the company HSI Inc. and was arrested after attempting to bribe the Trump-owned Taj Mahal casino to recover a lost contract. Horn had mistakenly offered the bribe to an undercover police officer.⁷⁹ This may indicate that Horn, like some other Wexner-connected businessmen from this period (e.g. Frank Walsh, see the next chapter), had a tendency to engage in illegal activity prior to his 1994 arrest and at a time when he was actively involved in managing Wexner properties.

In May 1991, Dara Partners L.P. was created, apparently to manage the condominium complex. The filing lists Ossa Properties as the owner, with offices at 457 Madison Avenue, the very place where Epstein and the Gouletas shared offices.⁸⁰ The same day that Dara Partners was created, Ossa also created 301 66th Street East Acquisition Partners, L.P.⁸¹ Jeffrey Epstein's brother, Mark Epstein, has been the owner of Ossa Properties for several years, and has denied that the company had any connection to his brother whatsoever. This is despite the fact that documentation exists listing Ossa Properties as an "affiliate" of Epstein's company J. Epstein & Co.⁸²

However, Ossa Properties appears to have been originally founded by Anthony Barrett. Barrett, in 1987, had founded 301/66 Owners Corp, which owned 301 East 66th Street and was listed as an "affiliate" of Ossa Properties.⁸³ During the time these entities were controlled by Ossa, Myles Horn and Imperial Properties were tapped to carry out a conversion on this same property, just as they had done with Dara Gardens.⁸⁴ There is a possibility that Imperial Properties was connected to the Gouletas family, as the Gouletas had several other companies called "Imperial" and the Gouletas also shared the office space assigned to Ossa Properties in these filings, not only with Ossa, but with Jeffrey Epstein.

Those apartments at 301 East 66th Street would play a role in Epstein's sexual trafficking and blackmail activities. For instance, Ehud Barak, former Israeli Prime Minister and Israeli military intelligence chief, was a frequent visitor to this location, so much so that *The Daily Beast* reported that numerous residents of this Ossa Properties-owned apartment building "had seen Barak in the building multiple times over the last few years, and nearly half a dozen more described

running into his security detail.”⁸⁵ *The Daily Beast* report also noted that “the building is majority-owned by Epstein’s younger brother, Mark, and has been tied to the financier’s alleged New York trafficking ring.”⁸⁶ Specifically, several apartments in the building were “being used to house underage girls from South America, Europe, and the former Soviet Union,” according to a former bookkeeper employed by one of Epstein’s main procurers of underage girls, Jean Luc Brunel.⁸⁷ The Brunel-Epstein relationship is detailed in chapter 18.

Reporting from *Crain’s New York* has noted that the majority of the units in the complex are not sold, but can be rented out as long as the rental period is longer than 30 days. However, it has been alleged that many of the apartments, and apparently those alleged to have been used to “house underage girls” from foreign countries, were being occupied for far less than 30 days, leading to accusations that the site was “illegally operating as a hotel” as late as 2019.⁸⁸

Barak is also known to have spent the night at one of Epstein’s residences at least once. He was also photographed leaving Epstein’s residence as recently as 2016, and has admitted to visiting Epstein’s island, which has since sported nicknames including “Pedo Island,” “Lolita Island,” and “Orgy Island.” In 2004, Barak received \$2.5 million from Leslie Wexner’s Wexner Foundation, where Epstein was a trustee as well as one of the foundation’s top donors at the time. The massive grant to Barak was officially for unspecified “consulting services” and “research” on the foundation’s behalf.⁸⁹ Barak is alleged to have met Epstein in the 1980s, though Barak himself has asserted that they met much later and were originally introduced by Shimon Peres.

It is also worth noting that Ossa Properties former Vice President and CFO, Jonathan Barrett, was the brother of Ossa Properties’ founder Anthony Barrett. From 1992 to 1996, Jonathan Barrett was an asset manager for J. Epstein & Co., Epstein’s main company during that time, and an executive at Ossa Properties simultaneously. His resumé states that Ossa Properties “acquired and ‘turned around’ distressed NYC real estate.”⁹⁰

Jonathan Barrett has since become director of acquisitions and investments at Luminus Management, “a hedge fund that invests in the energy and power sectors.” He has held that position since 2003.⁹¹ Luminus is also listed as a “declared affiliate” of LS Power, where Barrett is also a managing director.⁹² LS Power’s CEO is Paul Segal.⁹³ His father, Mikhail Segal, had originally founded LS Power and formerly worked for the Department of Energy in the Soviet Union

before becoming president of The Energy Systems Company (ENESCO), “a private developer of cogeneration projects.”⁹⁴ Notably, the “first recorded public transactions of ENESCO were alongside Pagnotti Enterprises, a firm linked to the Bufalino crime family via founder mafia boss Louis Pagnotti.”⁹⁵

Today, LS Power is a major supplier to Elon Musk’s Tesla, while Luminus Management was the largest shareholder in Valaris, which – in 2020 – sold \$650 million in oil rigs to Musk’s SpaceX.⁹⁶ SpaceX plans to transform the rigs into rocket launching platforms. As reported by *Business Insider*, Jeffrey Epstein had introduced a member of his entourage to Elon’s brother Kimbal Musk, who sits on the board of SpaceX and Tesla. The woman in question, who lived at an apartment at 301 East 66th Street and had previously “dated” Epstein, dated Musk from 2011 to 2012 and the relationship “brought Epstein into contact with the Musk family and its businesses.”⁹⁷ It was alleged that in 2012, Epstein had toured a SpaceX facility, though a SpaceX attorney denied the claim six months after it was initially reported.⁹⁸ In 2019, it was reported that Epstein had confirmed rumors to journalist James Stewart that he had been secretly advising Tesla.⁹⁹

Notably, a director for the related Luminus Capital Partners and the Luminus Capital Partners Master Fund is Alex Erskine, who was also a director for Epstein’s financial vehicle Liquid Fundings.¹⁰⁰ Erskine is also listed as a director for numerous Glencore subsidiaries, with Glencore being the firm founded by Mossad asset and controversial commodity trader Marc Rich.

Yet another director for Luminus Capital Partners Master Fund and Luminus Capital Partners as well as Luminus Energy Partners is a man named Stephen Martin Zolnai.¹⁰¹ Zolnai was also a director of Forexster Limited, an electronic foreign exchange platform operating from Bermuda that claimed it “would revolutionize the market, taking banks out of forex trades and enabling clients to deal directly with each other.”¹⁰²

Notably, Forexster was co-founded by the Bosnian-born Arman Glodjo who gained a reputation as a highly skilled systems designer working for oil trader John Deuss.¹⁰³ As mentioned in chapter 6, John Deuss was a major employer of Ted Shackley and his “private CIA.” In addition, a director of Deuss’s Transworld Oil, Hugh Edwin Gillespie, was also a director of Epstein’s Liquid Funding alongside Alex Erskine, Bear Stearns principals, and Epstein himself. As will be noted in chapter 16, one of Epstein’s many 1990s “girlfriends” that also lived in the 301 66th

Street apartments, Francis Jardine, would end up marrying John Deuss. Epstein took Jardine with him to at least one of his visits to the Clinton White House.

This makes Forexster's connections to Bear Stearns, Epstein's former employer where he later became a major client, worth noting. According to an article published by *InformationWeek*:

Though the system is not yet live, Bermuda-based Forexster is about to go live with Bear Stearns' prime brokerage customers. "We will sit on the other side of those customers and act as a liquidity provider," explains [Seppo] Luskinen. The function of a prime broker is to extend credit and clear and settle the customers' trades.

Bear Stearns plans to "white label" the system to its clients, which include hedge funds, commodity trading advisors, and money managers, says Luskinen. SEB will take advantage of existing credit relationships so that it can trade with prime brokerage clients of Bear Stearns. "All of their prime brokerage customers will deal in (Bear Stearns') name, and our counterparty will be Bear Stearns," explains Luskinen.¹⁰⁴

There are numerous references to Epstein's interest and extensive involvement in foreign currency trading throughout the media and elsewhere. He was also a major client of Bear Stearns following his departure from the bank in the early 1980s until its collapse as part of the 2008 economic crisis. This raises the possibility that Epstein himself not only benefitted from Bear Stearns' "white labeling" of Forexster, but that Epstein potentially could have been a driving force behind the "white labeling" policy himself.

The references to Epstein and currency markets over the years are many and some allude to Epstein having an apparent advantage over others when conducting trades in foreign currency markets. For instance, Vicky Ward's 2003 report on Epstein stated that he often touted "his skill at playing the currency markets 'with very large sums of money.'"¹⁰⁵ Such claims can also be found in the 2002 profile on Epstein by *New York Magazine*, which alludes to Epstein's frequent calling of currency traders abroad, and quotes close Epstein associate, Danny Hillis, formerly of the US military contractor and supercomputer firm Thinking Machines, as saying:

We talk about currency trading – the euro, the real, the yen. He has something a physicist would call physical intuition. He knows when to use the math and when to throw it away. If I had acted upon all the investment advice he has been giving me over the years, I'd be calling you from my Gulfstream right now."¹⁰⁶

Many journalists and others who have interviewed or met Epstein over the years have also referenced currency trading. For instance, not long before Epstein's 2019 arrest, journalist James Stewart went to interview Epstein in connection with claims that Epstein had been advising Elon Musk's Tesla and Epstein was working on a computer. Epstein stated that he "was doing some foreign-currency trading."¹⁰⁷

Perhaps the most notable mention over the years of Epstein's connection to foreign currency markets can be found in a letter written by Epstein's close friend, Lynn Forester (later Lynn Forester de Rothschild) to then-president Bill Clinton in April 1995. In that letter, Forester wrote:

Dear Mr. President: it was a pleasure to see you recently at Senator Kennedy's house. There was too much to discuss and too little time. Using my fifteen seconds of access to discuss Jeffrey Epstein and currency stabilization, I neglected to talk to you about a topic near and dear to my heart...¹⁰⁸

A TALE OF TWO HOUSES

As previously mentioned, the specific house that Epstein would occupy, 9 71st Street East, was formally purchased by Nine East 71st Street Corp, the address of which is listed as being the Huntington Center in Columbus, Ohio, in 1989. *Crain's New York* reported that records they accessed show Epstein as having been president of Nine East 71st Street Corp and that, on the deed of the property, it lists that corporation as no longer being the Huntington Center, but 301 66th Street East, the apartment complex associated with Ossa Properties.¹⁰⁹ Elsewhere, it was reported that Wexner had purchased the residence in 1989 for \$13.2 million, even though Epstein was president of the company that became the residence's official owner at that time. This suggests that, contrary to mainstream reporting, the residence had always been intended for Epstein's use.

Indeed, after it was purchased by Nine East 71st Street Corp, Wexner appeared to have never moved into the property despite spending over \$13 million to purchase the property and "at least" the same amount "on artwork – including multiple works by Picasso – Art Deco furnishings, Russian antiques, rosewood tables and doors and a gut renovation of the home."¹¹⁰ The refurbishing effort has, in some reports, been estimated to have cost "tens of millions."

In addition, "security devices, including a network of cameras, were installed" at that time of the residence's refurbishment and the oddities of that particular security system were described in a *New York Times* article from 1996.¹¹¹ That article states that "visitors [to the residence] described a bathroom reminiscent of James Bond movies: hidden beneath a stairway, lined with lead to provide shelter from attack and supplied with closed-circuit television screens and a telephone, both concealed in a cabinet beneath the sink."¹¹²

There has been considerable speculation that these very cameras were used to record footage that was subsequently stored on numerous hard drives and CDs that were known to law enforcement, both in the case of Epstein's first run-in with the law and in the case of his 2019 arrest. It wasn't revealed until the Ghislaine Maxwell trial in late 2021 that these hard drives and CDs had been known to the FBI at the time of their 2019 raid of the property. During the Maxwell trial, it was also revealed that the FBI agents involved did not seize them and only

photographed them. This was allegedly because the hard drives and CDs were outside the scope of their warrant.

FBI agent testimony at the Maxwell trial also revealed that, when FBI agents did return to the residence with an appropriate warrant, the CDs and hard drives “went missing” and the FBI requested that evidence from one of Epstein’s lawyers, who later brought the items to the FBI’s team.¹¹³ However, Special Agent Kelly Maguire noted in her testimony that “She could not confirm the content on the returned CDs was the same as the ones that were taken, but confirmed all the items were accounted for.”¹¹⁴

Per the photographs taken at the time of the raid, hard drives were found inside a safe forced open by the FBI and numerous large black binders were found in a closet that contained “CDs, carefully categorized in plastic slipcovers and thumbnails with photos on them.” When shown in court, the “homemade labels” were redacted, as Judge Alison Nathan had ruled that they contained “identifying information for third parties.”¹¹⁵ Did that information involve only the names of underage girls, the names of blackmail victims, or both?

Numerous high-profile Epstein victims, as well as former Epstein employees, have alluded to the videos and to blackmail, stating that Epstein had “a lot of information on people, a lot of blackmail videos.”¹¹⁶ Others have stated that the cameras were intended to record “private moments” as they were located, among other places, in bedrooms and bathrooms.¹¹⁷ Court documents have also revealed claims from different victims that other residences occupied by Epstein, including his private island and Palm Beach mansion, were “wired up” in the same way as his Manhattan residence on East 71st Street.¹¹⁸ As previously noted in this book, such surveillance outfits in private homes had been used by the intelligence-linked pedophile Craig Spence (see chapter 10) as well as in the Manhattan home of organized crime-linked liquor baron Lewis Rosenstiel (see chapter 2) for the purposes of blackmail. The blackmail-ready home of the latter, as previously noted, was purchased by Israeli businessman Meshulam Riklis at the same time Riklis took over Rosenstiel’s main business interests.

Also interesting is the history of the adjacent property, 11 71st Street East. A year before a Wexner/Epstein-linked entity purchased 9 71st Street East, SAM Conversion Corp purchased the adjacent property, 11 71st Street, from Xandra Corporation, which was associated with Nicholas Cowan, a former attorney for the Beatles. That year, both SAM Conversion Corp and Parkview Financial

(formerly Lewex) were listed on the mortgage assignment for that property. Like Parkview, SAM Conversion Corp's address was listed as the Huntington Center in Columbus, Ohio.

In 1992, SAM Conversion Corp sold that property to 11 East 71st Street Trust for "ten dollars and other valuable consideration paid by the party of the second part." Epstein was listed as a vice president for SAM Conversion Corp and a trustee of 11 East 71st Street Trust.

The property would be controlled by Epstein until 1996, when it was sold to Comet Trust for "10 dollars and other valuable consideration," per official documentation. However, *Crain's New York* reported that the likely sum of the sale of this property was around \$6.2 million.

Crain's also revealed that the Comet Trust trustee involved in this sale was a man named Guido Goldman.¹¹⁹ Goldman is the son Nahum Goldman, a prominent Zionist and founder of the World Jewish Congress, as well as its first president.¹²⁰ His leading role there overlapped with his term as president of the World Zionist Organization, which was intimately linked to Max Fisher's revival of the Jewish Agency. As will be detailed in the next two chapters, Fisher was one of Leslie Wexner's mentors.

At the time that Goldman, via the Comet Trust, purchased the home from Epstein, the president of the World Jewish Congress was Edgar Bronfman. *Crain's* noted that the Comet Trust, where Goldman was trustee, was one of three trusts established "for the benefit of descendants of the late Minda de Gunzburg," Edgar Bronfman's sister.

Minda Bronfman had married Alain de Gunzburg, who was managing director of Bank Louis-Dreyfus, which was a merger of the Gunzburg family bank, Louis Hirsch & Cie, as well as interests of Louis Dreyfus and the French banking interests of the Seligman family.¹²¹ The Seligmans are worth mentioning because the family's main bank, J.W. Seligman, held accounts with the CIA-linked David Baird foundation previously mentioned in chapter 4.¹²² In addition, a prominent member of the Seligman banking family, Hans Seligman, was involved with Permindex and on the board of directors of their subsidiary CMC (see chapter 3).¹²³

As for the Gunzburgs, they have been reported to be relatives of the Rothschilds and shared a mutual connection with the Rothschilds to Club Mediterranee. The Gunzburgs were part of the "controlling" group of the

company, which had been bailed out in 1961 by Baron Edmond de Rothschild, “who had visited a Club Med in Israel and liked it. Baron Edmond not only paid Club Med’s debts, he acquired a 34 percent stake in the growing tour operator.”¹²⁴ Another shareholder in Club Med was BCCI frontman Ghaith Pharaon and Pharaon had used his shares in the company to secure lines of credit from BCCI.¹²⁵

Aside from Comet Trust’s connection to the Bronfman/de Gunzburgs, Guido Goldman’s role here is also worth noting for a couple other reasons. One of those reasons is Goldman’s close relationship to Henry Kissinger, which was forged during both men’s time at Harvard and saw Goldman described as one of Kissinger’s “closest friends” by the press in 1973.¹²⁶ Another important connection of Goldman’s is that he apparently served as the Council on Foreign Relations liaison to the CIA.

In a March 1977 letter from Goldman to then CIA director Stanley Turner, Goldman wrote:

As a member of the [CFR’s] Committee on Membership, I am continuing to serve as chairman of a panel with special responsibility for locating and screening candidates under 31 to bring to the Committee’s attention. I am therefore writing to ask if you can recommend one or two outstanding young men or women who you believe should be given possible consideration.”¹²⁷

Also publicly available is a letter written to Goldman by Joe Zaring, a top CIA officer who worked “in the Western Europe division of the agency’s Directorate of Intelligence,” which instructs Goldman about visiting CIA headquarters for an Agency “conference on Western Europe.”¹²⁸

At the time of the sale of 11 71 Street East, Epstein was also a member of the CFR, which he joined in 1995 until 2009. Notably, the CFR did not eject Epstein after his first arrest related to soliciting sex from a minor. The CFR has admitted to such, with the *Washington Post* quoting CFR spokeswoman Lisa Shields as saying that the Council “did not connect the news [of Epstein’s first conviction] with Epstein’s membership” even though they were aware of his arrest and, by extension, its implications.¹²⁹ Epstein’s membership in the CFR was only revoked in 2009 because of “nonpayment of dues” and had no relation whatsoever to his indictment or conviction.¹³⁰

From 1995 to 2006, Epstein donated annually to the council at its highest level of donors, meaning he contributed at least \$25,000 to the council on a yearly basis. Other donors at that level during that time included Leon Black, head of

Apollo Global Management, and Mort Zuckerman, owner of the *New York Daily News* after Robert Maxwell, both of whom were known associates of Epstein.

Also at this tier was David Rockefeller, who appears in one of Epstein's contact books. Articles from the early 2000s reported "rumors" from two separate sources that one of Epstein's high-profile clients at the time had been Rockefeller.¹³¹ Also in one of Epstein's two contact books was the Trilateral Commission, which Rockefeller co-founded and where Epstein had also been a member.

It later emerged that Leon Black claimed to only have begun associating himself with Epstein in part because Epstein had been personally appointed by David Rockefeller to the board of Rockefeller University.¹³² According to the university, Epstein was on the board of the university for three years in the 1990s.¹³³ However, Vicky Ward reported in 2003 that Epstein had been appointed to the board in 2000.¹³⁴ As previously mentioned, the Rockefeller-connected Dime Savings Bank had financed some of Epstein's first forays into New York real estate via Wexner-linked business entities.

RENTING A THIRD MANHATTAN MANSION

While the two houses on East 71st Street are of great interest to the Epstein case, it is worth noting where Epstein appears to have been living before he began occupying that residence around 1995 or so. Beginning in 1992, Epstein was renting a mansion on East 69th Street that had previously been the residence of the Iranian consul general.¹³⁵ The property, described as a “small castle” and as “palatial” in reports, had been seized by the US government in 1980. It was specifically the State Department, under president George H.W. Bush, that began leasing that property to Epstein for \$15,000 a month and Epstein, per reports, “had moved out” by January 1996.

However, Epstein continued to lease the building from the State Department well through 1997, but had begun subletting the residence in May 1996 to “high-profile attorney Ivan Fisher,” who is best known for having “vigorously represented notorious crime figures over four decades.”¹³⁶ Some of those “crime figures” were represented by Fisher in the French Connection and Pizza Connection narcotics cases and a 2013 report in the *New York Times* noted that Fisher, early on in his legal career, had “developed a reputation for representing clients in federal narcotics cases.”¹³⁷

Epstein was charging Fisher \$20,000 a month in rent, pocketing \$5,000 for himself – a cozy arrangement which he did not clear with the State Department beforehand. However, Epstein had allegedly told Fisher that “the State Department had signed off on the deal.”¹³⁸ The State Department then sued Epstein and Fisher in November 1996 and, roughly a year later, Fisher was taken to court with the US Attorney’s office saying he owed “a year’s worth of \$15,000-a-month rent for his uptown palace.”¹³⁹

However, around November 1996, Fisher had offered repeatedly to pay the government directly to continue renting the property, which was repeatedly declined. Per reports, the State Department was mainly upset that “Epstein hadn’t gotten permission to sublet” and would have been fine continuing to rent to him, ostensibly just “a financial adviser,” but would not rent to a high-profile lawyer.¹⁴⁰ This suggests that the State Department, in 1992, may have leased to Epstein for other reasons beyond just seeking a financially well-off tenant. Why Epstein would rent the property is also a mystery, as he owned two other (and neighboring)

palatial residences on East 71st Street at the time, only one of which was known to be undergoing renovations during part of this period. Another relevant question: was this residence under Epstein's care also fitted with an extensive camera network, as some of the properties under his control were?

This situation raises a still more obvious and important question: why did the State Department rent to Epstein in the first place? It appears the answer was Secretary of State from 1989 to 1992, James Baker III. According to *Yahoo! News*, the lawsuit brought against Epstein (and Fisher) by the State Department suggests that Epstein had a relationship with Baker. Epstein's lawyer Jeffery Schantz was asked, "Do you know how Mr. Epstein came to know Secretary of State James Baker?" to which he responded 'No.'¹⁴¹ The answer to this question may be related to a close friend of Baker's Raymond Hill, who owned Mainland Savings in Houston, the S & L mentioned in chapter 7 that was tied to Adnan Khashoggi, also a client of Epstein's.¹⁴² Hill was also connected to Walter Mischer and his son-in-law Robert Corson, who – as noted in chapter 6 – was allegedly tied to Israeli and American intelligence. According to an interview with Pete Brewton, James Baker's former law firm, Andrews & Kurth, helped suppress investigations into Mainland Savings.¹⁴³

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Leslie Wexner speaking Woodrow Wilson Award ceremony

CHAPTER 13

THE WORLD OF LESLIE WEXNER

JOINING THE CLUB

Leslie Wexner was born to Russian immigrants, Harry and Bella Wexner, in 1937 in Dayton, Ohio. The family later moved to Columbus, where his father soon opened a small shop downtown that he had named after his son – “Leslie’s.” Money was reportedly tight in the Wexner family, but not too tight, as his parents managed to finance his education at a private high school in the wealthy Columbus suburb of Bexley.¹

Wexner later attended Ohio State University, graduating in 1959, and he subsequently served in the Air National Guard. In school, he had wanted to become an architect, but was pressured by his parents to study business administration instead. He tried law school, but dropped out and instead went to work for his parents at Leslie’s. Despite the apparent domineering nature of his parents and in particular his mother, a young Leslie Wexner butted heads with them over their business strategy. He felt that his parents’ decision to stock their store with every possible type of women’s apparel was foolish, and he sought to create a store focused on women’s sportswear, as it was the most profitable category of clothing they sold. When his parents wouldn’t budge, Les Wexner borrowed money from his Aunt Ida and, at 26, opened the first “The Limited” Store in 1963 at a suburban shopping center.²

The Limited began with Wexner being “an unabashed imitator” and modelling his store’s wares after the Villager brand of stores, which catered to high school and college age girls. By 1965, he had just two store locations; yet, he somehow caught the attention of Milton Petrie, one of the wealthiest retail barons at the time. Petrie wanted Wexner to become his understudy for what was then a massive salary – \$75,000 a year (around \$705,500 in 2022 dollars). Wexner reportedly turned down the offer as well as a subsequent offer from Petrie to buy a 49.5% interest in The Limited for \$500,000.³ This was a considerable offer given that The Limited’s total sales volume was only \$400,000 at the time.

It’s unclear how Petrie learned of Wexner and why he was so interested in joining forces with him. While Wexner was apparently not too keen on the offer, he soon became enmeshed with other wealthy businessmen in Petrie’s inner circle. The retail baron’s inner circle is notable as it included Alan “Ace” Greenberg, the long-time head of Bear Stearns who later had a close relationship

with Jeffrey Epstein and gave him his first job on Wall Street; Laurence Tisch, chairman and CEO of the Loews Corporation and later of CBS News; and Adolph Alfred Taubman, who would go on to become what Petrie had unsuccessfully hoped to be to Wexner – his mentor. Per Petrie, “The main reason Wexner and I never got together [...] is that we couldn’t decide who was going to be the top man. Personally, I’d never go along on a deal where I won’t be the boss.”⁴

Wexner quickly became close to A. Alfred Taubman at some point in the late 1960s, when Wexner was looking to expand his retail business beyond Ohio. According to Wexner, the two men first met in person after he was “summoned” by Taubman to Detroit. Wexner said the following of their first meeting:

He [Taubman] is a very big man, and he didn’t say a word to me. We had coffee and then got into his helicopter, which was waiting out back, but he still hadn’t talked. He flew me to three shopping centers and stopped at my stores, and then finally he turned to me and said “Do you wonder why I called you? Your stores are a blight on my shopping centers.”⁵

Taubman claims that Wexner “immediately got on it” and redesigned his stores.⁶ Taubman’s approach and Taubman’s own penchant and interest in architecture, which was what a younger Wexner had once hoped to study, apparently left quite the impression and blossomed into a close relationship. Not only would Taubman take “Wexner under his wing,” he would also give “him his first crack at prime mall space.”⁷ Years later, in 1987, Wexner would tell the *New York Times* that “Alfred and I have a very intimate relationship, like father and son,” adding that Taubman taught him “most of what he knows” about real estate and also influencing his approach to retail to a considerable degree was well.⁸

Soon after their introduction, Taubman would induct Wexner into his own inner circle and Wexner would consequently develop a relationship with Taubman’s closest partner, the similarly wealthy and politically connected Max Fisher. Fisher and Taubman would rank top among the wealthy businessmen mentors that Wexner later referred to as his “business ‘rabbis.’”⁹ Both Taubman and Fisher have been described as Wexner’s “mentors” by different media outlets and their influence on Wexner’s activities is significant for several reasons.¹⁰

MEET MAX FISHER

“Max Fisher is Perfect Success Story,” celebrated the 1965 headline of a fawning *UPI* profile detailing the life and accomplishments of the Detroit industrialist.¹¹ Fisher, the article elaborated, had endured hard labor, hauling 400 pound bags of ice to pay his way through college, and had made every penny count by eating “bowl after bowl of cheap chili.” For all intents and purposes, Fisher is presented as the perfect “rags-to-riches” American success story.

Such hyperbolic and fawning assessments by the media weren’t unusual for Fisher, as most media accounts of Fisher, up until and following his death in 2005, have extolled the Detroit-based businessman for his many “virtues.”

Among these virtues was Fisher’s finesse with the media. Fisher’s biographer Peter Golden reported that Fisher’s close friend George Romney, former governor of Michigan and father of Mitt Romney, had praised Fisher’s ability to deal with the press: “Max has good judgment.”¹² Fisher’s long time business associate A. Alfred Taubman was likewise impressed with how Fisher managed the press, “with an adroitness based on a subtle combination of his personality, skill, and reputation.” Taubman, as quoted in the 1992 Fisher biography *Quiet Diplomat*, continued:

Max is a patrician, in the best sense of the word. He is so courtly that reporters are charmed by his taking the time to talk and seeming – when he does say something – to talk frankly with them. Yet I wonder if they ever analyze what he tells them, how little he reveals. You won’t get any secrets from Max. He’s too guarded. Also, as far as the Detroit media is concerned, Max is a sacred cow. He’s good for Detroit, he’s a symbol of all that is progressive about the city and the media responds to this. He is above reproach.¹³

More than the oil or real estate industries, Fisher had seemed to profoundly understand how his respected public image as a clever businessman and endlessly generous philanthropist was the most valuable of his many assets. Yet, this carefully constructed public image, as is so often the case, was hardly the whole story.

For instance, Fisher’s early, humble beginnings, as often lauded by media profiles such as the 1965 *UPI* piece, have an alleged darker side, with claims of Fisher’s past ties to Detroit’s Purple Gang having swirled around him for years.

While the truth of this allegation is debatable, Fisher would go on to have several close business associates who were all too familiar with the incestuous networks linking organized crime and intelligence networks, with Charles Bronfman, brothers Charles and Herbert Allen of Allen & Co., and Fisher's eventual "protégé" Leslie Wexner being just some examples.

As soon as Fisher graduated from Ohio State University, he went into the oil business, rising from his first, relatively small refining effort that produced a mere 100 barrels of crude oil a day, to being "the chief stockholder in Marathon Oil, general chairman of the nationwide United Jewish Appeal, and one of Michigan Governor George Romney's chief fundraisers."¹⁴

When questioned about his success, Fisher remained ever modest. "One of the things that was good for us," Fisher had told *UPI*, "is that I happened to be in the right place at the right time."¹⁵ The 1965 article claims that, while every major analyst had predicted a post-war contraction in the national oil industry, Fisher dared to stick to his convictions: "We gambled every penny on the belief that the oil business was going to expand, not contract."¹⁶ It is remarkably similar to the narrative once used by Lewis Rosenstiel to explain why he had hoarded liquor for several years during the Prohibition Era – all due to a "tip" that ran counter to common knowledge at the time. Rosenstiel had, of course, also been "in the right place at the right time" for his chance meeting in France with Winston Churchill, who would fortuitously offer him that "tip," on which Rosenstiel would bet everything and, subsequently, build an empire.

As bleak as the oil industry's outlook may have been at the time, Fisher had stood firm, leading his underdog company, the Aurora Gasoline Company, through dire straits to a \$39 million buyout of Aurora shares by Ohio Oil, once part of the Rockefeller's Standard Oil monopoly, in 1959. Fisher held 38% of that stock, amounting to \$13,870,000.¹⁷ Ohio Oil would become Marathon Oil a few years later, in 1962.

Once in his mid-50s, Fisher gradually retired from the oil industry, which he had spent more than thirty years helping to develop. Yet, Fisher was hardly withdrawing from public life and the pursuit of power. His exit from the industry was, instead, a long planned move whereby Fisher would now work to cultivate and expand his influence full-time, now that his commitments to Aurora and Ohio had been settled.

Detroit would serve as Fisher's staging ground for the aggressive national expansion of his own image. In Motor City, he served on the board of the Detroit Economic Club, the Detroit Board of Commerce and the Detroit Metropolitan Building Fund. He was also then serving as vice president of both Sinai Hospital and the Greater Detroit Hospital Council and was also a director of the Detroit Symphony and the Detroit Institute of Arts.¹⁸

Around the same time, Fisher increasingly turned his attention to real estate deals and development in the city, focusing on projects favored by the New Detroit Committee that he, Henry Ford II, and other prominent Detroit business leaders helped create. New Detroit was billed as a "new urban coalition," as it included representatives of the working class and African-American community. However, the group was nevertheless dominated, and bankrolled, by the city's oligarchs.¹⁹

The committee worked to install a "new political apparatus" whereby the oligarchs behind New Detroit would "enlist the services of radical-sounding advocates of black power and community control, in addition to their tried and true agents in the trade union bureaucracy and the traditional middle-class black leaders."²⁰ This would give the outward appearance that positive change had been made, while the forces behind New Detroit, including Fisher, would continue to advance what some have termed "the era of regional competition." The book *Detroit: Race and Uneven Development* described this era as follows:

International economic crisis brought on by world overproduction and increasing international competition is now spawning reorganization in the basic manufacturing industries. To maintain profitability, industrial corporations are shifting blue-collar production work abroad and automating it at home. They are concentrating their domestic capital on administration, research and development, and high-value, high-technology operations. The upshot is a corresponding reorganization of the regional economy according to a new spatial logic. [...]

The patterns of racial inequality are related to the uneven spatial distribution of blacks and whites in the metropolitan area. This uneven racial distribution is also related to uneven economic development. Whites are over-represented in economically developing suburban municipalities of Oakland County. Blacks, on the other hand, are over-represented in the central city of Detroit and in Wayne.²¹

Fisher was directly involved in a "government-subsidized downtown real estate boom," which "siphoned off virtually all funds from the reformist programs promised by New Detroit in its infancy, most of which never got off the ground, and enriched the banking and industrial establishment as well as a thin layer of

middle-class blacks.”²² Fisher had given the visionary impetus for one of the flagship projects of this effort – the Detroit Renaissance Center, a lavish, \$337 million development of seven interconnected skyscrapers undertaken by Henry Ford II, the son of the automobile magnate, a close business associate of Fisher’s, and one of the main funders of New Detroit.²³

Fisher followed the Detroit Renaissance Center with other projects, like the luxurious Riverside West, two 29-story residential towers with amenities including “a view of the Detroit River, tennis courts atop the parking garage, a glass-enclosed swimming pool, a 77-boat marina, a health club, a gatehouse with private access, around-the-clock security, and a downtown People Mover stop near the front door.”²⁴

In these urban development efforts, Fisher was frequently joined by A. Alfred Taubman. These included the Irving Ranch, the Somerset Mall Apartments in Troy, and the Somerset Inn. Several of these projects also involved Henry Ford II. Taubman and Fisher had first become associates during the 1950s, when Taubman was hired by Aurora Gasoline Company to handle construction of the company’s expanding network of Speedway service stations. At the time, Taubman was just a “struggling builder” based in Pontiac, Michigan, and his business with Fisher placed him on the road to financial success. Taubman would then become a builder of small stores before becoming “the nation’s preeminent developer of giant regional malls.”²⁵

Fisher used his carefully crafted public image and business acumen to help sell his real estate projects as fantastic and grand undertakings, not just for Fisher and other members of the city’s elite, but for the city as a whole. His seemingly effortless ability to direct the sentiments and attention of the pliant local media wherever and however he chose allowed him to use these projects and the positive press they generated to carefully conceal the cannibalization of American blue-collar industry by himself and his many business associates. His deftness with the press helped turn media attention away from the destruction of the city’s industrial base and towards the magnificent residential towers and luxurious riverside apartments that made him, Taubman, and others incredibly wealthy.

However, Fisher’s influence extended far beyond his native Detroit. Fisher was a long-time supporter of the Republican Party, and was an intimate of presidents Eisenhower, Nixon, and Ford. He repeatedly offered his services as a diplomatic liaison between America’s foreign policy leadership and the State of Israel. In this

capacity, more often than not, Fisher lobbied hard, and often successfully, for Israeli policy goals and specifically military aid.

Fisher has been described, for instance, as the driving force behind the Nixon administration's airlift of US weapons to Israel in the 1973 Yom Kippur War. In another example from that period, in 1975, Fisher provided his services to the Ford Administration in spearheading a reconciliation between American and Israeli leaders following the US government's flirtation with the possibility of rolling back military assistance to Israel.²⁶

Sallai Meridor, an Israeli politician then serving as chairman of the Jewish Agency, would later refer to Fisher as "the prime mover in canvassing support for Israel during the wars of '67 and '73" as well as "the most prominent leadership figure in mobilizing identification with and support for the State of Israel in world Jewry, and the United States, in particular."²⁷

Fisher also, apparently, played a leadership role in his close-knit networks of wealthy business associates. In 1990, *Fortune* magazine wrote that Fisher, described in the article as a "long time Republican powerbroker and big fundraiser for Jewish causes," was the "nexus" (i.e. the center) of the nation's "oldest of the old boys' networks," the most prominent members of which were Taubman, Henry Ford II, and Leslie Wexner.²⁸

FROM UNITED BRANDS TO THE UNITED JEWISH APPEAL

That same year, 1975, Fisher became the chairman of United Brands, previously known as United Fruit, and Alfred Taubman would later join him there as a company director. As previously mentioned in earlier chapters, United Brands had a long history of CIA connections, from the CIA's 1954 intervention that overthrew Guatemala's government on behalf of United Brands to the company's lending of two freighters to the CIA's unsuccessful Bay of Pigs invasion of Cuba in 1961.²⁹ United Brands had also been represented for years by the law firm Sullivan & Cromwell, once run by the Dulles brothers, and was previously headed by J. Peter Grace, who would later be intimately involved in AmeriCares, Covenant House, and the Knights of Malta (see Chapter 10) as well as Samuel Zemurray, who had helped smuggle arms to Zionist paramilitary organizations after World War II (see Chapter 3).

Fisher became chairman of United Brands the year that Eli Black, the corporate raider who took control of the company in 1968, fell to his death from the 44th floor of the Pan Am building in Manhattan. He was reportedly "under great strain because of business pressures" at the time and his death was ruled a suicide.³⁰ Black's son, Leon, would also become a corporate raider like his father, later founding Apollo Global Management and becoming a close associate of Jeffrey Epstein, who would play a major role at Leon Black's "philanthropic" family foundation.³¹

Fisher would later step down from his position as chairman of United Brands, in 1978, turning the reins over to his close friend Seymour Milstein. He continued to maintain a position on the board of directors, however, as well as a significant interest in the company.

While Fisher was still chair of United Brands, in 1977, a consortium consisting of Fisher, Alfred Taubman, Henry Ford II, Charles and Herbert Allen of Allen & Co., and several other industrialists, real estate giants, and businessmen took control of the famed Irvine Ranch in Orange County, California.³² Among these additional partners was Howard Marguleas, who sat on the board of United Brands, alongside Fisher and Taubman.³³ Having outbid Mobil Oil for the

property, these individuals became the principals in a new corporation established to control the ranch, the Irvine Company.

According to Taubman, the Irvine plan had originated with Charles Allen, who approached him with the idea in 1976. Originally, the entity had been conceived as a straightforward Allen-Taubman partnership. However, when Mobil Oil expressed interest in acquiring the property, Taubman and Allen saw an opportunity to cast a wider net in their search for partners. “The first person I called,” Taubman writes, “was Max Fisher, my dear friend from Detroit whose financial resources were matched by his extraordinary business judgment. My next calls were to other close friends: Henry Ford II ... and Howard Marguleas.”³⁴

Taubman and Allen had first become acquainted in the 1950s, when they were introduced to one another by Vincent Peters, generally known as “Jimmy” Peters, who was vice president of the New York City brokerage firm Cushman & Wakefield, Inc.³⁵ The three men joined forces with real estate tycoon Arthur Rubloff to launch Bayside Properties, which was created to manage a series of West Coast shopping centers they jointly owned.³⁶

Both Charles Allen and his brother, Herbert Allen, had long maintained connections to organized crime and intelligence services – the most notable example being their involvement in the companies that dominated Freeport, the largest city on the island of Grand Bahama. Charles Allen, along with the aforementioned Arthur Rubloff, were both among the initial investors in the Grand Bahamas Development Company (DEVCO), which had been formed by Meyer Lansky frontman Louis Chesler.³⁷ According to Dan Moldea, Chesler himself had first been recruited by Allen into the Bahamian business: “Chesler’s attorney, Morris Mac Schwebel, told me ‘Allen originally brought the Bahamas deal to Chesler, who became fascinated by the islands.’”³⁸

Allen had also helped arrange Chesler’s ouster from DEVCO, which saw him replaced by the Miami businessman Max Orovitz.³⁹ Orovitz was also closely tied to Lansky interests, having previously served on the board of Chesler’s General Development Company and later maintaining a position at Major Realty. Both of these were Florida real estate concerns that have been linked to Syndicate money laundering. Major Realty would later become enmeshed in the business empire of an organized crime-linked associate of Leslie Wexner’s, Edward DeBartolo.

In 1983, Fisher, Taubman, and Henry Ford II sold their stakes in the Irvine Company, which coincided with their efforts to acquire Sotheby’s, the esteemed

auction house founded in London in 1744. In pursuing this acquisition, the Fisher-Taubman-Ford group formally added a new partner to their business circle – Leslie Wexner. Wexner, as previously mentioned, had been associated with members of this set for at least a decade, and had first become well acquainted with Taubman in the late 1960s.⁴⁰

That year, Taubman and company would come together to “save” Sotheby’s, along with a group of investors that included Ann Getty, Milton Petrie, and Leslie Wexner.⁴¹ They paid \$139 million for the auction house, \$70 million of which was loaned to the group by Chase Manhattan bank.⁴² Some press reports stated that “Henry Ford II was rumored, though never proven, to have greased the wheels by putting a good word in with Queen Elizabeth II.”⁴³

In 1983, the *New York Times* reported that Taubman’s original group of investors that aimed to take over Sotheby’s had not included Wexner, but had instead included Max Fisher, Henry Ford II, and a man named David H. Murdock. These men were reported as being the central group looking to take over Sotheby’s.⁴⁴ Murdock was notably one of the largest shareholders in Occidental Petroleum, led by Murdock’s close friend Armand Hammer.⁴⁵ His involvement in the Taubman-Fisher network is significant for other reasons, even though he ended up not being part of the final deal.

At the time the Sotheby’s deal was taking place, Murdock’s investments were managed by a man named Herbert S. “Pug” Winokur Jr., who had previously been involved with Penn Central in the years after its 1970 bankruptcy. Winokur was involved in launching a joint venture between David Murdock’s Pacific Holdings Corporation and Peter Kiewit & Sons Inc., which was called the Kiewit-Murdock Investment Corporation.⁴⁶ The purpose of this venture was to acquire the Continental Group, Inc., where Ken Lay, best known as the infamous CEO of Enron, would serve as president in the early 1980s.⁴⁷ However, the Murdock team-up with Peter Kiewit & Sons is significant as the corporation was identified as one of the main companies that “poured millions into the Franklin Credit Union,” then-managed by the child abuser, pedophile, and sex trafficker Larry King (see chapter 10).⁴⁸ Kiewit chairman Walter Scott Jr. was also on the board of FirstTier Bank in Nebraska, which provided “cover for” the Franklin Credit Union when it ran overdrafts.⁴⁹

Once Wexner and Petrie, among others, had apparently stepped in to replace David Murdock as part of “Team Taubman,” Sotheby Parke Bernet, the parent

company of Sotheby's, would officially become controlled by Taubman, who was described at the time as "the 'white knight' that Sotheby's hoped would win in the takeover battle."⁵⁰ Taubman and his associates moved quickly to form a new company to manage the international auction house and cement their complete control over the famous international brand.⁵¹

Within four years, sales at Sotheby's were booming and the Taubman takeover was seen as a success. Part of this was due to Taubman's policy of "offering good customers financing for up to half the most conservative estimate of the value of Sotheby's art."⁵² Sotheby's was led during this period and until 1994 by Michael Ainslie. In 1994, Ainslie would become a director at Lehman Brothers, and he served in that capacity until the bank's bankruptcy in 2008.⁵³

The late 1980s saw a boom at the auction house with the firm selling impressionist and modern art for over \$1.1 billion in both New York and London. By the close of the decade, prices had risen to ridiculous levels and its auctions attracted global media attention. In 1988, the company went public for the second time. The global recession at the beginning of the 1990s had little effect on the auction house's business and Sotheby's would continue to grow considerably throughout the rest of the decade.

However, the recession of the early 1990s had negatively impacted Taubman's larger business empire and he began engaging in suspect business methods to make more money through Sotheby's. In 2000, government prosecutors began investigating whether, in 1995 and perhaps earlier, Sotheby's had conspired with its rival auction house, Christie's, to split business and fix commissions.⁵⁴ Documents subsequently presented in court showed that Sir Anthony Tennant, the former chairman of Christie's auction house, turned up in the date-books and appointment schedules of Taubman at least a dozen times between 1993 to 1996.⁵⁵

Once the price fixing between Sotheby's and Christie's was discovered, Taubman and the chief executive of Sotheby's during this time, Diana D. Brooks, were investigated by the FBI and subsequently prosecuted. The prosecution offered leniency to the first conspirator in the case to confess and Christie's quickly confessed and acknowledged its role in the situation, sealing Taubman's fate.

Taubman ended up serving time at the Federal Medical Center in Rochester, Minnesota, and he was prohibited from conducting business from prison.⁵⁶ Diana

Brooks was also found guilty for her own admitted role in the scheme, but was spared prison time and instead was sentenced to three years of probation, including six months of house arrest.⁵⁷ At the Taubman trial, Taubman's lawyer presented dozens of letters written on Taubman's behalf. One of those letters was written by Leslie Wexner, where he called Taubman "the best person I know."⁵⁸

In the lead up to Taubman's arrest, Ghislaine Maxwell was a regular visitor to both Sotheby's and Christie's auction houses. The *Daily Mail* stated in an August 2020 article that Maxwell "trawled high-end art galleries and auction houses for pretty 'gallerinas' to meet Jeffrey Epstein." The article goes on to state that "Ms. Maxwell regularly attended events at Christie's and Sotheby's on both sides of the Atlantic." It quotes an anonymous, former friend of Maxwell's as saying:

She [Maxwell] would go to every art gallery opening and was a familiar presence at auctions and parties at Christie's and Sotheby's, [...] The art world is full of pretty young girls and many of them are young and broke. You'd see her everywhere, often with beautiful blonde girls in tow.⁵⁹

It is worth explicitly noting that Maxwell engaged in these activities on Epstein's behalf while Wexner, Epstein's principal benefactor, was on the Sotheby's board and while his close friend, Taubman, controlled the auction house. Ghislaine's role in recruiting "gallerinas" and other young women and girls for Jeffrey Epstein and their sex trafficking operation is discussed in detail in chapter 18.

A year after the acquisition of Sotheby's, in 1984, Fisher relinquished his remaining United Brands stock by selling it to Carl Lindner Jr., the secretive Cincinnati businessman behind American Financial Corporation.⁶⁰ These shares, along with those of Seymour Milstein, allowed Lindner to take control of United Brands in February 1984. The company has since become Chiquita Brands International.

A month later, Oliver North would record in his notebook that United Brands had issued a grant to the National Defense Council Foundation – founded and run by NSC staffer and low-intensity warfare expert F. Andrew Messing – "for the study of Mexican political center [*sic*]."⁶¹ Like Messing himself, principals of the National Defense Council Foundation were closely tied to the Iran-Contra affair. For instance, one of the directors was John K. Singlaub, who worked closely with both the Contras and American mercenaries involved with the Contras. Singlaub's Contra activities and his role at GeoMiliTech were mentioned in Chapter 7.

Another figure at the National Defense Council Foundation was J. Herbert Humphreys, a Memphis businessman and financier of Civilian Material Assistance, a paramilitary unit deployed to Honduras to aid the Contras.⁶²

This was one of two mentions related to Carl Lindner Jr. found in North's notebook in March 1984. The second was a reference to a meeting held at the Ocean Reef Club – a Florida luxury hang-out owned by Lindner.⁶³ As previously noted in Chapter 7, the Ocean Reef also played a role in the cocaine smuggling activities of Jack Raymond DeVoe. As one 1985 news report recounted: "...the cocaine was taken to the Bahamas in large airplanes. The cocaine was hidden inside the wings of smaller planes that landed at south Florida airports to clear customs. The cocaine, unloaded at the posh Ocean Reef Resort in Key Largo, totaled more than 15,000 pounds, according to the state indictment."⁶⁴ The bank accounts utilized for laundering DeVoe's proceeds had been set up by Lawrence Freeman – a veteran of Castle Bank & Trust, the infamous bank set up by CIA banker Paul Helliwell.⁶⁵

At the time that these various moves were being made, Fisher developed a cozy relationship with President Ronald Reagan – continuing the tradition of advising Republican presidents on Middle Eastern and Jewish matters. In 1980, he, along with Taubman, organized a fundraiser dinner for Reagan – with tickets priced at \$1,000 each.⁶⁶

During the Reagan years, i.e. the 1980s, Fisher also became a member of the board of overseers of the B'nai B'rith International, where he served alongside Edgar Bronfman and the notorious banker Edmond Safra. It was during this same period that Safra's bank, Republic National, became embroiled in the financial activities of the Iran-Contra network and with BCCI (see Chapter 7).

Also in the 1980s, Fisher was instrumental in covert *aliyah*, or immigration to Israel, operations that brought thousands of Ethiopian Jews to Israel, specifically Operation Moses (1984) and later Operation Solomon (1991).⁶⁷ Fisher and Gordon Zacks, who – like Fisher – was an accomplished businessman, ardent Zionist, and adviser to US presidents, "provided the political fire-power for the CIA to team up with the Mossad," with those intelligence agencies executing much of the operation.⁶⁸ George H.W. Bush, who counted on both Zacks and Fisher as advisers, was also involved with Operation Moses while serving as US Vice President and it had been Fisher who had personally involved him in the operation.⁶⁹

Roughly a decade earlier, in 1970, Fisher had recreated along with Louis Pincus, the Jewish Agency, which had been the operative branch of the World Zionist Organization (WZO) and had played a major role in the founding and development of the State of Israel. Its role in the smuggling of arms to Zionist paramilitaries in Palestine after World War II was detailed in Chapter 3. When it was re-launched by Fisher and Pincus, its leadership was divided among the WZO, the United Jewish Appeal and the United Israel Appeal. Fisher would hold leadership roles at the organization for many years.⁷⁰

Louis Pincus was the first managing director of El Al airlines, the main airline historically used by Israeli intelligence for covert operations, including Operation Moses.⁷¹ Leaked cables from South African intelligence in 2015 confirmed this to an extent, as those documents revealed that South Africa's national intelligence agency believed that Israel used El Al "as cover for its intelligence agencies."⁷² Those documents also note that "Israeli intelligence agents posed as El Al employees" and that those employees conducted "security operations at the airport that were illegal under South African law."⁷³ After Pincus' death in 1973, Fisher would manage the Pincus Fund in his memory, which was largely financed by the Israeli government and the Jewish Agency.⁷⁴

Notably, Leslie Wexner's father-in-law, Yehuda Koppel, after starting his career in the British-led Jewish Brigade and transitioning into a leading role in the Haganah, opened the first US office of El Al airlines, expanding the front company's presence into the United States.⁷⁵ It is also worth noting that Livia Chertoff, the mother of former head of the Department of Homeland Security Michael Chertoff, was a flight attendant for El Al and participated in Mossad operations, like Operation Magic Carpet, while working for the airline.⁷⁶ Michael Chertoff later became intimately involved in an Orwellian company funded by both Epstein and former Israeli Prime Minister Ehud Barak named Carbyne911 whose founding leadership was replete with Israeli intelligence veterans and assets (see chapter 21).⁷⁷

In addition to the Jewish Agency, Fisher would also hold major leadership roles at the United Jewish Appeal as well as the United Israel Appeal.⁷⁸ Both of those organizations would play a major role in the affairs of Fisher's protégé Leslie Wexner during the 1980s. Wexner, for instance, was "one of the largest individual contributors to the United Jewish Appeal in America" by 1986.⁷⁹ The United Jewish Appeal has since merged with United Israel Appeal, which was later

headed by Fisher's daughter Jane Sherman.⁸⁰ By 1987, Wexner had also become vice chairman of the United Jewish Appeal and the eventual creator of the Wexner Foundation's Wexner Heritage Program. Rabbi Herbert Friedman was also a former CEO of the United Jewish Appeal.⁸¹ The Wexner Foundation's creation is discussed in the next chapter.

THE SHAPIRO MURDER

In March 1985, a lawyer in Columbus, Ohio named Arthur Shapiro was shot and murdered at point-blank range in broad daylight. Per police reports, he was eating breakfast in his car with an unidentified man. Shortly after 9:30am that morning, Shapiro sprung from his car with the unknown man also abruptly leaving the vehicle to give chase. The man fired his handgun at Shapiro, grazing his hip and arm before Shapiro reached a condominium and began pounding on the door. The man, described as wearing all black and running with a limp, then shot Shapiro twice in the head at close range before fleeing the scene in Shapiro's car. The car was found the next morning in a mall parking lot. It had been wiped clean of all fingerprints. The murder was regarded by police as a professional hit and one that was likely tied to organized crime.⁸²

Local authorities suspected that Shapiro's murderer had been hired by Columbus-based accountant Berry L. Kessler. Two of Kessler's employees from this period later alleged to the *Columbus Dispatch* that they had seen a man matching the killer's description visit Kessler's office the next day and had seen Kessler counting a large pile of money before this man had arrived.⁸³ However, since the killer's description was mainly based on clothing alone, this would mean the killer came to receive what is presumed to be payment for a contract killing in the same or very similar attire in which he committed the murder a day later. This seems unlikely given the presumed "professional" nature of the hit and hitman. It is also not clear how long after the murder these former employees of Kessler relayed this information to the *Dispatch*. A review of other *Dispatch* reporting on the matter suggests that such claims were not made until the early 1990s, when Kessler was arrested for an unrelated contract killing after the FBI got involved.

In 1991, Kessler was charged in Florida with arranging the slaying of his business partner John Deroo. He was convicted for that crime in 1994 and died in prison in 2005.⁸⁴ Kessler was caught in the Deroo case through the use of an FBI informant, leading Kessler's attorney to argue that Kessler had been "tricked by a government informant into complicity in a criminal act."⁸⁵ Per a *Columbus Dispatch* article entitled "Informant led way in Florida arrest," it was only when Kessler was charged in connection with Deroo's slaying in 1993 that he became the "prime suspect" in the Shapiro case, though he had previously been an initial

suspect. However, Kessler was never charged in connection with Shapiro's murder.⁸⁶ Police later stated that no suspect in the Shapiro murder had ever been eliminated from their suspect list.

Kessler had been convicted, along with two co-conspirators, of helping Arthur Shapiro file false tax returns in 1986, a year after the murder. Shapiro, shortly before his death, had been named an unindicted co-conspirator in that tax case and was killed a day before he was set to testify.⁸⁷

As an unindicted co-conspirator, Shapiro would not have been indicted himself, but could have provided damaging information to those who had been indicted during his planned testimony. This offers a potential motive for Shapiro's murder, as it would have been in the interest of Kessler and other co-conspirators, who are unnamed in *Dispatch* or other media reports of the time, to see to it that Shapiro did not testify. Yet, what is odd about this court case, including the fact that a key witness had been murdered in what police referred to as a "mob style murder" or "mafia hit," is that Kessler and his co-conspirators were only sentenced to probation and did not serve prison time for the charges, which were centered around helping Shapiro file false tax returns from 1971 to 1976.⁸⁸

This raises several questions. Why was Shapiro an unindicted co-conspirator if he was the one actually filing the fraudulent tax returns, especially given that those who were charged were charged with aiding Shapiro? Does that mean he had planned to testify about other individuals involved in the scheme who were not yet part of this particular case in exchange for avoiding charges? Also, why were those convicted given such a lenient sentence, despite the high-profile murder of the key witness? After all, the most likely motive for Shapiro's murder was to prevent him from testifying in this specific case.

Other questions are raised by Kessler's past history prior to the Shapiro slaying. Kessler had previously come under suspicion after the murder of his business partner Frank Yassenoff and his fiancée Ella Rich in 1970, but Kessler was never charged. Both Yassenoff and Rich had been found dead in Yassenoff's car in his driveway. Two years later, in 1972, Kessler was taken to court by the IRS for failing to provide records of an Ohio-based construction company, Brittany Builders, where Kessler was secretary and thus custodian of those records.⁸⁹ Kessler was first ordered to provide those records, but that decision was later dismissed in 1973. One of the lawyers defending Kessler in these cases, Joseph F. Dillon of Detroit, Michigan, later represented Detroit mafia figure Anthony

Giacalone on federal tax evasion charges in 1976.⁹⁰ A decade later, Dillon was also involved in the 1986 case involving Kessler and Arthur Shapiro's filing of fraudulent tax returns.

In 1972, the records of Brittany Builders were wanted in connection with a tax liability investigation into Carl and Sandra Neufeld and the requested records ranged from the years 1967 to 1969. Brittany Builders was incorporated in 1967 by Joseph L. Eisenberg, a Columbus area lawyer and B'nai B'rith member, and was cancelled as a company in 1970, the year of Yassenoff's death.⁹¹ Local media reports cite Yassenoff as having been president of Brittany Builders. Yassenoff's son, Solly Yassenoff, later told the *Columbus Dispatch* that he knew for a fact that his father had been involved in making bribes to public officials in connection with real estate deals while he had been president of Brittany Builders.⁹²

A year later, in 1973, Columbus police claimed that Yassenoff and Rich were killed during a robbery, a claim they had not made at the time of their deaths. However, this claim only emerged when police reported that the prime suspect in that robbery and their murders, Joseph Bogen, had been killed by his partner, Rudolph Glenn. Police also stated that Bogen, Yassenoff, and Rich had all been killed with the same gun due to ballistics tests they had conducted, meaning that the gun Glenn had used to kill Bogen was also the weapon they believed was used to kill Yassenoff and Rich. Yet, police claimed that the gun in question was "never recovered" even though they could have ostensibly obtained it from Glenn. Glenn was cleared of any wrongdoing in Bogen's death due to a self-defense plea and the murders of Yassenoff and Rich are still classified as unsolved.⁹³

It later emerged that Kessler was heavily involved in resolving issues related to Yassenoff's estate after his death, with Arthur Shapiro also being heavily involved as he was the attorney who served as the executor of Yassenoff's will. Kessler and a woman named Marjorie Dyer were the only witnesses who had signed Yassenoff's will and Kessler had also come under suspicion when Dyer died in a suspicious auto accident. It was later reported by the *Columbus Dispatch* that Kessler, Shapiro, and Yassenoff had all been "connected through a maze of business dealings."⁹⁴

Perhaps most unsettling of all is the fact that, when police researchers were looking for the files on the Yassenoff murder case during the investigation into Shapiro's murder, they were unable to locate them.⁹⁵ This suggests that some police official or officials had deliberately removed or destroyed those documents. The interconnectedness of Yassenoff, Shapiro, and Kessler and other

aforementioned information suggests that members of local law enforcement were involved in a series of cover ups in Yassenoff's, Rich's, and Shapiro's murders and potentially in the death of Marjorie Dyer as well. Did Berry Kessler, an accountant, really wield enough influence in Ohio to avoid being heavily scrutinized for not just one but several murders? It seems unlikely.

In the case of the Shapiro murder, more evidence later emerged to suggest that a cover-up had indeed taken place. The main evidence in question emerged in 1996 when then-Columbus Police Chief James Jackson was under investigation for corruption. As a part of that investigation, Jackson was charged with the "improper disposal of a public record for ordering the destruction of a report on the Shapiro homicide."⁹⁶

The report had been written by Elizabeth A. Leupp, an analyst with Columbus police's Organized Crime Bureau, and sent to the commander of the Intelligence Bureau, Curtis K. Marcum, on June 6, 1991. James Jackson quickly suppressed the document and then ordered its destruction less than a month after it had been written. According to reports, Marcum bypassed protocol in order to carry out Jackson's order. The charge was upheld by the Civil Service Commission and Jackson received a five-day suspension for destroying a public record.⁹⁷ Jackson had justified his actions by claiming that the report was "filled with wild speculation about prominent business leaders" and "potentially libelous."⁹⁸

Though the document in question was believed to have been destroyed, it was later obtained by Bob Fitrakis – attorney, journalist and executive director of the Columbus Institute for Contemporary Journalism – after Fitrakis was accidentally sent a copy of the report in 1998 as part of a public records request.⁹⁹ When confronted with the document after Fitrakis reported on its contents, Jackson responded "I thought I got rid of it," adding that the report was "scandalous." However, another high-ranking law enforcement official familiar with the Shapiro murder investigation told Fitrakis at the time that "the report is a viable and valuable document in an open murder investigation."

The report is officially titled "Shapiro Homicide Investigation: Analysis and Hypothesis" (henceforth referred to as the Shapiro Murder File in this book).¹⁰⁰ The report was most likely suppressed to protect two of Ohio's wealthiest men who are both named in the document – Leslie Wexner and Edward DeBartolo Sr. Notably, the document does not mention Berry L. Kessler once.¹⁰¹ It does, however, mention John W. "Jack" Kessler, former Columbus City Council

President, and co-founder of the New Albany company alongside Wexner, as well as Wexner associate Jerry Hammond, and former Columbus City Council member Les Wright. Jack Kessler would go on to become a board member of Banc One and later JPMorgan, where he played a key role in the hiring of current JPMorgan CEO Jamie Dimon.¹⁰² Notably, JPMorgan would be the main bank used by Epstein for several years following the collapse of Bear Stearns in 2008.

The document notes that the law firm where Shapiro worked, called Schwartz, Shapiro, Kelm & Warren at the time of his murder but later called Schwartz, Kelm, Warren & Rubenstein, was representing Wexner's company The Limited. Arthur Shapiro, prior to and at the time of his death, managed The Limited's account with the law firm, and was in direct contact with Robert Morosky, the top man at The Limited after Wexner. Morosky left The Limited in 1987 and had previously been referred to by *New York Magazine* as "one of those real demons of American business."¹⁰³ Stanley Schwartz, a senior partner at Shapiro's firm, took over the account following Shapiro's murder.

Shortly after Shapiro was killed, per the document, Schwartz incorporated Samax Trading Corporation, which was controlled by Wexner, with the express purpose of engaging in "business liquidation." Through Samax, the report notes, Wexner acquired 70% of Omni Oil/Omni Exploration and was elected to its board of directors along with Schwartz that same year.

However, Ohio state records show there is more to the story. Schwartz incorporated the Samax Trading Corporation and Samax Trading Company within one month of each other in 1987, per state records. Samax Trading Company did not adopt the name Samax until 1987 and had previously been called JAS Liquidation Inc. Company records include a consent letter stating that the board of directors of Lewex Inc., another company controlled by Wexner, had given its consent for JAS to adopt Samax as its trade name.¹⁰⁴ Thus, it was JAS, not Samax that was incorporated in 1985, but the company does not appear to have been incorporated in Ohio as it does not appear in that state's records, despite its address being listed as within Columbus, Ohio. It is possible that the company was reincorporated in Ohio under a different name, Samax, two years after its initial creation, potentially to obfuscate its previous activities in liquidating "distressed businesses." One month after JAS became the Samax Trading Company, the Samax Trading Corporation was also incorporated as an Ohio corporation by Stanley Schwartz as a holding company for shares in Omni Oil.

Company records note that the trade name, Samax Trading Corporation, had been used by Schwartz and Wexner since July 1985.¹⁰⁵

The year that JAS became Samax, 1987, Schwartz also incorporated the Wexner Investment Company. Harold Levin, Wexner's top money manager from 1983 to 1990, was its initial president according to the Shapiro Murder File. Levin was also listed as Vice President of PFI Leasing, which shared the same telephone number and address as the Wexner Investment Company. PFI Leasing was incorporated by Levin in 1983, the year he began managing Wexner's fortune.¹⁰⁶ Records list the address of Schwartz, Kelm, Warren & Rubenstein, then listed as Schwartz, Shapiro, Kelm & Warren. The Shapiro Murder File also notes that, in 1986, Richard Rubenstein, of Schwartz, Kelm, Warren & Rubenstein, was given a speeding ticket while driving a vehicle registered to PFI Leasing Company.

The Wexner Investment Company, at the time the Shapiro Murder File was written in 1991, also shared a different office with Omni Oil and Intercontinental Realty. Intercontinental Realty was incorporated the same year as the Wexner Investment Company with the involvement of Dorothy Snow, an attorney at Schwartz, Kelm, Warren & Rubenstein.¹⁰⁷ The name is somewhat similar to the name of Epstein's main company in the 1980s – Intercontinental Assets Group.

At the time the Shapiro Murder File was written, the head of Wexner Investment Company and Wexner's new money manager was Jeffrey Epstein, whose name is notably not mentioned in the Shapiro Murder File. Crucially, the year 1987, when many of these changes with Samax and the creation of the Investment Company took place, is the very year that Jeffrey Epstein began to serve as a financial adviser to Wexner.¹⁰⁸ Levin was forced out of the Wexner Investment Company in 1990 after Epstein was put in charge, effectively demoting Levin and prompting him to resign a few months afterward. It is unknown how involved Epstein was in these different entities from 1987 until he formally became Wexner's money manager in 1990. However, Epstein must have significantly benefitted Wexner during this period to warrant such a rapid and dramatic promotion within a 3-year span and he may have been involved in some of the business decisions detailed in this report.

Notably, once Epstein had taken over as Wexner's top money manager, PFI Leasing was dissolved in 1990. Records of its dissolution list Wexner as Director and President of PFI Leasing and Epstein as its Vice President.¹⁰⁹ Levin had been delisted as the company's agent just a few weeks prior.¹¹⁰ Both Samax companies

were similarly dissolved in 1992, though the records of their dissolution are not publicly available.

Just before Epstein became involved with Wexner's inner circle, in 1986, John W. Kessler and Wexner co-founded the New Albany Company. The Shapiro Murder File report notes that the Wexner Investment Company and PFI Leasing shared a telephone number and office on the 37th floor of Columbus' Huntington Center, which is also the address listed for John W. Kessler Company and the New Albany Company (The significance of the Huntington Center was discussed in the previous chapter). A 1993 article in the *Cleveland Plain Dealer* and cited by Bob Fittrakis describes the origins of the New Albany Company as follows:

Legend has it that in 1986 or so, Jack and Les were cruising in Les' Land Rover near New Albany, about 12 miles from downtown Columbus. They saw acre after acre of empty farmland. Virgin soil. And thus the billionaire, getting a vision thing, declared to his buddy, this will be my new home.¹¹¹

That same report states that "Wexner and Kessler formed the New Albany Co. and spun off a bunch of paper corporations to cover their footprints. Then their minions knocked on doors and made the proverbial offers you couldn't refuse." The aforementioned business linkages between the New Albany Company, PFI Leasing, the Wexner Investment Company, the Samax companies, Omni Oil, and Intercontinental Realty are worth reconsidering given this context, especially considering that – per the Columbus police – they were suspected of being somehow connected to the organized crime style murder of Arthur Shapiro.

It is worth noting that Epstein himself was involved in New Albany as well. By the late 1980s, he was a general partner in New Albany's real estate holding company (called New Albany Property) and he had put at least a few million dollars into the project. Fittrakis told *New York Magazine* in 2002 that Epstein's role in New Albany was significant, stating "Before Epstein came along in 1988, the financial preparations and groundwork for the New Albany development were a total mess [...] Epstein cleaned everything up, as well as serving Wexner in other capacities."¹¹² Epstein would later obtain a 23-room mansion and estate at the New Albany development from Wexner in 1992.¹¹³

Per Fittrakis, New Albany's success required changes be made to Columbus city policy as well as zoning laws.¹¹⁴ This is alluded to in the Shapiro Murder File as having been accomplished through questionable investments made by a Wexner-controlled entity in a jazz club run by former City Council member Jerry

Hammond and his successor on the council, Les Wright. The Wexner-controlled entity in this case was called SNJC Holding Inc., incorporated in 1987, and gives the same address as the Wexner Investment Company at the Huntington Center. The Shapiro Murder File then cites circumstantial evidence regarding how Hammond was mysteriously able to make payments on a luxury apartment despite not having enough known income for such payments, suggesting a bribe had been paid. Hammond had also been “swept up in an emotional debate about the Wexley luxury housing project [i.e., the New Albany project] in 1988” and was accused by local officials of selling out the city’s interests to benefit his “friend” Leslie Wexner.

Even though New Albany Company managed to secure these local policy changes, regardless of how it was actually accomplished, some of its subsequent projects were later accused of acting in complete disregard for existing state and city law, though no action was taken against the company.^{[115](#)}

WEXNER AND THE MOB

The Shapiro Murder File also notes that the motive for Shapiro's murder was most likely related to the IRS investigation, stating that Shapiro was due to appear before a grand jury in connection with that investigation the day after his murder occurred. It states "while the motive remains unclear, the suspect is an individual who (a) knew Shapiro and had some personal/professional contact with him; (b) would benefit from his death or from ensuring his silence; (c) had close contact with LCN [La Cosa Nostra – mafia, or organized crime] figures or trusted LCN associates; and (d) had the personal financial resources to afford the cost of the contract ("hit")."

The Shapiro Murder File hypothesizes that Wexner and/or his associates were involved in ordering or financing the "hit" on Shapiro. It discusses several transactions of questionable ethics and legality involving associates of Wexner, specifically Kessler, Wright, and Hammond, and some involving Wexner himself. Regarding these transactions, the report states that "Arthur Shapiro could have answered too many of these sort of questions, and might have been forced to answer them in his impending Grand Jury hearing; Stanley Schwartz might now be able to answer some of the same questions for the same reason, but does not face a Grand Jury, is immersed in the pattern [of questionable Wexner-linked/Wexner-adjacent transactions] himself, and now has a powerful incentive to maintain discretion."

The most important part of the Shapiro Murder File, from the perspective of this book, is related to the report's discussion of Wexner associates with ties to organized crime, specifically the Genovese crime family. Those associates are Edward DeBartolo Sr. and Frank Walsh.

Edward DeBartolo Sr. was born in 1909 and got his start working for his stepfather's construction business, Michael DeBartolo Construction.¹¹⁶ In the 1940s, DeBartolo founded his own company, Edward J. DeBartolo Corporation, and eventually became a real estate baron, mainly of suburban shopping malls and complexes. Some of his earlier ventures, such as the 1960 purchase of the Thistledown racetrack near Cleveland, Ohio, involved the Emprise Corporation, which was indicted and convicted in 1972 for racketeering and serving as a front for organized crime.¹¹⁷ In 1976, *Cleveland Magazine* described DeBartolo's

business empire as “deliberately labyrinthian” with each venture encapsulated as a separate corporation, some of them being joint ventures with the real estate arm of a major retailer.¹¹⁸

DeBartolo appears in the Shapiro Murder File listed as a Youngstown, Ohio-based real estate developer associated with Leslie Wexner. The report states that the two men “have a well-known history of business and investment partnerships, and in the late 1980s, twice attempted jointly to acquire Carter-Hawley-Hale Department Stores,” with that partnership having received considerable press attention at the time.¹¹⁹ The Shapiro Murder File goes on to state that DeBartolo is an “associate of the Genovese-LaRocca crime family in Pittsburgh,” information that – per other indications in the report – seems to have been sourced from the Pennsylvania Crime Commission. At the time of the Shapiro murder, the boss of the Genovese crime family was Tony Salerno.

There is much more to DeBartolo’s links to organized crime than those mentioned in the Shapiro Murder File. According to investigative journalist Dan Moldea, a 1981 report from US Customs Service special agent William F. Burda asserted that DeBartolo’s business empire was “operating money-laundering schemes, realising huge profits from narcotics, guns, skimming operations, and other organized-crime-related activities” through Florida-based banks in which DeBartolo had controlling interests.¹²⁰ Burda further claimed that DeBartolo’s organization, specifically the parts of his empire based in Florida, had reported “ties to [Carlos] Marcello, [Santos] Trafficante, and [Meyer] Lansky and, because of its enormous wealth and power has high-ranking political influence and affiliations.”¹²¹

An earlier report authored by Burda and cited by Moldea stated that “Meyer Lansky, the financial wizard of OC [Organized Crime], is now considered by most to be almost senile and getting out of the business. His successor and new financial wizard is recognized as Edward J. DeBartolo.”¹²²

The ties of DeBartolo to criminal activity as mentioned by Burda’s reports are supported by other documents. For instance, a confidential report from Florida Department of Law Enforcement (FDLE) stated that the “WFC Corporation is a cover for the largest narcotics operation in the world” and further states that the organization, under federal and Florida state investigation in the late 1970s, had been heavily influenced by Santos Trafficante.¹²³ WFC Corporation was previously mentioned in chapter 7.

In 1979, Florida authorities were investigating “spurious loans made by WFC Corporation from its Grand Cayman Island subsidiary, through Metropolitan Bank and Trust Company of Tampa, a banking institution whose majority stockholder is Edward DeBartolo Sr.”¹²⁴ DeBartolo had bought Metropolitan Bank in 1975 and had such a strong position that he was able to unilaterally force the resignation of the bank’s president in 1981, with other board members having no say in the matter whatsoever. The bank collapsed a year later, which bank leadership attributed to bad real estate loans.¹²⁵ At the time, it was the largest bank failure in Florida history.¹²⁶

Furthermore, DeBartolo had appeared on the Justice Department’s 1970 Organized Crime Principal Subjects List, which listed individuals with suspected links to organized crime.¹²⁷ In the late 1970s, an FBI wiretap of Los Angeles-based mob figure Jimmy Fratianno picked up Fratianno’s claims that DeBartolo was “very friendly” with Ronald Carabbia, the mob boss of DeBartolo’s hometown of Youngstown, Ohio.¹²⁸

Wexner’s cozy association with DeBartolo is thus highly significant. While the Shapiro Murder File reports there is a connection between DeBartolo and organized crime, it offers little in the way of specifics, whereas other sources, including the work of Dan Moldea, elucidates this connection to a considerable degree. Indeed, this additional information shows that DeBartolo worked with known to mob figures throughout the country and was close to several high-ranking members in prominent organized crime networks, as well as allegations that he had taken on the mantle of Meyer Lansky himself.

DeBartolo was one of Ohio’s richest men during his lifetime and, like Wexner, lived his life above the law, having investigations and charges dismissed left and right due to his power and political influence. That legacy has continued with DeBartolo’s son and heir, Edward J. DeBartolo Jr., who was pardoned by Donald Trump right before the former president left office.¹²⁹

Another close business partner of Wexner’s mentioned in the Shapiro Murder File, Francis J. “Frank” Walsh, similarly had ties to organized crime, specifically the Genovese crime family. As the Shapiro Murder File notes, Walsh was “owner and chief executive officer of Walsh Trucking Company out of New Jersey” and “Walsh Trucking is/has been [the] primary transporter for The Limited in Columbus.” The document goes on to note that Walsh was under investigation by the New York Organized Crime Task Force in 1984 and all notices sent to Walsh

in connection with this investigation were addressed to Frank Walsh Financial Resources at One Limited Parkway, Columbus, Ohio – the same address of Wexner’s The Limited.

In addition to what is mentioned in the Shapiro Murder File, Frank Walsh was charged in 1988 by then-District Attorney Samuel Alito Jr., now a US Supreme Court Justice, with paying thousands to officers of a corrupt Teamsters union as well as members of the Genovese crime family in exchange for a “sweetheart” union contract.¹³⁰ This corroborates the claim in the Shapiro Murder File that Walsh had ties to the Genovese crime family.

Per Alito, the case “illustrated how certain seemingly legitimate businesses are able to get a jump on their competitors by entering into an agreement with organized crime and it illustrates how organized crime is able to get enormous profits by entering into an agreement with seemingly legitimate businesses.” Tony Salerno, the Genovese crime boss, was listed as an unindicted co-conspirator in the case.¹³¹

After the charges were filed, Walsh was arrested at his home. According to his lawyer, Walsh – at that point – had somehow become a real estate developer worth between \$60 and \$100 million, while Walsh Trucking, among other companies of his, had been forced into bankruptcy by an antitrust suit. Walsh pled guilty to the charges and was sentenced to four years of prison in 1990.¹³²

Walsh was again accused of corruption years later in 2003, when a Teamsters Union filed internal charges against a member of their executive board, Donato DeSanti. DeSanti was accused of “helping Walsh, whom he knew to be a convicted labor racketeer with ties to organized crime, manipulate officers of [Teamsters Local] 107 into cooperating with a scheme DeSanti knew, or should have known, was of questionable legality.”¹³³ The union further charged DeSanti with hiding Walsh’s past conviction and organized crime association from union members.

These connections, as laid out in the Shapiro Murder File, present Arthur Shapiro’s 1985 murder in a different light than what is conventionally reported. While Berry L. Kessler may well have played a role in Arthur Shapiro’s death, it seems unlikely that he had the political pull to push police to cover-up not one, but three apparently connected murders – Arthur Shapiro, Frank Yassenoff, and Yassenoff’s fiancée Ella Rich – or the financial resources to pay for a professional contract killing. Given the evidence, it appears that Kessler was a deeply corrupt

operator, but most likely a middleman for the dirty deed, if he was in fact involved in orchestrating a “hit” on Shapiro.

These concerns appear to be what led Columbus Police investigators to produce a document like the Shapiro Murder File in the first place. Its subsequent suppression and attempted destruction suggest that the scrutiny aimed squarely at Leslie Wexner was too close for comfort for those in law enforcement seeking to protect the criminal nexus that was ultimately responsible for Shapiro’s death.

That the police would move to protect Wexner isn’t that surprising considering the billionaire’s cozy ties to area law enforcement are well known, with local police doubling as his security staff at his New Albany home and with the chief of police even vacationing at Wexner’s home in Vail, Colorado. Wexner’s involvement with suspect entities and actors continued well after the Shapiro case, with Jeffrey Epstein being the most infamous. Yet, the blatant murder of The Limited’s lawyer under these circumstances is the first documented instance and, arguably, one of the more important.

MEETING EPSTEIN

Leslie Wexner's relationship with Jeffrey Epstein has mystified mainstream media outlets, executives of The Limited, and other Wexner associates, friends, and acquaintances. Years after the pair "officially" parted ways during Epstein's first arrest and subsequent imprisonment, in 2019, the *New York Times* reported that, from the very beginning, "Wexner's friends and colleagues were mystified as to why a renowned businessman in the prime of his career would place such trust in an outsider with a thin résumé and scant financial experience," with that "outsider" being Jeffrey Epstein.¹³⁴

Yet, as noted in the last two chapters, Epstein was hardly the "outsider" that mainstream media and his associates – from the close to the distant – have strove to portray him since his second arrest, and subsequent death, in 2019.

Indeed, "outsider" Epstein was reportedly introduced to Wexner around 1985 by a well-connected insurance executive named Robert Meister who was a "close friend" of Wexner's at the time.¹³⁵ Though most media reports on the Wexner-Epstein relationship refer to Meister as being an executive at Aon Insurance, at the time he allegedly made this introduction he had recently become vice chairman of Alexander & Alexander (A&A), "the second largest insurance brokerage company, and the largest retail insurance broker, in the world."¹³⁶

Since around 1958, A&A had been a major provider of consulting services to W.R. Grace & Co., the company led by J. Peter Grace. Grace was discussed in Chapter 10 in connection with both Covenant House and AmeriCares. In the early 1990s, A&A "was awarded a \$350 million insurance brokerage contract by the government of Kuwait to find marine and war-risk insurance for \$500 million worth of cargo to be shipped from all over the world as part of an international relief effort," the same relief effort that involved both AmeriCares and the CIA-linked Southern Air Transport also discussed in Chapter 10.¹³⁷

Meister joined A&A at a time when it was particularly troubled. The company's troubles in 1985 were largely related to its acquisition of the Alexander Howden group, which – soon after it was acquired – revealed it was missing around \$50 million in assets that had been apparently embezzled and "diverted to corporations based in Panama and Liechtenstein."¹³⁸ Could Meister have met

Epstein through Epstein's purported job as a "financial bounty hunter" who was equally capable of tracking down, as well as helping to hide, embezzled funds?

It may well have been the case. According to Meister, Epstein had "struck up a conversation" with the insurance mogul during "a commercial flight to Palm Beach" and Meister remembered "being impressed with the young banker."¹³⁹ However, at the time that Meister had met Epstein, he had already left Bear Stearns and was managing his financial "bounty hunting" firm IAG.

Not long after their initial introduction, Meister claims that Epstein invited him to play racquetball and began "turning up in the steam room at [Meister's] gym while he was using it." The two men apparently became well acquainted and, soon, Epstein asked Meister to introduce him to Wexner, claiming that "he had learned Wexner's money manager was stealing from him."¹⁴⁰ Epstein offered his financial "bounty hunter" skills and said he could "help recover those funds."¹⁴¹ Per Meister, he subsequently arranged a meeting between Epstein and Wexner at Wexner's Colorado vacation home.

Unfortunately, Meister is the only person to have made claims about these events and, as a result, there is no way to corroborate them. However, Wexner subsequently claimed in a statement after Epstein's 2019 arrest that he had only ever hired Epstein because friends of his, presumably Meister among them, "recommended him as a knowledgeable financial professional."¹⁴² If true, this would further suggest that Meister, perhaps at A&A's behest, may have employed Epstein's "bounty hunting" services.

Meister has stated his relationship with Epstein ended not long after he made the introduction between the two men and that he began spending much less time with Wexner when the Ohio billionaire declined to heed his alleged warnings about Epstein. However, Meister's claims may not be entirely accurate. Indeed, in 1990, roughly five years after he introduced Wexner and Epstein, it was Meister's wife Wendy who introduced Wexner to Abigail Koppel, a corporate lawyer at the London office of the powerful, white-shoe law firm Davis Polk (now Davis Polk & Wardwell).

As previously mentioned, Abigail's father was a major figure in the Haganah who opened the first American office of El Al Airlines, a frequent front for Israeli intelligence. At the time, Davis Polk was representing Wexner's company, The Limited. Thus, the Meisters were still connected enough to Wexner to make this important introduction at that time. Notably, Epstein was also involved with

aspects of Wexner's relationship with Abigail, having reportedly arranged their prenuptial agreement and attended their January 1993 wedding.

Regardless of the exact truth of the Meisters' relationship with Wexner following the introduction to Epstein, Epstein's entry into Wexner's world would dramatically alter his behavior as well as his public profile. For instance, Wexner began dying his hair, hiring a live-in personal trainer, and began dressing differently soon after Epstein came into his life, adopting a new style of clothing that Wexner's colleagues reportedly began to call "chairman's casual."¹⁴³

Wexner also took on new interests. According to Jerry Merritt, a former Ohio state highway patrolman who later served as The Limited's security chief for over two decades, not long after Wexner hired Epstein as a financial adviser, Wexner "had started collecting guns, but Les didn't know which end of a gun worked." Nevertheless, Wexner invited Epstein to shoot targets with him in rural Ohio. Even though Merritt had arranged for a "world-class trap shooter to teach Wexner to shoot," Wexner instead wanted Epstein to teach him.

This could have happened because Epstein, at this point, had had considerable connections to powerful, intelligence-linked arms dealers and may have privately disclosed these connections to Wexner. It's certainly possible, given that Epstein is reported to have said "Les knows everything about me. He knows every experience I've had."¹⁴⁴

Wexner likely knew more about Epstein than mainstream media reports have led on and Epstein's connections to arms dealing and Israeli intelligence may have impressed Wexner, just as much as (if not more so than) his talents for both legal and illegal financial maneuvers. Indeed, it's worth keeping in mind that Epstein's introduction to Wexner came not long after the suspect murder of Arthur Shapiro, and Epstein's connections to certain circles along with his financial "talents" could have been very attractive to someone like Leslie Wexner.

By 1987, Epstein was formally a financial adviser to Wexner, where he helped manage Wexner's fortune and offered advice about the finances of Wexner's businesses, namely The Limited, and his other endeavors, like the Wexner Foundation. In the late 1980s, Epstein was also the main force behind the design and construction of Wexner's yacht, named *Limitless*.¹⁴⁵

By 1990, Wexner's apparent fascination with Epstein alienated key figures in his inner circle, including former vice chairman of The Limited Robert Morosky and even Wexner's mother, Bella.¹⁴⁶ In the case of the latter, it seemed that

Wexner's mother saw her long privileged position as a driving force behind her son's business decisions directly challenged by Epstein. As noted in a 2021 article published in *Vanity Fair*:

Wexner may have been CEO, but it seemed that his mother, Bella, was the boss. For 34 years she served as The Limited's corporate secretary. A former executive [of The Limited] recalled that Bella belittled her son in meetings when she didn't like his ideas. "It'll never work! Don't do it!" Bella would yell in front of his staff. "I remember sitting there thinking, How dare this woman?" the executive said. Les seemed to be terrified of Bella. According to [Robert] Meister, Les would sometimes stay at Meister's house in Palm Beach so that Bella, whose Palm Beach house was near Les's, wouldn't know Les was in town. "He was afraid of her. She was running his life," Meister said.¹⁴⁷

Epstein's growing influence over Wexner's affairs and Bella Wexner's previous (and apparently domineering) role were seemingly incompatible and, when Bella fell ill in the early 1990s, an inevitable rupture ensued. While she was too ill to fulfil her role at the Wexner Foundation, which she had co-founded with her son in 1973, Epstein took over her role as trustee. When she recovered, she demanded to be reinstated and the Wexner Foundation, with Epstein as trustee, ended up suing her in 1992 as a result.¹⁴⁸ Epstein later claimed that he and Bella had "settled by splitting the foundation in two."¹⁴⁹

By that point, it had already been clear for some time that Leslie Wexner had decided to replace his mother with Epstein in terms of who would serve as his closest adviser. In 1990, as previously mentioned, Epstein had become head of the Wexner Investment Company and Wexner's top money manager, ousting his predecessor Harold Levin in the process. A year later, in July 1991, Wexner had handed near complete control of his affairs over to Epstein in a far-reaching Power of Attorney document. That document, among other powers, gave Epstein the ability to "ask, demand, sue for, recover, collect, and receive all sums of money" on Wexner's behalf as well as take over, buy, sell, or transfer "property, tangible or intangible." The document also notes that, at the time, Epstein was still occupying the offices he apparently shared with the Gouletas at the Villard Houses, which – as previously noted – had been arranged by Steven Hoffenberg.

This power of attorney is significant as it means Epstein could engage in these activities without Wexner's knowledge following the signing of this document. Thus, after this point and up until the 2000s, it is hard to know what decisions of Wexner's (and Wexner-owned businesses like The Limited) may have been made solely by Epstein. This is particularly important when considering that shortly

after this document was signed, efforts were made to have the logistics of The Limited intimately connected to not one, but two, CIA-linked airlines that had become infamous in the 1980s for their use in Iran-Contra and broader efforts that involved the smuggling of both arms and drugs. More on those airlines, and Epstein's role in bringing them into The Limited's fold, are discussed in chapter 17.

In addition to his influence on the logistics of Wexner-owned businesses, Epstein became increasingly enmeshed with Wexner's real estate interests during and shortly after this period, particularly in New York City. As detailed in the previous chapter, this would include Wexner's acquisition and redecorating of the now infamous Manhattan townhouse that Epstein would inhabit and where he would abuse countless underage women for several years, enabled by Ghislaine Maxwell and others.

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CHAPTER 14

THE DARK SIDE OF WEXNER'S “PHILANTHROPY”

WEXNER AND HIS “DYBBUK”

The year of Arthur Shapiro’s murder was also the year that Leslie Wexner became a billionaire and began to build up his public persona. This began with a series of fawning media profiles, which Wexner may have sought out on the advice of his mentor Max Fisher. Fisher, after all, viewed his pristine public image, which was arguably divorced from reality in key ways, as one of his greatest assets. Wexner’s first main, personal PR campaigns were written by prominent New York City-based outlets, like *New York Magazine* and the *New York Times*.

The *New York Magazine* profile, which was the cover story for its August 5, 1985 issue, was entitled “The Bachelor Billionaire: On Pins and Needles with Leslie Wexner.”¹ Though filled with photos of a middle-aged Wexner grinning and embracing friends as well as lavish praise for his business dealings and his “tender” and “gentle” personality, one of the main themes of the article revolves around what is apparently a spiritual affliction or mental illness of Wexner’s, depending on the reader’s own spiritual persuasion.

The *New York Magazine* article opens as follows:

On the morning Leslie Wexner became a billionaire, he woke up worried, but this was not unusual. He always wakes up worried because of his dybbuk, which pokes and prods and gives him the itchiness of the soul that he calls *shpilkes* [“pins” in Yiddish]. Sometimes he runs away from it on the roads of Columbus, or drives away from it in one of his Porsches, or flies from it in one of his planes, but then it is back, with his first coffee, his first meeting, nudging at him.

One may interpret this use of *shpilkes*, literally “pins” or “spikes” in Yiddish and often used to describe nervous energy, impatience or anxiety, as Wexner merely personifying his anxiety. However, his decision to use the word *dybbuk*, which he does throughout the article, is quite significant. Also notable is how Wexner goes on to describe this apparent entity throughout the article and his intimate relationship with it.

As defined by Encyclopedia Britannica, a dybbuk is a Jewish folklore term for “a disembodied human spirit that, because of former sins, wanders restlessly until it finds a haven in the body of a living person.”² Unlike spirits that have yet to move on but possess positive qualities, such as the *maggid* or *ibbur*, the dybbuk is almost always considered to be malicious, which leads it to be translated in English as “demon.” This was also the case in this *New York Magazine* profile on

Wexner. Indeed, the author of that article, Julie Baumgold, describes Leslie Wexner's *dybbuk* as "the demon that always wakes up in the morning with Wexner and tweaks and pulls at him."

Wexner could have easily chosen to frame the entity as a righteous spirit (*maggid*) or as his righteous ancestors (*ibbur*) guiding his life and business decisions, especially for the purpose of an interview that would be read widely throughout the country. Instead, Wexner chose this particular term, which says a lot for a man who has since used his billions to shape both mainstream Jewish identity and leadership in both the US and Israel for decades.

As the article continues, it states that Wexner has been with the *dybbuk* since he was a boy and that his father had recognized it, and referred to it as the "churning." Per Wexner, the *dybbuk* causes him to feel "molten" and constantly pricked by "spiritual pins and needles." It apparently left him at some point only to return in 1977 when he was 40, half-frozen during an ill-fated trip up a mountain near his vacation home in Vail, Colorado. This specific trip is when Wexner says he both rejoined with his childhood *dybbuk* and decided to "change his life."

He told *New York Magazine* that his *dybbuk* makes him "wander from house to house," "wanting more and more" and "swallowing companies larger than his own." In other words, it compels him to accumulate more money and more power with no end in sight. Wexner later describes the *dybbuk* as an integral "part of his genius."

Wexner further describes his *dybbuk* as keeping "him out of balance, emotionally stunted, a part of him – the precious, treasured boy-son part – lagging behind [the *dybbuk*]." This is consistent with other definitions of the term in Jewish media, including a feature piece published in the *Jewish Chronicle*. That article first defines the term as "a demon [that] clings to [a person's] soul" and then states that: "The Hebrew verb from which the word *dybbuk* is derived is also used to describe the cleaving of a pious soul to God. The two states are mirror images of each other."³ Per Wexner's word choice and his characterization of what he perceives as an entity dwelling within him, the entity – the *dybbuk* – is dominant while his actual self and soul "lags behind" and is stunted, causing him to identify more with the entity than with himself.

This is also reflected in the concluding paragraph of the *New York Magazine* article:

Les Wexner picks up his heavy black case and flies off in his Challenger, with his dybbuk sitting next to him, taunting and poking him with impatience, that little demon he really loves. The dybbuk turns his face. What does he look like? “Me,” says Leslie Wexner.

Outside of the spiritual aspect of this discussion, it can also be surmised from the above that there is a strong possibility that Wexner suffers from some sort of mental disorder that causes him to exhibit two distinct personalities which continuously battle within him. What is astounding is that he describes this apparent affliction to a prominent media outlet with pride and the author of the piece weaves Wexner’s “demon” throughout a piece that seeks to praise his business acumen above all else.

Yet, perhaps the most troubling aspect of Wexner’s experience with his “dybbuk,” whether real or imagined, is the fact that Wexner, in the years before and after this article was published, has had a massive impact on Jewish communities in the US and beyond through his “philanthropy.” Some of those philanthropic efforts, like the Wexner Foundation, saw Wexner help mold generations of Jewish leaders through Wexner Foundation programs while others, such as the Mega Group, the organized crime-linked Leslie Wexner joined by several other like-minded billionaires, many of which also boast considerable organized crime connections, in an effort to shape the relationship of the American Jewish community, as well as the US government, to the state of Israel.

For a man of such influence in the Jewish community, why has there been essentially no questions raised as to Wexner’s role in directing the affairs of that ethno-religious community given that he has openly claimed to be guided by a “dybbuk”?

THE ORIGINS OF THE WEXNER FOUNDATION

It is hard to know exactly when the Wexner Foundation was originally created. The official website for the foundation states clearly in one section that the Wexner Foundation was first set up in 1983 alongside the Wexner Heritage Foundation.⁴ However, the 2001 obituary of Wexner's mother, Bella, states that she and her son created the foundation together in 1973.⁵ Regardless of the exact year, Wexner's mother, Bella, became the secretary of the foundation (just as she had with his company The Limited), which Wexner wanted people to refer to as a "joint philanthropy."

The foundation's website states that the original purpose of the Wexner Foundation was to assist "emerging professional Jewish leaders in North America and mid-career public officials in Israel."⁶ Per the website, Wexner's main philanthropic endeavors were created after Wexner "reached the conclusion that what the Jewish people needed most at that moment was stronger leadership." As a result, Wexner sought to focus his foundation's attention chiefly on the "development of leaders." As a consequence of this, Wexner's programs have molded the minds and opinions of prominent North American, as well as Israeli, Jewish leaders who went on to work at the top levels of finance, government and, even, intelligence.

One of the Wexner Foundation's original advisors, and perhaps one of the most important, was Robert Hiller, who had previously been executive vice president of the Council of Jewish Federations and Welfare Funds. Robert I. Hiller was described in an article in the *Baltimore Sun* as a "nonprofit leader who helped develop community fundraising strategies and was active in the Soviet Jewry movement."⁷ As well as being known as a community development leader, Hiller was also an executive with Community Chest of Metropolitan Detroit in 1948. In that position, Hiller helped bring together corporations such as General Motors to create "social service groups under an umbrella organization, a precursor to collective fundraising efforts today."⁸ In 1950, Hiller became the associate director of the Jewish Community Federation of Cleveland and six years later he also joined the United Jewish Federation of Pittsburgh. He would spend another nine years in that position before his move to Baltimore.

In his autobiography, Hiller wrote about his extensive dealings with various Israeli heads-of-states, saying: “I had pictures of every Israeli Prime Minister from David Ben-Gurion to Menachem Begin. I would have many more with Begin because he was the current Prime Minister. My favorite picture, however, (it was to be hung) was taken in Washington, D.C. at a gala party where Marianne and I were with the then Ambassador, Yitzhak Rabin, and his wife, Leah.”

Hiller was extremely proactive when it came to seeding suitable, high ranking candidates for appropriate positions in Jewish community organizations, a task that the Wexner Foundation would later reproduce on a grand scale via its various Fellowship programs and apply to the world of business and government. One example of this matchmaking was the appointment of Larry Moses as assistant to Rabbi Maurice Corson. Corson is credited as co-founding the Wexner Foundation with Leslie Wexner in 1983, per the foundation’s website, and served as its first president. After Corson left that post, Moses stepped in to serve as the foundation’s president.

Hiller wrote in his autobiography that he had “personally enticed” Moses to become Rabbi Corson’s assistant and this later resulted in Larry Moses becoming the executive vice president of the Wexner Foundation.⁹ When Hiller was 33 years-old, he was presented with an opportunity to become a member of the Big 16, which was classed as an informal grouping of the 16 largest communities in North America headed by prominent Jewish executive members. One of the people who Hiller connected with the Wexner Foundation was originally meant to lead the Big 16 Federation, Fern Katelman. Katelman declined this prestigious leadership role in order to join Larry Moses, where he became his assistant at the Wexner Foundation.¹⁰

Hiller, when revisiting his life, would state: “One of the most stimulating relationships I had was with the Wexner (Leslie) Foundation of Columbus, Ohio, and New York City. Rabbi Maurice Corson was the foundation president. My relationship with him started in Baltimore where he had been a new rabbi for one of the city’s largest Conservative synagogues. He came from Philadelphia with an interesting background and credentials.”

Hiller goes on to write: “He [Corson], however, seemed bored and uneasy with the routine of being a synagogue rabbi. When he and the congregation decided to part company, I assisted in getting him an executive position with the United Israel Appeal of Canada. He did so well that he was recruited to return to

the U.S.A. in an executive position with International B'nai B'rith. Leslie Wexner met him through his work with B'nai B'rith, and when Les began to put together a formal foundation, he engaged Rabbi Corson as the chief executive."¹¹ B'nai B'rith, the "Jewish fraternal organization" modeled as a secret society, was previously discussed in chapter 10.

Hiller went on to assist Corson in the initial stages of setting up the Wexner Foundation while they put together "a distinguished advisory group" with the group meeting in Columbus, Ohio, and New York City. Hiller describes assisting Corson in creating the foundation, which Hiller called: "an unusual foundation with its own agenda and programming." After several years of service to the Wexner Foundation, Hiller retired from his consultancy role and was replaced by Philip Bernstein, the former executive of the Council of Jewish Federations and Welfare Funds (CJF).

Now, it makes sense to examine Rabbi Maurice S. Corson himself. Corson was a prominent Jewish educator who, as previously mentioned, already had associations with various Jewish welfare organizations prior to serving as co-founder and then president of the Wexner Foundation. Corson had been ordained as a rabbi in 1960 through the Jewish Theological Seminary, after previously studying at the University of Cincinnati where he graduated in 1955. By 1964, Corson had become the president of the Religious Education Society in Seattle, and he remained in that position until 1966.

Over the following decade, he began working for the Zionist Organization America in Atlantic City and, shortly thereafter, became the Senior Rabbi at the Chizuk Amuna Congregation, a position he held from 1976 until 1979. Around this time, Hiller helped Corson get an executive position with the United Israel Appeal of Canada, where he went on to work for only a year before joining B'nai B'rith.¹²

Once recruited into serving a leadership role within the influential "secret society," Corson worked as director of development for B'nai B'rith International, based in New York City, between 1980 until 1985. During this very period, as noted in chapters 3,10 and 13, the board of overseers of B'nai B'rith included Edmond Safra, Edgar Bronfman, and Max Fisher.

As noted previously, while Corson was at B'nai B'rith, he first met Leslie Wexner, who persuaded him to co-found the Wexner Foundation (per the version of events on the foundation's website). Although he had been recruited by Wexner

and subsequently left the B'nai B'rith organization, Corson became a member of the executive committee of B'nai B'rith Hillel Commission in Washington in 1987.

Another important player, mentioned in Hiller's autobiography as being on the original advisory board of the Wexner Foundation, is Charles S. Liebman. Born in New York City in 1934, Liebman was an influential Jewish political scientist who spent most of his career teaching at Bar-Ilan University. He was born to a self-described "Zionist family" and, by 1965, Liebman had published his seminal work, "Orthodoxy in American Life," in the *American Jewish Year Book*.¹³ The paper, often referred to as Liebman's "pioneering essay," received critical acclaim among the American Jewish community.

In 1983, the year that Wexner Foundation was ostensibly created, Liebman was preparing to publish his most controversial work, "Extremism as a Religious Norm."¹⁴ In this paper Liebman analyzed religious extremism in Israel and argued that: "religious extremism is the norm and that it is not religious extremism but religious moderation that requires explanation." In this paper, Liebman explains: "Since religious commitment is a total commitment, and the behavior it elicits is by definition moral behavior, religious adherence becomes a criterion by which other people can be evaluated. The religiously committed individual will experience moral repugnance in associating with the non-religious."

Liebman's paper was criticized by those who saw it as an attempt to excuse and justify extremism within Israel. John Cumpsty, for instance, responded to this particular work of Liebman's in a 1985 piece entitled: "Glutton, Gourmet or Bon Vivant: A response to Charles S. Liebman," calling Liebman's essay "an attempt at methodological generalization" and "quite extraordinarily reductionist."¹⁵

Liebman's subsequent works were never as controversial as *Extremism as a Religious Norm*, and he was later lauded as "the preeminent social scientist of Jews and Judaism in the latter third of the 20th century."¹⁶ In March 2003, Liebman was awarded the Israel Prize, for government studies and then, in September of that same year, he passed away.¹⁷

Another key figure who is important to mention is the co-founder of the Wexner Heritage Foundation, Rabbi Herbert A. Friedman. Depending on which part of the Wexner Foundation site you visit, that Foundation is listed as having been founded in either 1983 or 1985. However, Friedman is clearly listed as the co-founder of the foundation and as having served as its president for a decade.¹⁸

The Wexner Heritage Foundation, per its website, was created “to strengthen volunteer leaders in the North American Jewish Community.”¹⁹ It spawned the Wexner Heritage program, which “provides young North American Jewish volunteer leaders with a two-year intensive Jewish learning program, deepening their understanding of Jewish history, values, and texts and enriching their leadership skills.”²⁰

Friedman was a US Army chaplain during World War II and also served as an “adviser on Jewish affairs to General Lucius D. Clay, the commander of American occupation forces in Germany.” He was later personally recruited by David Ben-Gurion, who went on to serve as Israel’s first Prime Minister, to join the paramilitary group, the Haganah. As noted in chapter 3, the Haganah was the precursor to the Israeli military and was armed in large part by organized crime-linked networks. Per the *New York Times*, “as a member of the Haganah, Rabbi Friedman participated in the Aliyah Bet, the illegal transport of European Jews to Palestine.”²¹

From 1954 to 1971, Friedman was the chief executive of the United Jewish Appeal (UJA) and, in that role “raised more than \$3 billion to support the fledgling state of Israel.”²² During this period, UJA was intimately involved in the relaunching of the Jewish Agency by Wexner’s mentor Max Fisher in 1970. As noted in the previous chapter, Fisher was also intimately involved with the UJA as well as the related United Israel Appeal. Throughout the 1980s, Wexner was “one of the largest individual contributors to the United Jewish Appeal in America” and, after creating the Wexner Heritage Foundation with Friedman, Wexner became UJA’s vice chairman.²³

While Wexner was serving in these capacities, he was also engaged in closed door meetings with the highest levels of Israeli leadership, not just about “philanthropy,” but also about his business interests. One specific meeting saw him meet with top Israeli government officials about “Chinese and Israeli interests” working with his company, The Limited, to establish factories in the occupied Golan Heights.²⁴

Notably, the Wexner Foundation has direct and controversial ties to at least one former Israeli head of state, Ehud Barak, who – as previously mentioned in chapter 12 – was intimately involved with Jeffrey Epstein. As reported by *Israel Today* in 2019:

[Barak's ties to the Wexner Foundation] became an issue only after right-wing journalist Erel Segal called last October to investigate the \$2.3 million "research" grant Barak received from the Wexner Foundation, which has in turn for years been the beneficiary of Epstein's financial contributions. According to Segal, the grant under question was given to Barak in 2004-2006, when he held no public position. Barak insists he has no authority to disclose details about this grant. Only the Wexner Foundation can, if they so choose (they choose silence).²⁵

DEVELOPING LEADERS

Set up simultaneously alongside the Wexner Foundation, Wexner's Heritage Program (WHP) planned to connect American Jews with the ever expanding nation-state of Israel. The program was created so as to "expand the vision of Jewish volunteer leaders, deepen their Jewish knowledge and confidence and inspire them to exercise transformative leadership in the Jewish community."²⁶ The foundation defines the program as: "essentially a Jewish learning and leadership development program for volunteer leaders in North America."

There have been, to date, around 2000 "leaders" who have taken part in the program. The WHP is a vehicle for standardizing a certain perspective on the history of Israel, as well as Judaic texts. The two year program is made up of 36 evening seminars, which occur bi-monthly for four-hour periods, as well as three short-term and out-of-town summer institutes hosted in either the US or Israel. Each of these summer institutes are between 5 and 7 days long and take place throughout the program.

As with other well-founded leadership programs, such as the World Economic Forum's Young Global Leader program, the Wexner Heritage Program targets a very specific age group, aiming at professionals who are generally between the ages of 30 and 45 years-old. Some of the most important criteria required of program participants include showing a demonstrated commitment to Judaism, the Jewish community and/or Israel and a track record of leadership in Jewish communal life.

The Wexner Foundation website claims that:

The 2,300 Alumni of the Wexner Heritage Program are top lay leaders at the local, national and international level. In the 35 cities where we have convened WHP cohorts, virtually every Jewish communal organization continues to be supported by our alumni. They become presidents or chairs of synagogues, Federations, JCC's, Hillels, day schools, camps and more; they often are founders or chairs of allocations or annual campaigns. They serve on the boards of JFNA, 70 Faces Media, the Foundation for Jewish Camp, International Hillel, AIPAC and J Street; The Shalom Hartman Institute, Pardes, Hadar and every US rabbinical seminary; the Jewish Education Project, Prisma, the JDC and so many more.

It is worth noting that, of those aforementioned groups, the Wexner Foundation (and especially the Wexner Heritage program) enjoys particularly close ties to AIPAC (American Israel Public Affairs Committee). For instance,

Elliot Brandt, AIPAC's national managing director, is an alumnus of the Wexner Heritage Program and, in a 2018 speech at that year's AIPAC policy conference, Brandt noted that "most of the [AIPAC] National Board consists of Wexner Heritage Alumni, not to mention its regional chairs and some of its most committed donors as well."²⁷

Wexner's close ties to AIPAC take on a different tone when one considers, not only his close association with the Israeli intelligence-connected Jeffrey Epstein, but also the fact that AIPAC itself has long-standing and controversial ties to Israeli intelligence. For instance, AIPAC was at the center of an Israeli espionage scandal in the US in the mid-1980s as well as again in 2004, when a high-ranking Pentagon analyst was caught passing highly classified information over to Israel's government via top officials at AIPAC.²⁸

Despite extensive evidence, particularly in the latter case, AIPAC itself avoided charges. As journalist Grant Smith noted at the time, "the Department of Justice's chief prosecutor on the [AIPAC] espionage case, Paul McNulty, was suddenly and inexplicably promoted within the DOJ after he backed off on criminally indicting AIPAC as a corporation."²⁹ The charges against the specific AIPAC officials involved were also dropped.³⁰

In the years after the Wexner Heritage Program was launched, other similar efforts followed. In 1987, the Wexner Foundation announced it would begin channeling "\$3-\$4 million in grants to the first year of a program dedicated to the enhancement and improvement of professional leadership in the North American Jewish community."³¹

Per the *Jewish Telegraphic Agency*, "Wexner said an Advisory Group drawn from among leading Jewish academicians and communal professionals recommended that attention be focused on three critical groups: rabbis, communal professionals and educators."³² These efforts would result in the formal creation of the Wexner Graduate Fellowship in 1988. Chairmanship of the Wexner Fellowship Committee was given to Professor Henry Rosovsky.

HENRY AND HARVARD

Henry Rosovsky was an economist at Harvard University. Like Wexner, and like many other of the Wexner Foundation's associates, Rosovsky was born to Russian Jewish parents. He grew up speaking Russian, German, and French and, in 1940, Rosovsky emigrated to the United States of America with his parents.

During World War II, he served in Counterintelligence Corps of the US Army.³³ He became a naturalized US citizen 9 years later. That same year, he received his B.A. degree from the College of William and Mary in Williamsburg, Virginia, followed by his PhD from Harvard in 1959.

Rosovsky taught overseas as a visiting professor in Japan at Hito Subashi and Tokyo Universities, and subsequently taught Japanese studies, economics and history at the University of California at Berkeley until 1965.³⁴ He also taught at the Hebrew University of Jerusalem in Israel, again as a visiting professor, as well as working as a consultant with the United States government, the Asian Development Bank, the World Bank, and UNESCO.³⁵

Rosovsky settled down into his eventual career at Harvard in 1965 and brought with him the intention of making Jewish life at Harvard flourish. By 1978, Rosovsky had helped to establish the Center for Jewish Studies, which was led by Harry Wolfson, the first chairman of a Judaic studies center at any American college. Rosovsky was the first Jew to serve on the board of the Harvard Corporation. Rosovsky's wife, Nitza Rosovsky, also had a presence at Harvard, and in 1986, during Harvard's 350th anniversary celebrations, she wrote a piece entitled "The Jewish Experience at Harvard and Radcliffe," which traces the Jewish history at the university dating back to the 1720s.³⁶

Rosovsky developed a close relationship with some key faculty members at Harvard, including future US Treasury Secretary and Harvard president Larry Summers. In 2017, Summers stated in a video tribute to Rosovsky the following: "Thirty-five years ago, I sat in your office as a young recruit to the Harvard faculty, and I was trembling with the majesty of it all," he said. "Over time I became less intimidated and came to value your wisdom and your experience."³⁷

Rosovsky became involved with the Wexner Foundation in 1987, when the Wexner Foundation announced the aforementioned initiative to recruit, support,

and retain “the highest quality professional leadership” in the American Jewish community through grant-making to individuals and institutions. Those individual grants were awarded as Wexner Foundation fellowships and the Foundation appointed Rosovsky to serve as the chairman of the Wexner Fellowship Committee.³⁸

Rosovsky was prominent and well-connected by the time Wexner approached him, with his connections including Israeli politicians and heads of state like Menachem Begin and Yitzhak Rabin.³⁹ By this point, Rosovsky was also being publicly honored for his many achievements. In 1987, after Wexner had launched several of his philanthropic endeavors, the American Academy of Achievement – a non-profit educational organization that recognizes some of the highest achieving individuals in the country – had awarded Rosovsky its “Golden Plate Award.”⁴⁰

One of Rosovsky’s most important links that were likely of interest to Wexner was his strong connection with Harvard Hillel. What is today referred to as the “Harvard-Radcliffe Hillel,” the Harvard Hillel is commonly described as a service organization that provides Jewish educational, cultural, religious, and social opportunities for students and faculty. Rosovsky had been a key player in paving the way for Hillel’s relocation from a simple home at the outskirts of campus to a location at the heart of Harvard life.⁴¹ Wexner’s subsequent involvement with Harvard Hillel would also mark Epstein’s own entry into what would become his controversial, and intimate, relationship with the prestigious university.

According to a 2003 article in the *Harvard Crimson* on Epstein’s donations to the University, Rosovsky was not only one of Epstein’s closest associates at Harvard, but was also Epstein’s “oldest friend of the bunch,” having been introduced to Rosovsky by Wexner around 1991. That is notably the same year that Epstein and Ghislaine Maxwell began their sexual blackmail/sex trafficking operation.

1991 was also the year that the *New York Times* reported that four donors, among them Leslie Wexner and Jeffrey Epstein, had pledged to raise \$2 million for the construction of the new student center of Harvard-Radcliffe Hillel. In that article, the *Times* lists Epstein as the “president of Wexner Investment Company.”⁴² The building was completed in 1994 and named Rosovsky Hall in Henry Rosovsky’s honor. Rosovsky Hall is a 19,500-square-foot building, which cost \$3 million to complete and includes a garden courtyard, a student lounge, a

dining hall, a library, offices, and multi-purpose rooms for worship and meetings.⁴³

After Epstein's 2019 arrest, Hillel executive director Rabbi Jonah Steinberg claimed that Epstein had merely "facilitated" a gift that was actually donated by the Wexners and did not involve Epstein's personal money. However, a now-absent plaque on the building, cited by the Harvard Crimson in 2003, named both Epstein and Wexner as donors responsible for funding the center's construction.

Steinberg did note that Epstein did donate \$50,000 to Hillel in 1991, the same year that the gift for the construction of Rosovsky Hall was also made. The following year, records from Harvard's Office of Alumni Affairs and Development reveal that Epstein was courted as a potential donor by the University, with Harvard's "most senior leaders" first officially meeting with Epstein to "seek his support."⁴⁴ It is unclear exactly what resulted from this meeting, as Epstein's first official donation to Harvard was recorded in 1998, raising the possibility that support could have been given in other ways that did not necessarily involve direct donations to the University.

Indeed, when Harvard moved to reject donations from Epstein following his 2008 conviction, Epstein continued to donate *indirectly* to the University by directly sponsoring several professors as well as a student social club at Harvard. Epstein may have contributed in this fashion during this earlier period, especially given that he had already donated to Harvard's Hillel by the time of the 1992 meeting.

It is worth noting that Epstein's first "official" donation to Harvard in 1998 was the same year he was using his private plane, now best known to the public as the "Lolita Express," to transport then-Deputy Treasury Secretary Lawrence "Larry" Summers. As will be noted in chapter 16, Summer's then-boss, Treasury Secretary Richard Rubin, had previously facilitated Epstein's first official visit to the Clinton White House in early 1993. Summers would become president of Harvard University shortly after the conclusion of the Clinton administration, in July 2001. During Summer's tenure, Epstein's access to Harvard's campus and many of its most notable professors increased exponentially. While president of Harvard, Summers continued to fly on Epstein's plane.

DEVELOPING YOUNG GLOBAL LEADERS

Though Epstein's ties to Harvard have been scrutinized, Wexner also dramatically expanded his donations to Harvard during much of the same period. However, the role this may have played in facilitating Epstein's own connections to the university have been largely glossed over by mainstream media reports on the matter.

Even before Wexner and Epstein donated to Harvard's Hillel in 1991, Wexner's philanthropic "development of leaders" had become entangled with Harvard University. In 1989, the year after the Wexner Graduate Fellowship was launched, the Wexner Israel Fellowship program was created to specifically "support up to 10 outstanding Israeli public officials earning their Mid-Career Master of Public Administration (MC/MPA) at Harvard Kennedy School."

Per the Wexner Foundation's website: "The goal of the Fellowship is to provide Israel's next generation of public leaders with advanced leadership and public management training. More than 280 Israeli public officials have participated in the Israel Fellowship, including leaders who have gone on to become Directors General of government ministries, Generals and Commanders in the Israeli military, and top advisers to Prime Ministers." As part of the program, participants "meet with senior U.S. government officials."⁴⁵ Wexner Israel Fellows also "commit to returning to Israel and remaining in the public sector for at least three years after completing the program."⁴⁶

Similar claims can be found among Israeli media. For example, *Israel 21c* stated the following about the program in 2002:

Several Wexner graduates have gone on to become Director-Generals of government ministries. Others have reached the highest echelons of the military, the health service, and the educational establishment. But ultimately, for Israel, the value of the program is not the titles of its participants, but in the quality of leadership exercised by these individuals at every level.⁴⁷

That same article also notes that Wexner's interest in having this program be hosted at Harvard's Kennedy school "is the quality of the international exposure it permits. It attracts the highest caliber of public sector leadership from around the world and Israeli participants find themselves sitting next to ex-presidents and future prime ministers from every continent. It also creates a rare opportunity for

high quality public relations, as future world leaders are exposed to some of the finest and most dedicated individuals Israel has to offer.”⁴⁸

Among the 10 alumni of the first class of Wexner Israel Fellows is Shay Avital, a prominent leadership figure in the Israeli military and who had first served under Benjamin Netanyahu’s brother, Yonatan Netanyahu.⁴⁹ Other alumni include Avinoam Armoni, former special adviser to Teddy Kollek (see chapter 3), as well as Israeli prime ministers;⁵⁰ Moshe Lador, former Israeli state prosecutor;⁵¹ Arik Raz, former governor of Israel’s Misgav region;⁵² Uzi Vogelmann, current justice on Israel’s Supreme Court;⁵³ Eduardo Titelman Goren, a Chilean economist who has played a major role in managing Chile’s copper mining industry (the world’s largest);⁵⁴ and Yossi Tamir, Director General of the JDC-Israel, “the leading global Jewish humanitarian organization.”⁵⁵

Another interesting alumnus from this first class was Amos Slyper, who was Deputy Director-General of the State Comptroller’s Office in Israel, making him responsible for the auditing of Israeli government ministries and offices.⁵⁶ During Slyper’s tenure, the legal adviser to that office was Nurit Israeli, an alumnus of the second class of Wexner Israel Fellows.

As can be seen from just the first class of fellows, the Wexner Israel Fellow programs and its active alumni community have given Wexner considerable clout with prominent Israelis in major positions in government and industry. Years after this program was launched, it has since expanded to include the Wexner Senior Leaders program, which “leverages the training and scholarship of the Harvard Kennedy School to strengthen Israel’s public service leadership and spur innovative, collaborative projects across government departments and agencies.”⁵⁷ It specifically seeks applicants from “senior level positions within Israel’s public service sector, including the civil service, local government, government agencies, and security forces.”⁵⁸

Thus, even before the 1991 donation by Wexner and Epstein, Wexner was actively bringing prominent Israelis, many with careers in Israel’s national security apparatus or in the public sector, to study at Harvard’s Kennedy school. In the years that followed, Wexner would become one of the guiding forces behind this particular school and would have even greater influence over the “development of leaders” at the institution.

Shortly before Larry Summers became Harvard’s president, Leslie Wexner, via the Wexner Foundation, funded the creation of the Harvard Kennedy School’s

Center for Public Leadership (CPL).⁵⁹ The CPL is described as “a premier training ground for emerging public leaders in the United States.”⁶⁰

The long-time director of CPL, who was likely chosen with direct input from Wexner, is David Gergen, an adviser to former presidents Nixon, Ford, Reagan, and Clinton. In the Nixon years, Gergen was the speechwriter for William E. Simon, whose ties to Covenant House, AmeriCares, and much more have already been discussed throughout this book.

Gergen has also had a parallel career in journalism and, in the late 1980s, “he was chief editor of *U.S. News & World Report*, working with publisher Mort Zuckerman.” Zuckerman was a close associate of Epstein and bought the *New York Daily News* after the death of its previous owner, Robert Maxwell. Gergen is also a long-time member of the Council on Foreign Relations and the Trilateral Commission, where Epstein also had memberships.

Wexner’s contributions to Harvard’s CPL reached \$19.6 million by 2006 and totaled more than \$42 million by 2012.⁶¹ Notably, during this period, Jeffrey Epstein – one of Wexner’s closest associates until they parted ways between 2007 and 2008 – was also making major connections and gaining unprecedented access to the school.

In 2006, when the Wexners announced an additional donation of \$6.8 million to the CPL, Gergen was quoted by the *Harvard Crimson* as saying:

It has been a great personal privilege to work with Les and Abigail Wexner over the past half-dozen years, at the University and beyond. They are both leaders in their own right – people of vision, imagination, and keen dedication to advancing the quality of public life. They have been wonderful partners.”⁶²

In 2014, Gergen participated in the Wexner Foundation’s 30th anniversary gala, hosting a session where he interviewed former Israeli Prime Minister Shimon Peres at length.⁶³

Before Epstein’s second arrest, the Wexner-dominated CPL saw Epstein associates like Glenn Dubin and Leon Black creep into its top leadership bodies. For example, Dubin had become a member of CPL’s advisory council, which Leslie and Abigail Wexner co-chaired. Both Wexner and Dubin were pressured to remove themselves from that council after Epstein’s second arrest and subsequent death and departed in February 2020.⁶⁴ At the time, the *Harvard Crimson* noted that the chief of staff to then-Harvard president Lawrence Bacow, Patricia

Bellinger, had been added to the board of directors of Wexner's L Brands (the current corporate name of The Limited).⁶⁵

Also at the time, Dubin had been named in court documents as one of the men Virginia Giuffre was forced to have sex with when she was under Epstein's control, with another being Harvard Law professor emeritus Alan Dershowitz. In addition, as noted by the *Crimson*, a "former manager of the Dubin household Rinaldo Rizzo recount[ed] his encounter with a 15-year-old girl allegedly trafficked by Epstein who was brought to the Dubins' house in 2005."⁶⁶ In 2010, Dubin had donated \$5 million to the CPL to create his own fellowship aimed at "developing leaders," called the Dubin Graduate Fellowships for Emerging Leaders.⁶⁷

In another example, Leon Black, of Apollo Global Management and whose "philanthropic" family foundation was also managed by Epstein for years, was on the CPL's leadership council. Black, however, did not resign his post after the Epstein scandal became a national concern. However, after Wexner and Dubin had left their positions on the advisory council, Black's connection to Epstein resulted in considerable media scrutiny as well as an "internal investigation" by Apollo.⁶⁸ As of 2022, Black is no longer listed on the CPL's website as a member of its leadership council.⁶⁹

In 2006, plans were made for the Wexner-funded CPL to team up with the World Economic Forum's Young Global Leaders (YGL) program. The World Economic Forum, which describes itself as the pre-eminent facilitator of "public-private partnerships" on a global scale, originally created what would become YGL in 1992 under the name the Global Leaders of Tomorrow. It was rebranded as the YGL program in 2004.

In recent years, the Forum and its YGL program have become infamous in some circles, specifically after a clip of the Forum's chairman Klaus Schwab went viral. In that clip, Schwab states the following of the YGL program:

I have to say then I mention names like Mrs. Merkel, even Vladimir Putin and so on they all have been Young Global Leaders of The World Economic Forum. But what we are really proud of now with the young generation like Prime Minister Trudeau, President of Argentina and so on, is that we penetrate the cabinets.... It is true in Argentina and it is true in France now...⁷⁰

Notably, that clip comes from a 2017 discussion between Klaus Schwab and the CLP's David Gergen that took place at the Harvard Kennedy school. In the introduction to that discussion, the close ties between the Harvard Kennedy

school and the World Economic Forum are highlighted and it is also mentioned that YGL participants are also present and attending the Harvard Kennedy school for an executive session. Gergen, in addition to his many roles and appointments, is also formerly a board member of the Schwab Foundation for Social Entrepreneurship, which Klaus Schwab co-founded with his wife in 1998, and is also an agenda contributor to the World Economic Forum.⁷¹

The CPL began hosting an Executive Session for Young Global Leader participants in order to allow “the Young Global Leaders a much greater opportunity to form personal connections and bonds that will encourage opportunities for the leaders to working together, across multiple sectors, to solve international issues and problems in the future.”⁷²

These executive sessions were “designed and hosted by the Kennedy School of Government” and a significant amount of the funds raised were connected to the Clinton Global Initiative (CGI). In 2007, Epstein’s defense lawyers claimed that Epstein had played a major role in developing the CGI, writing to federal prosecutors that “Mr. Epstein was part of the original group that conceived the Clinton Global Initiative, which is described as a project ‘bringing together a community of global leaders to devise and implement innovative solutions to some of the world’s most pressing challenges.’”⁷³

At the time, the executive director of the CPL, working under David Gergen, was Betsy Meyers, a former senior adviser to president Clinton, specifically on women’s issues. Meyers also played a “critical role in Clinton’s re-election effort in 1996.” The corruption surrounding Clinton’s re-election campaign that year and Epstein’s own connections to that corruption are discussed in chapter 16.⁷⁴

Klaus Schwab’s now infamous “penetrate the cabinets” quote may offer insight as to Leslie Wexner’s own interest over the decades in “developing leaders” in American Jewish communities, in Israel and beyond. With nearly 40 years focused specifically on training men and women of influence in American Jewish society – as well as in Israel’s government and private sector – ideas and policies that benefit Wexner both personally and professionally have been instilled into generations of leaders and influencers, who then go on to influence many others. In the specific case of the Wexner Israel fellows, Wexner has been able to “penetrate” key posts in Israel’s government, and even its national security/intelligence apparatus, with people he has funded and who have participated in courses that were shaped by, and reflect, Wexner’s views.

Over the past two decades, Wexner's foray into becoming one of the main donors of the Harvard Kennedy school allows for much the same to occur, but this time for leaders who operate and influence those far outside of the boundaries of the global Jewish community.

Wexner's exact reasons for establishing and maintaining this legitimate yet massive influence operation, which paralleled Epstein's own blackmail-based influence operation, have never been made explicit.

Yet, in speculating as to why he would want to mold the powerful and soon-to-be powerful, it is worth considering Wexner's lesser known connections, including to organized crime, to Jeffrey Epstein, and (as will be discussed in chapter 17) to not one but two CIA-linked airlines with histories of drug and arms trafficking.

THE MEGA GROUP

The same year he and Epstein began donating to Harvard, in 1991, Leslie Wexner teamed up with Charles Bronfman to establish an exclusive group of 20 of “the nation’s wealthiest and most influential Jewish businessmen” that is referred to as either the “Study Group” or the “Mega Group.” Though it was created in 1991, no media reports were written about the group until 7 years later, in 1998, when a short report on the group was published in the *Wall Street Journal*.⁷⁵ At that time, it was reported that each member of this “loosely organized club” contributes \$30,000 to the group annually and its members meet twice a year for two days. The official focus of the group is Jewish philanthropy.

However, per the *Wall Street Journal*’s report, the main concerns about these billionaires, as it relates to “philanthropy,” centered around declining support for Israel’s policies and concern that an increasing number of Jews were intermarrying with other ethno-religious groups. It seems, instead, that many of the Mega Group’s members were more concerned about using their money and influence to control Jewish identity. Indeed, one prominent Mega Group member, Michael Steinhardt, who went on to form Birth-right-Taglit with Charles Bronfman and with the backing of Benjamin Netanyahu, has long been open that he is an atheist who thinks that devotion to the State of Israel should serve as “a substitute for [Jewish] theology.”⁷⁶

There is reason to speculate as to whether the sole intention of the Mega Group was focused on philanthropy. The main reason to suspect that ulterior motives may hide behind the group’s “philanthropic” mission is because many of the group’s members, including its founders Wexner and Bronfman, have direct and indirect ties to organized crime and/or intelligence networks that have been explored in this book.

Aside from Wexner, Charles Bronfman and his brother Edgar, other Mega Group members/associates at the time of the *Journal*’s article included Laurence Tisch, Steven Spielberg, and Wexner’s mentor Max Fisher. Fisher’s ties to the governments of the US and Israel, their intelligence agencies and an indirect organized crime connection through his association with the Allen brothers and others were discussed in the previous chapter. Similar connections of the

Bronfman family and Leslie Wexner himself were mainly discussed in chapter 2 and chapter 13, respectively.

As for Steven Spielberg, the famous director, he is the best known protégé of Lew Wasserman, the Hollywood mogul of MCA with major organized crime connections.⁷⁷ There is also the case of Lester Crown. As previously noted in Chapter 1, Lester Crown is the son of the “Supermob” figure, Henry Crown. As discussed there, Crown’s closest associates included Jake Avery, a political fixer for the Democrats who was allied with Al Capone, and Sidney Korshak, a lawyer linked to prominent organized figures like Moe Dalitz as well as mob-linked executives at MCA, including Wasserman.

In the case of Laurence Tisch, his ties to the networks discussed at length in this book are a bit less direct. He began his career in the OSS, before building a massive hotel chain. Tisch would subsequently become intimately involved with Drexel Burnham Lambert and convicted felon Michael Milken. Their relationship would enable Tisch’s takeover of Columbia Broadcasting System (CBS).

Another case is Michael Steinhardt, a well-known and controversial hedge fund manager who co-founded Birthright-Taglit with Mega Group co-founder Charles Bronfman. Birthright-Taglit is managed by the Jewish Agency that Fisher helped relaunch in 1970 and has also received substantial funding from the Wexner Foundation.

Steinhardt opened up about his own family ties to Meyer Lansky in his autobiography *No Bull: My Life in and out of the Markets*, where he noted that his father, Sol “Red McGee” Steinhardt, was Lansky’s jewel fence of choice and a major player in New York’s criminal underworld.⁷⁸ Sol Steinhardt was also his son’s first client on Wall Street and helped him jump-start his career in finance.

Such associations are not limited to Steinhardt’s past, however. In 1991, Steinhardt owned a hedge fund called JGM Management with James Marquez. Samuel Israel III also worked at the firm and he and Marquez would go on to fund the Bayou Group, which became one of the “one of the most bizarre hedge fund blowups” in recent decades.⁷⁹

The fraud that resulted in that “blowup” was directly related to Israel’s relationship to Robert Booth Nichols, the figure deeply tied to organized crime and intelligence who figured prominently in the PROMIS scandal (See chapter 9). Israel claimed to once have defended Nichols during a “secret trade at a German bank,” killing a “Middle Eastern guy” in the process.⁸⁰

Other, similar associations can also be found in the earliest stages of Steinhardt's career. For decades, Steinhardt was particularly close to Marc Rich, first meeting the Mossad-linked commodities trader in the 1970s and then managing \$3 million for Rich, Rich's then-wife Denise, and Rich's father-in-law from the early 1980s to the mid-1990s through his hedge fund.⁸¹ Rich's fortune during this time was "a source of funding for secret financial arrangements" and that "his worldwide offices, according to several reliable sources, frequently served Mossad agents, with his consent."⁸²

Rich had more direct ties to the Mossad as well. For instance, his foundation – the Rich Foundation – was run by the former Mossad agent Avner Azulay. Rich was also friendly with prominent Israel politicians, including former Prime Ministers Menachem Begin and Ehud Barak, and was a frequent provider of "services" for Israeli intelligence, services he freely volunteered.⁸³ In addition, as mentioned in Chapter 7, Rich had a relationship with BCCI and the corrupt bank lent him tens of millions of dollars throughout the 1980s.⁸⁴

In the late 1990s, Steinhardt would enlist other Mega Group members, such as Edgar Bronfman, in the effort to settle the criminal charges against Rich, which eventually came to pass with Clinton's controversial pardon before he left office in early 2001. Steinhardt claimed to have come up with the idea of a presidential pardon for Rich in late 2000.⁸⁵

Rich's pardon was controversial for several reasons, and many mainstream outlets asserted that it "reeked of payoff." As the *New York Post* noted in 2016, in the run-up to the presidential pardon the financier's ex-wife Denise had donated \$450,000 to the fledgling Clinton Library and "over \$1 million to Democratic campaigns in the Clinton era."⁸⁶ In addition, Rich had hired high-powered lawyers with links to powerful individuals in both the Democratic and Republican parties as well as the Clinton White House, including Jack Quinn, who had previously served as general counsel to the Clinton administration and as former chief of staff to Vice President Al Gore.

Per Clinton's own words and other supporting evidence, the main reason behind the Rich pardon was the heavy lobbying from Israeli intelligence, Israeli politicians, and members of the Mega Group like Steinhardt, with the donations from Denise Rich and Quinn's access to the president likely sweetening the deal.⁸⁷ Ehud Barak had played a pivotal role in the pardon, reportedly even shouting at the president to pardon Rich on at least one occasion.⁸⁸ In early 2019, it was

reported that several women who had worked with Steinhardt at various Jewish organizations, including Hillel International, had accused him of sexual harassment.⁸⁹

A “MEGA” MYSTERY

Roughly a year before the Mega Group was formally reported on by the mainstream American press, an explosive story was published by the *Washington Post*. The story centered on an intercepted phone call made between a Mossad official in the US and his superior in Tel Aviv that discussed the Mossad’s efforts to obtain a secret US government document.

According to the *Post*, the Mossad official stated during the phone call that “Israeli Ambassador Eliahu Ben Elissar had asked him whether he could obtain a copy of the letter given to [Palestinian leader Yasser] Arafat by [then-Secretary of State Warren] Christopher on Jan. 16, the day after the Hebron Accord was signed by Arafat and Israeli Prime Minister Binyamin Netanyahu.”

The *Post* article continued:

According to a source who viewed a copy of the NSA transcript of the conversation, the intelligence officer, speaking in Hebrew, said, “The ambassador wants me to go to Mega to get a copy of this letter.” The source said the supervisor in Tel Aviv rejected the request, saying, “This is not something we use Mega for.”²⁰

The leaked communication led to an investigation that sought to identify an individual code-named “Mega” that the *Post* said “may be someone in the U.S. government who has provided information to the Israelis in the past,” a concern that subsequently spawned a fruitless FBI investigation.

The Mossad later claimed that “Mega” was merely a code word for the CIA, but the FBI and NSA were unconvinced by that claim and believed that it was a senior U.S. government official that had potentially once been involved in working with Jonathan Pollard, the former U.S. naval intelligence analyst later convicted of spying for the Mossad.²¹

However, the main source for the claim that “Mega” was code for the CIA and not something else was none other than Rafi Eitan, one of the architects of the PROMIS scandal and the handler of both Robert Maxwell and Jonathan Pollard on behalf of Israeli intelligence.²² Per the *Los Angeles Times*, Eitan had said that “Mega” was derived from Megawatt and that name, “[d]uring the ‘70s and ‘80s, it was the name of an international gathering of representatives from a dozen Western intelligence organizations, including the Mossad and CIA, who exchanged information and assessments of Soviet capabilities and intentions.” The

LA Times notes that “Megawatt” had been disbanded long before the 1997 spy scandal and intercepted phone call. This, of course, suggests that Eitan was seeking to cover for something else and it is thus unsurprising that neither US intelligence nor the Clinton administration took his claims at face value.

And why would they? After all, Eitan had been involved in several espionage operations that targeted sensitive American installations and military secrets. He also had previously relied on organized crime networks in the US for his intelligence work, such as when he contacted and met with Meyer Lansky, who helped him illicitly obtain sensitive electronic equipment from the CIA.⁹³

“Mega” was, most likely, some sort of mole in the US power establishment and this was the belief of US intelligence at the time, per media reports of the period. However, they had suspected that “Mega” referred to an individual who was servicing Israeli intelligence the way Jonathan Pollard had. Yet, the subsequent reporting in the *Wall Street Journal*, on the “Mega Group” of billionaires deeply connected, not just to Israel’s power structure, but also to organized crime networks, suggests that “Mega” could have potentially referred to a group, as opposed to an individual.

Indeed, when considering that – in the intercepted call – the Mossad operative planned to “go to Mega” to get a copy of a diplomatic letter, the possibility isn’t so far-fetched. Max Fisher, a Mega Group member, was an advisor to several presidential administrations and served as a diplomatic liaison between the US and Israel, essentially acting as a “private Middle East diplomat” to quote Bob Fittrakis.⁹⁴ In playing that role, Fisher would have likely had access to sensitive diplomatic documents.

Other Mega Group members were similarly actively involved in both Israeli and US politics and particularly focused on influencing US foreign policy with respect to Israel. In addition, as detailed earlier in this chapter, several Mega members had intelligence connections as well. Would it be so unheard of for these wealthy figures to have such a document or be able to readily obtain a copy, given that some of them had a history of acting as *de facto* diplomats in such matters and had easy access to major political power centers?

With journalists positing soon after the *WSJ* article that the Mega Group’s “charitable interests are often a cover for lobbying activities on behalf of Israel,” the possibility seems important to consider. This is especially true given that one of the Mega Group’s co-founders, Leslie Wexner, was employing Jeffrey Epstein,

who was tied to Israeli intelligence and then working closely with Ghislaine Maxwell in an influence operation that allegedly had a specific focus on targeting the sitting President of the United States.

Notably, a year after the “Mega” spy scandal, Israeli Prime Minister Netanyahu was alleged to have used blackmail against Bill Clinton to gain leverage during the Wye Plantation talks between Israel and Palestine in 1998. It was later reported by author Daniel Halper – relying on on-the-record interviews with former officials and hundreds of pages of documents compiled in the event that Lewinsky took legal action against Clinton – that Benjamin Netanyahu told Clinton that he had obtained recordings of sexually-tinged phone conversations between Clinton and Monica Lewinsky and attempted to use that blackmail to pressure Clinton into pardoning Jonathan Pollard.⁹⁵ Clinton considered the pardon, but only declined when then-Director of the CIA George Tenet threatened to very publicly resign his post if the pardon went forward.

Investigative journalist and author Gordon Thomas had made similar claims years prior and asserted that the Mossad had obtained some 30 hours of phone-sex conversations between Lewinsky and Clinton and used them as leverage.⁹⁶ In addition, a report in *Insight* magazine in May 2000 claimed that Israeli intelligence had “penetrated four White House telephone lines and was able to relay real-time conversations on those lines from a remote site outside the White House directly to Israel for listening and recording.”⁹⁷

Those phone taps apparently went well beyond the White House, as revealed by a December 2001 investigative report by Carl Cameron for *FOX News*. According to Cameron’s report:

[Israeli telecommunications company Amdocs] helped Bell Atlantic install new telephone lines in the White House in 1997... [and] a senior-level employee of Amdocs had a separate T1 data phone line installed from his base outside of St. Louis that was connected directly to Israel...

[I]nvestigators are looking into whether the owner of the T1 line had a “real time” capacity to intercept phone calls from both the White House and other government offices around Washington, and sustained the line for some time, sources said. Sources familiar with the investigation say FBI agents on the case sought an arrest warrant for the St. Louis employee but [Clinton] Justice Department officials quashed it.⁹⁸

Amdocs and another Israeli company were also the subjects of similar reporting from journalist Chris Ketcham:

[Both Amdocs and Verint Inc. (formerly Comverse Infosys)] are based in Israel – having arisen to prominence from that country’s cornering of the information technology market – and are heavily funded by the Israeli government, with connections to the Israeli military and Israeli intelligence...

The companies’ operations, sources suggest, have been infiltrated by freelance spies exploiting encrypted trapdoors in Verint/Amdocs technology and gathering data on Americans for transfer to Israeli intelligence and other willing customers (particularly organized crime).⁹⁹

The 1990s saw a proliferation of Israeli espionage activity that targeted the highest levels of government, including the White House. While this wiretapping for the purpose of blackmail took place, it is important to keep in mind that Jeffrey Epstein had been visiting the White House, where he allegedly courted the president and influential White House officials, Congressmen and Senators.

Former Israeli intelligence official Ari Ben-Menashe has alleged that Epstein’s sexual blackmail operation was created at Israel’s behest specifically to blackmail president Bill Clinton. Ben-Menashe specifically said the following:

The Israelis feared that Mr. Clinton, when he was campaigning for President, will be a repeat of Mr. Carter. He wanted to press them for peace with the Palestinians and all that stuff. They feared ... Clinton wasn’t that ... but they feared he was that. ... And I think Mr. Epstein was sent early on to catch up with President Clinton.¹⁰⁰

As previously mentioned in chapter 6, Israel had allegedly been behind the effort to blackmail president Carter through his brother, Billy Carter. It is also worth noting again that Epstein’s blackmail operation is believed to have been set up in 1991, the same year the Mega Group was created by Epstein’s closest associate Leslie Wexner.

As will be noted in detail in chapter 16, Epstein visited the Clinton White House 17 times in less than two years. During this period of increased espionage of the US government by Israel, Epstein’s efforts to court top administration officials, including the president himself, continued. Other notable politicians believed to have been blackmailed by Epstein, Democratic politicians Bill Richardson and George Mitchell, were also notably involved in sensitive Middle East policy negotiations that were of obvious interest to Israel.

HOLLINGER INTERNATIONAL

In 1996, Leslie Wexner joined the board of directors of Hollinger International, a media holding company created by Conrad Black, a now disgraced media mogul who also makes an appearance in Epstein's contact book. Black was the son of prominent Canadian businessman George Montegu Black, Jr., who managed a division of Argus Corporation called Canadian Breweries.

The Argus Corporation was modeled after the Atlas Corporation, Floyd Odlum's company tied to OSS chief William Donovan, as detailed in chapter 1. According to Argus's founder E.P. Taylor, after being "introduced to an American, Floyd Odlum, who had achieved great success with a non-diversified trust called Atlas Corporation in the states[,] 'I conceived of modeling Argus after Atlas.'"¹⁰¹

Early on, Atlas had a financial stake in Argus and two directors of Atlas were initially placed on Argus's board, one of whom was David Baird, whose CIA-linked foundation has been a recurring theme in this book.¹⁰² Argus was also connected to defense contractor General Dynamics via Argus director W.E. Phillips, who was also a director of General Dynamics's Canadian subsidiary Canadair Ltd.¹⁰³ As was also noted in chapter 1, General Dynamics included the interests of Atlas's Floyd Odlum as well as the Supermob-linked Henry Crown, Lester Crown's father.

By the late 1970s, Conrad and his brother controlled the company. Between 1978 and 1985, Conrad Black asset stripped the conglomerate and used the spoils to build a major Anglo-American media empire, rivaling that of Rupert Murdoch and Robert Maxwell.

Over the course of 1985, Conrad Black became the controlling shareholder of the UK's *Daily Telegraph*, a newspaper closely aligned with the UK's conservative party and Black himself became increasingly associated with Margaret Thatcher. That same year, he founded Hollinger International as a holding company for his media interests. A year later, he began aggressively acquiring US media assets, and, by the time Wexner joined the board, Black, via a Hollinger subsidiary, controlled 393 newspapers in the US alone.¹⁰⁴

Shortly before Wexner joined the board, in 1994, Hollinger's advisory board was a hive of people that have been previously mentioned throughout this book, including: co-founder of the Trilateral Commission, Zbigniew Brzezinski;

journalist and close friend of Roy Cohn, William Buckley; corporate raider and Clermont Club member, James Goldsmith; and “the Lord Rothschild.”¹⁰⁵ Also present was Chaim Herzog, president of Israel from 1983 to 1993; former Federal Reserve chairman Paul Volcker; and Richard Perle, Assistant Secretary of Defense for International Planning under Ronald Reagan who was an architect of that administration’s “Star Wars” defense program and, later, an architect of the Iraq War. Also listed as senior international advisors to Hollinger that year were Henry Kissinger, who would formally join Hollinger’s board alongside Wexner in 1996, and former UK Prime Minister Margaret Thatcher herself.

Not long after Wexner joined the board of Hollinger, Conrad Black began to extensively defraud the company. It was later discovered that, from 1997 to 2004, Black stole approximately \$400 million from the company, “a sum equal to 95 percent of the net profits for the period 1997-2003.” According to reports, Black had “packed the board of directors with his own nominees, who turned a blind eye” to his most suspect financial transactions during this period and, as a result, “not one of these \$400 million payments was questioned by his docile board.”¹⁰⁶ After Wexner joined the board in 1996, he apparently brought his mentor, A. Alfred Taubman, onto the Hollinger board and, according to David Gross, Taubman “remained on Hollinger’s board *even after* he had been convicted of violating antitrust laws” related to his role at Sotheby’s.¹⁰⁷

Though Conrad Black’s financial crimes during Wexner’s time on the board of Hollinger International are important to note, the proximity of Wexner to Richard Perle via Hollinger is also significant. A year after Wexner became a director of Hollinger, in 1997, the company created a new subsidiary called Hollinger Digital and Hollinger International board member Richard Perle was made CEO.¹⁰⁸

A year prior, Perle had been the co-author, along with prominent neo-conservatives like Douglas Feith, of a policy document written for then-Israeli Prime Minister Benjamin Netanyahu, whose 1996 electoral victory had been largely financed and orchestrated by the wealthy heir to the Estee Lauder fortune, Ronald Lauder. That document, entitled “A Clean Break: A New Strategy for Securing the Realm,” advocated for the aggressive removal of Iraq’s Saddam Hussein from power and regime change in Syria via proxy war. Journalist Jason Vest, writing in *The Nation*, described the document as “a blueprint for a mini-cold war in the Middle East, advocating the use of proxy armies for regime changes,

destabilization, and containment. Indeed, it even goes so far as to articulate a way to advance right-wing Zionism by melding it with missile-defense advocacy.”¹⁰⁹

Prior to writing “A Clean Break,” Perle’s relationship with Israel had been a source of controversy. According to Seymour Hersh in his book *The Price of Power*, Perle was caught via an FBI wiretap in the early 1970s passing classified material to the Israeli embassy. At the time, Perle was the top foreign policy aide to Senator Henry “Scoop” Jackson (D-WA).¹¹⁰ Perle’s close associate, Stephen Bryen, was subsequently embroiled in a major Israeli espionage scandal in the late 1970s. The case was closed even though the FBI had recommended the case against Bryen be brought before an investigative grand jury for espionage.¹¹¹ Shortly thereafter, in 1981, Perle secured Bryen a top secret security clearance by hiring him as his deputy assistant at the Reagan Defense Department. Bryen, throughout the 1980s, continued to pass classified material to Israel on US weapons systems.¹¹²

Upon leaving his job as a Senate aide in 1980, Perle became a consultant with the Abington Corporation and his first clients were Shlomo and Chaim Zabłudowicz, a father and son team of arms dealers from Israel. During the early part of this relationship between the Zabłudowiczs and Perle, Perle retained his Senate security clearance and his employer Abington was paid \$10,000 a month by the Zabłudowicz’s weapons firm. In 1983, while at the Reagan Defense Department, Perle had recommended that the Army purchase weapons from one of the Zabłudowicz’s weapons firms.¹¹³ The Zabłudowiczs were later alleged to have benefitted from an improper business relationships with Melvyn Paisley, a former Navy official.¹¹⁴

Perle, during the George W. Bush administration, had been appointed to serve on the Defense Policy Board, where he worked closely with then-Secretary of Defense Donald Rumsfeld. In that capacity, Perle “embraced the advantages of being both a businessman and a policy insider.”¹¹⁵ As noted by journalist Daniel Gross in 2003, “Hollinger is now investigating a \$2.5 million investment that Hollinger Digital made in Trireme Partners, where Perle is a managing partner. According to the [*Financial Times*], Perle also directed a \$14 million investment into Hillman Capital, a fund controlled by Gerald Hillman. Gerald Hillman, a fellow member of the Defense Policy Board, is also a member of Trireme Partners.”¹¹⁶ Notably, Hollinger-owned media outlets largely acted as cheerleaders for the Iraq War, which Perle had helped to orchestrate.

WEXNER AND THE WAR

Also in the year 2003, a document prepared for and financed by the Wexner Foundation was leaked to the news website *Electronic Intifada*. The document, entitled “Wexner Analysis: Israeli Communication Priorities 2003,” was prepared by the firm led by Republican pollster Frank Luntz and The Israel Project (TIP). Luntz and TIP co-wrote other similar documents that are intended for those “on the front lines of fighting the media war for Israel.”¹¹⁷

This particular Wexner Foundation-funded document was the subject of controversy upon being made public, as it laid out various “communication priorities” for Israel’s government and pro-Israel partisans as it related to the American invasion and occupation of Iraq – a war that some analysts believed was more beneficial to Israeli policy goals than American policy goals in the region. Former top military officials, like Bush’s former Middle East Envoy and former head of US Central Command, Anthony Zinni, have explicitly stated that the Iraq war had been fought for Israel’s benefit and that “pushing the war for Israel’s benefit was ‘the worst-kept secret in Washington.’”¹¹⁸

The document specifically states that “now is the time to link American success in dealing with terrorism and dictators from a position of strength to Israel’s ongoing efforts to eradicate terrorism on and within its borders.” This document was thus deemed by some journalists as part of “a systematic campaign to identify Israeli national security interests with U.S. military and security interests,” a campaign that also intimately involved think tanks deeply tied to the George W. Bush administration, specifically the Project for a New American Century (PNAC).¹¹⁹ One of the key figures who were both part of PNAC and the Bush administration, aside from Dick Cheney and Donald Rumsfeld, was Hollinger International’s Richard Perle.

The Wexner Analysis document shows that the Wexner Foundation was funding at least one effort directly focused on benefitting Israeli policy goals as well as on influencing the opinions of the American public with respect to Israeli foreign policy. While this is the best known example of Wexner’s interests intermingling with Israeli policy goals as it relates to the Iraq War, it seems there is more to the story.

On August 31, 2002, Epstein flew to Birmingham, England accompanied only by an attractive young woman named Nicole Junkermann. Junkermann had previously worked as a super model represented by Elite Model Management in 1995 – the same modeling agency that Epstein’s friend Naomi Campbell famously worked for and which Epstein unsuccessfully tried to purchase in the early 2000s. At the time of this flight, Junkermann had recently graduated from a Harvard management development program.

From the airport, the pair reportedly traveled by helicopter to the Foxcote House hunting retreat in the countryside of North Warwickshire, which Abigail Wexner had purchased in 1999. The next day, on September 1, 2002, Epstein welcomed two US senators to the property. That evening, the house also hosted a mix of off-duty Metropolitan Police officers, some private security, as well as a US-origin security detail present to guard the senators.

A witness of these events, an employee on the premises, later spoke to journalist Johnny Vedmore and revealed that Epstein met the senators in the evening accompanied by two ladies, one on each arm. Both ladies – one being an attractive blonde (presumably Nicole Junkermann) and the other being described as an unnamed tall brunette – were glamorously dressed and were escorted by Epstein to the waiting senators.

When a Freedom of Information Act request was filed with UK Metropolitan Police about the meeting, they said they could “neither confirm nor deny” providing officers to guard US Senators, nor provide the identity of those senators due to concerns that included potential harm to “national security” and “international relations.”

The implications of this are truly staggering as it appears that Epstein may have used two attractive (though not underage) women to influence two US Senators at a very critical time in recent US history. Indeed, September 4, 2002 – just a few days after this UK meeting – was the day that George W. Bush “launched a campaign to justify to Americans the need to mount a war against Iraq.” (In launching that campaign, Bush sat next to then-speaker of the House Dennis Hastert, who notably was later revealed to have sexually abused several teenage boys while working at a high school prior to his political career.)¹²⁰

In the weeks and months that followed, the effort to take America to war, based on a series of falsehoods and misinterpretations, grew steadily until the US formally invaded Iraq in March 2003. Yet, there is now a possibility that Jeffrey

Epstein himself may have played a role in securing support for that war through the sexual blackmail of sitting US Senators, blackmail ultimately obtained at a residence owned by the Wexner family.

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CHAPTER 15

GHISLAINE MAXWELL: HEIRESS TO AN ESPIONAGE EMPIRE

DADDY'S GIRL

Early on in life, Ghislaine Maxwell was surrounded by the rich and powerful figures who frequented her father's offices as his publishing empire and political connections grew both in the UK and abroad.¹ Her father, Robert Maxwell, was a dominant force in her life, just as he was for her siblings. Later, Ghislaine gained a reputation as his favorite child, despite having been neglected in the earliest years of her life.² The neglect, acknowledged by her family members and Ghislaine herself, was due to the car accident of her eldest brother, Michael Maxwell, which left him in a coma until he died several years later. The accident occurred just days after Ghislaine's birth and its effect on the family led her to be neglected to such an extent that she developed anorexia as a baby. She reportedly declared to her mother, Betty Maxwell, "Mummy, I exist" at age 3 in a bid for attention from one of her parents.³

However, Ghislaine did not escape the abuse that was known to befall Robert Maxwell's other children. While brothers Kevin and Ian were well known to regularly receive tongue lashings from their father in full view of friends and business associates, Ghislaine received "prearranged hidings [beatings]" from her father, with a nine-year-old Ghislaine telling author Eleanor Berry, a friend and confidant of her father's, that "Daddy has a series of things lined up in a row. There's a riding crop with a swish to it, another straight riding crop and a few shoehorns. He always asks me to choose which one I want."⁴

By all accounts, Robert Maxwell had firm control over young Ghislaine's life. This was particularly true when it came to her love life through her teens and into her time at university, when he reportedly would ban her boyfriends from the family home and try to keep her from being seen with them publicly. It appears that Robert Maxwell applied this rule uniquely to Ghislaine and not to his three older daughters. This may be because he saw Ghislaine, out of all of his children, as most like himself and sought to develop those shared qualities in his youngest daughter.

Robert Maxwell was open about viewing Ghislaine this way by the time she was a young adult, according to British journalist Petronella Wyatt. When Ghislaine was 21 years old, in 1983, Wyatt, whose father was an advisor to then-Prime Minister Margaret Thatcher, was introduced to Robert Maxwell by her

mother. Per Wyatt, Maxwell told her mother “What a beautiful daughter you have,” before adding “I have a beautiful daughter, too. She is just like me.”⁵

Though such behavior could be attributed merely to his being fatherly, he later went to great lengths – even involving his publishing empire – to promote Ghislaine’s affairs with certain individuals, particularly those who inhabited elite circles (more on that shortly). This behavior suggests that Robert Maxwell may have seen Ghislaine’s sexuality as a useful tool in growing his influence empire, beginning when she was quite young. It also may have contributed to Ghislaine’s willingness, years later, to sexually exploit and abuse the young women she targeted alongside another man often compared to her father, Jeffrey Epstein.

In much the same way as Ghislaine’s young personal life was controlled by her father, her entry into the working world after her graduation from Oxford was directly facilitated and managed by Robert Maxwell, with him setting her up “with a string of jobs across his business empire.” By 1984, at age 22, she was serving as a director of the British football club Oxford United alongside her brother Kevin.⁶ At the time, Robert Maxwell held shares in the club through a company created explicitly for that purpose. He served as the club’s chairman beginning in 1982.

Prior to and during this same period, Ghislaine worked in various roles at her father’s companies Pergamon Press and the Mirror Group, with British media later describing her early career as “entirely dependent on her father’s patronage.”⁷ She was working for the Mirror Group by 1984 and possibly earlier.⁸ During this period, Robert often used Ghislaine to market and generally represent his newspapers publicly.

In 1985, and with Robert Maxwell’s full approval, *The People* – the Sunday edition of the *Daily Mirror* – ran a story claiming that efforts were being made to blackmail the paper’s publisher, Maxwell himself. The blackmailer had reportedly threatened Maxwell with information regarding Ghislaine’s alleged relationship with David Manners, the then-Marquis of Granby and the future Duke of Rutland. The article sought to paint Robert Maxwell as bravely resisting the “blackmailer,” but there is more to the story.

This astonishing article claimed that people connected with the British MP Harvey Proctor had tried to blackmail Maxwell via *The People*. The article claimed that a “sinister phone caller” had warned that, if the newspaper continued its campaign to expose Harvey Proctor, they would “produce a story about Ghislaine and Lord Granby at Belvoir Castle with incriminating pictures of them in

compromising positions.” Manners denied the claim, stating that he and Ghislaine were merely friends.

The bizarre decision to publish a front-page story exploiting his own daughter’s alleged sexual relationship because of an anonymous phone call was especially odd, given that Robert Maxwell had previously been known for his tight control over his youngest daughter’s love life. As previously mentioned, he had banned her boyfriends from visiting the family house and had gone to great lengths to prevent her from being seen in public with them. Yet, for whatever reason, Robert Maxwell clearly wanted information linking Ghislaine to the future Duke to be put out into the public sphere. Though it is difficult to know exactly what was behind this odd episode in Ghislaine’s past, the situation suggests that Robert Maxwell saw Ghislaine’s young sexuality as a useful tool.

The story is also odd for other reasons. The motive of the blackmailer was ostensibly to prevent Maxwell-owned papers from covering the Harvey Proctor scandal. But Manners (Lord Granby in the article), who was allegedly involved with Ghislaine, was also a close friend and later the employer of Harvey Proctor. Why would someone close to Proctor seek to blackmail Maxwell by putting the reputation of his own friend on the line?

In addition, the appearance of Harvey Proctor, then a Conservative member of Parliament, in this tabloid spectacle is interesting for a few reasons. In 1987, Proctor pleaded guilty to sexual indecency with two young men, who were sixteen and nineteen at the time, and several witnesses interviewed in that investigation described him as having a sexual interest in “young boys.”⁹ Later, a controversial court case saw Proctor accused of having been involved with well-connected British pedophile and procurer of children Jimmy Savile as well as being part of a child sex-abuse ring that was said to include not only Savile but former UK prime minister Ted Heath.

Of course, the Maxwell-owned newspapers, in covering the alleged effort to blackmail Robert Maxwell, did not mention the “young boys” angle at all, instead focusing on claims that distracted from the then-credible accusations of pedophilia by claiming that Proctor was merely into “spanking” and was “whacky,” among other things.¹⁰

In this same 1985 period, Ghislaine also became involved with “philanthropy” tied to her father’s business empire by hosting a “Disney day out for kids” and benefit dinner on behalf of the Mirror Group for the Save the Children NGO.¹¹

Part of the event took place at the home of the Marquess and Lady of Bath, a gala that was attended by members of the British Royal family. It's worth noting that the Marquess of Bath at the time was an odd person, having accumulated the largest collection of paintings made by Adolf Hitler and having said that Hitler had done "great things for his country."¹² The very same evening that the Ghislaine-hosted bash concluded, the Marquess of Bath's son was found hanging from a bedspread tied to an oak beam at the Bath Arms in what was labeled a suicide.¹³

While Ghislaine was working in these capacities for her father's business empire, there are indications that she had also, to some extent, begun to become involved in his espionage-related activities. According to former Israeli intelligence operative and associate of Maxwell in his dealings with Mossad, Ari Ben-Menashe, Ghislaine accompanied her father so frequently that she was certainly involved with his intelligence work during this time, though he declined to say just how involved she was.¹⁴

Beginning roughly during this same period, in 1986, Ghislaine began dating an Italian aristocrat named Count Gianfranco Cicogna, a member of the Knights of Malta whose grandfather was Mussolini's finance minister and the last doge of Venice.¹⁵ Cicogna also had ties to both covert and overt power structures in Italy and beyond. As previously noted in chapter 3, Cicogna was related to the Mavroleons, as his mother had been married to the patriarch of the Mavroleon family – and original founder of London & Overseas – Basil "Bluey" Mavroleon. Contact information for Bluey Mavroleon and his son, Nicholas Mavroleon (Gianfranco's half-brother), can be found in Epstein's black book.¹⁶ Another Cicogna-related entry in Epstein's contact book is Luca Giussani, who was Cicogna's partner in a South African telecom company, Ursus. Also mentioned in chapter 3 was the fact that the Mavroleons created London & Overseas with their cousins, the Kulukundis family, who worked closely with Bruce Rappaport. Rappaport, by this time, had become involved with notorious Russian mobster Semion Mogilevich, as had Ghislaine's father.

Cicogna's relationship with Ghislaine lasted from 1986 until around sometime in 1990, though numerous media outlets have misreported their relationship in recent years, claiming they were only intimate briefly during the early 1990s. It was reported in the British media in 1992 that Cicogna had been

Ghislaine's "great love" and that he had "moulded the Ghislaine we now see. He told her where to get her hair cut, and what to wear."¹⁷

Toward the end of her relationship with Cicogna, Ghislaine founded the Kit Kat Club, which she depicted as a feminist endeavor. Why Ghislaine chose the name "Kit Kat Club" is something of a mystery. The original Kit Kat Club was set up by a well-known pie maker named Christopher Catling in London during the eighteenth century to promote the freedoms obtained during the 1688 Glorious Revolution. Until the late 1800s, Catling's organization was the only entity to use the name. Then, in the 1900s, various wealthy private clubs, music venues, and public houses adopted the name for establishments all around the UK.¹⁸ The original name of the club created by Catling was also the inspiration behind the naming of the famous KitKat chocolate bar produced by Nestlé.¹⁹ The name caught on, with independent music venues bearing the name in Wales, Northern Ireland, and the North of England; there was even a Kit Kat Club band in Scotland. Then came the 1966 musical *Cabaret*, which was set in the Kit Kat Club in Berlin.²⁰ *Cabaret* had been turned into a movie around the time Ghislaine Maxwell supposedly founded and named her own Kit Kat organization, but her true reasons for choosing this name may never be known.

An article in the *Sydney Morning Herald* later described Maxwell's Kit Kat Club as "a salon held in a variety of locations, designed to bring together women from the arts, politics, and society."²¹ The article goes on to quote an attendee of the events, author Anna Pasternak, who stated, "It was bright, wealthy and society women. Nowadays, it seems quite normal to be going to a meeting just for women, but 30 years ago it seemed exciting."²² Regarding Ghislaine, Pasternak stated that she was "very mindful of who you were, your status, your importance. I think it was more a way of advancing herself, making contacts that could be useful to her."

The Kit Kat Club, despite being described by other outlets as "an all-female debating society" and group meant to "help women in commerce and industry," held functions that were hosted by Maxwell and that often had many men in attendance.²³ One apparently frequent attendee of the Kit Kat Club was Jeffrey Archer. Archer is a former Tory (i.e. Conservative Party) MP turned novelist who has been accused of financial fraud on various occasions over the years and has also served time in prison for perjury. He was another close colleague of Harvey Proctor and personally helped finance Proctor's business ventures following his

conviction for acts of “gross indecency” with two teenage boys.²⁴ In a 1996 article published by the *Daily News*, Archer said of his experience at the Kit Kat Club: “I had the time of my life, surrounded by women under 40. I had orgasm after orgasm just talking to them!”²⁵

Archer can also be seen in images taken at a Kit Kat Club event in 2004.²⁶ Pictures from that same event show other attendees, including Stanley and Rachel Johnson, the father and sister of recent UK Prime Minister Boris Johnson.²⁷ Also seen at this 2004 Kit Kat function was former Tory MP Jonathan Aitken, who went to jail for perjury and is known for his close ties to Saudi royalty; former key figure in the Rupert Murdoch media empire, Andrew Neil; and Anton Mosimann, who has been called the “chef to royalty.”²⁸

There has since been speculation that Ghislaine’s Kit Kat Club is where Donald Trump met his future wife Melania. Although the *New York Times* and other outlets reported that, at Fashion Week 1998, Donald Trump first met Melania at the Kit Kat Club in New York, this locale was not related to Maxwell’s Kit Kat Club and is instead a famous club in New York, the name of which is also derived from Catling’s original Kit Kat Club.²⁹ However, these same outlets also reported that Epstein and Maxwell claimed to have been the ones who originally introduced Donald and Melania Trump to each other.

Soon after her “painful” split from Gianfranco Cicogna, Ghislaine was seen skiing in Aspen, Colorado – “where the rich and famous mix” during the winter season – with American actor George Hamilton, who was also seen escorting Ghislaine to the Epsom races in 1991.³⁰ Hamilton, twenty-two years Ghislaine’s senior, is apparently much more than just an actor, as he allegedly played a major role in aiding Ferdinand Marcos, the former dictator of the Philippines, and his wife Imelda move billions of public funds out of the country and convert them into private wealth for themselves and their accomplices abroad. Marcos originally rose to power with the help of the CIA and, as previously mentioned, Adnan Khashoggi – who worked with Epstein in the 1980s – was also close to the Marcos’s, specifically Imelda Marcos, and stood trial alongside her for his alleged role in aiding her in illegal financial schemes.³¹

In that same trial involving both Imelda Marcos and Adnan Khashoggi, a NY prosecutor referred to Hamilton as a “front” for Marcos, and media reports at the time claimed he had also acted as Imelda Marcos’s financial adviser. The *Associated Press* reported that Hamilton had been an unindicted co-conspirator in the fraud

and racketeering cases brought against Imelda Marcos after she and her husband fled their country in 1986.³² The congressional committee tasked with investigating the flight of billions from the Philippines just prior to Marcos's ouster declined to investigate the financial transactions surrounding Hamilton, which were alleged to have been connected to that very crime.³³ Notably, at the same time, the CIA refused to disclose what it knew about the capital flight.³⁴

As mentioned later in this article, the private investigator hired by this congressional committee to track down the Marcos's money was Jules Kroll. Jules Kroll and Kroll Associates seem to have been regularly brought in to help cover up the crimes of many of the figures detailed in this book, including those of Bruce Ritter, Michael Milken, the Marcos family, and Adnan Khashoggi. This firm's rise was also closely linked to Thomas Corbally (as noted in chapter 4) and, as will be mentioned shortly, was also hired by Robert Maxwell shortly before his death.

Around the same time she was vacationing and traveling with Hamilton, in 1990, Ghislaine was added to the payroll of another of her father's newspapers, *The European*, which had launched that same year. It's not exactly clear, however, at what point she joined the company or in what role(s) she served. A website recently set up by Ghislaine's siblings following her July 2020 arrest for crimes related to sex trafficking alongside Jeffrey Epstein states that she developed and created "advertising opportunities" in the newspaper's supplement during her time there.³⁵ This same year, she moved to the United States, first to Los Angeles after being "offered a small part in a movie" that was being filmed there.³⁶ Shortly thereafter, her father – Robert Maxwell – would begin planning his grand entry into the United States, specifically New York City.

ROBERT MAXWELL DESCENDS ON NEW YORK

During the late 1980s, Robert Maxwell's media empire began to falter as he had overextended his finances by making massive purchases of large media companies. Part of the reason behind his rapid, and arguably hasty, expansion was related to his rivalry with fellow media baron Rupert Murdoch. Another factor was his desire to become ever more wealthy and powerful. Former British ambassador to the US Peter Jay, who had also served as Maxwell's chief of staff, later said that these purchases were partially motivated by Maxwell being "offended and upset that he was seen as merely a printer. ... He was determined to go and demonstrate to the world that he was a publisher as well."³⁷

One of these purchases was Maxwell's acquisition of Macmillan Inc., where Robert Pirie – president of Rothschild Inc. – "had been serving as chief tactician in Maxwell's offensive against" that particular company.³⁸ It was also reported that Maxwell's effort to acquire Macmillan was part of his "campaign to establish a strategic presence in the United States." Yet, according to the *New York Times*, Maxwell only "entered the fray" to purchase Macmillan after being "encouraged by Pirie" and Pirie also "counseled" Maxwell on his subsequent moves that saw him take control of the company in 1988.³⁹ The *Times* article, which focused largely on Pirie and Rothschild Inc., also reported that "The Macmillan takeover is critical to Maxwell's standing as a world-class mogul. The deal is equally crucial to Pirie and to his employers, the Rothschild family, who yearn for a prominent foothold in Wall Street." The article also adds that, for the Rothschilds, "dynastic pride as much as money is at stake."

The Rothschilds' interest in gaining a foothold in Wall Street indeed seems to have been motivated by more than money. The *Times* report notes that "although the family staked valuable claims in Africa, the Middle East, and South America, they grossly misjudged the opportunities directly across the Atlantic" and in the United States. It quotes Evelyn de Rothschild as saying "We've been in business for 200 years, but we never seized the initiative in America and that was one of the mistakes my family made."

In 1981, "the French and British Rothschild cousins determined to rectify their mistake" and appointed Robert Pirie as "their agent." They tasked him with building "a powerful investment bank that would help the family reassert its

dominant role in international finance.” In order to accomplish this task, Pirie allied with “foreign predators, principally British,” the “most voracious” of whom were James Goldsmith, a cousin of the Rothschilds, Clermont Club member, and corporate raider; Goldsmith’s associate Robert Maxwell; as well as Sir Gordon White, a friend of Maxwell’s who originally connected him with Rothschild Inc. Goldsmith’s ties to Epstein, which apparently date back to the early 1970s, were discussed in chapter 11.

The *New York Times* also states, perhaps controversially, that “No other family in the annals of finance can match the Rothschild record for influencing the course of history, or its Machiavellian instincts for economic opportunity.” It seems that, if we are to take this *Times* article at face value, the banking entity looking to help the Rothschild family “reassert its dominant role in international finance,” i.e. Rothschild Inc., was directing Robert Maxwell’s efforts to “establish a strategic presence in the United States” via a takeover of a major US-based publishing company. This intimate mate relationship between Rothschild banks and Robert Maxwell would again become evident as N.M. Rothschild was the group “called in to investigate his books and arrange the sale of his heirs’ 54 percent stake in Mirror Group Newspapers” after Maxwell’s 1991 death.⁴⁰

After Maxwell purchased Macmillan with the help of Pirie and Rothschild Inc., he indeed used the company to establish his foothold in the United States, specifically New York City. There, he would begin a sprawling influence operation to cultivate the city’s elite, which would soon intimately involve his daughter Ghislaine. With Macmillan under his control, he began using funds from the company’s charitable trusts, “spend[ing] lavishly on events in New York, paying large sums of money, sometimes as much as \$100,000, for a seat at charitable functions attended by people he wanted to impress.”⁴¹ He had acquired Macmillan for \$2.6 billion, a sum “considerably more than his own Maxwell Communications Corporation was worth.” The amount of money he had to repay for this and other acquisitions of his period would become a factor in his infamous decision to pilfer the pension funds of the Mirror Group.⁴²

Once he had obtained Macmillan, it gave him his desired “foothold in New York publishing – and made him eager to expand his footprint.”⁴³ He had little trouble raising money for this planned, grander entry into New York business and society, despite his well-known past of financial chicanery that had earned him the nickname “the bouncing Czech” back in the United Kingdom. Rothschild Inc. and

other prominent investment banks, such as Lehman Brothers, Salomon Brothers, and Goldman Sachs lined up to represent and help finance Maxwell and his ever-growing web of businesses and corporate entities.⁴⁴

Some speculated at the time that some of the funds Maxwell raised during this period for these acquisitions had originated in the Soviet Union, where he had considerable connections, including to the KGB. There are also the possibilities that some of the funds included proceeds from Maxwell's sale of bugged PROMIS software to governments around the world on Israel's behalf or, as previously detailed in chapter 9, included profits from his business interests that were interlaced with notorious Russian mobster Semion Mogilevich.

Despite having opened a considerable new stream of revenue through his alliances with major players in Eastern European organized crime, major Wall Street firms and "Machiavellian" banking dynasties, years of financial fraud and stock-buying schemes caught up with Robert Maxwell's empire, which began rapidly imploding in early 1991. In what is often considered a bizarre move by observers, given Maxwell's dire financial situation and the poor state of the newspaper, Maxwell decided to expand his presence in New York by buying the *New York Daily News* in March 1991. However, Gordon Thomas later reported that the paper's previous owners, the Chicago Tribune Group, had offered Maxwell \$60 million to take over the floundering paper. Regardless of the true story behind his acquisition of the paper, he chose to put his daughter Ghislaine in charge of "special projects" shortly after becoming its owner.⁴⁵ That position, per London's *Sunday Times*, "provided her with her entree to the power base of the city."⁴⁶

In addition to her new role in charge of "special projects" for the paper, Ghislaine was also made managing director of a "ready-made" company based in New York and created by her father, Maxwell Corporate Gifts.⁴⁷ The *New York Post* later described the company as Ghislaine's "own fiefdom."⁴⁸ Little is otherwise known about Maxwell Corporate Gifts, with the Maxwell family subsequently describing the company as "a business that supplied long-term service awards for companies."⁴⁹ In 2021, Ghislaine's siblings published a short biography of their sister that asserted that Ghislaine had founded Maxwell Corporate Gifts in the mid-1980s after her graduation from Oxford and before her move to the US.⁵⁰ Their claim is at odds with past media reports that predate Ghislaine's infamy by several years and even decades. It is also possible, however,

that the entity's formal creation took place several years before its use by Ghislaine and her father in New York.

Because no public records remain readily accessible regarding the company's activities, we can only speculate about how it was used by Ghislaine during this time. However, it was most likely a part of the growing Maxwell influence network in the city. New York media outlets subsequently claimed that Robert Maxwell saw himself as "the patriarch of a dynasty that would wield financial and political power on a global scale" and that he additionally saw New York City as where the Maxwell "dynasty" would truly make their mark.⁵¹

After buying the *New York Daily News*, and despite his mounting financial problems, Maxwell received such positive attention in New York City that it surprised even him. According to an anecdote from Robert Pirie, the then-president of Rothschild Inc.:

After he bought the *Daily News*, I picked him up at his boat. He liked Chinese food, so I decided to take him to Fu's, which is the best Chinese restaurant in the city. As we drove up First Avenue, people would recognize him, and open their car doors and come out and shake his hand. At Fu's, the entire restaurant got up on its feet and started clapping. He was overwhelmed. He told me, "In my whole life in London, no one's ever acted like this. I'm here a month and look what's happening."⁵²

This type of reception throughout the city led Maxwell to become even more determined to expand his presence there. He hired a "group of prominent consultants and lawyers to help him make his way in America."⁵³ These included former Senators Howard Baker and John Tower as well as Republican Party consultant and high-profile public relations executive Robert Keith Gray. The inclusion of these three men in advising Maxwell on his entry into the United States is highly significant, but each is important for a different reason.

Tennessee Senator Howard Baker, best known for being the vice-chairman of the Senate Watergate Committee and subsequently Reagan's chief of staff after the Iran-Contra scandal, had become Robert Maxwell's business partner in 1991 in a venture called Newstar. Newstar focused on expanding investment opportunities for Americans in the former Soviet Union and was described by Richard Jacobs, who cofounded the company with Baker, as "an international merchant banking, investment, and advisory company." Jacobs also stated that Robert Maxwell was one of the major shareholders in the company. Newstar was just one of several companies that Maxwell used to enrich himself through privatizing assets of the

former Soviet Union. Baker and Maxwell also attempted to recruit other respected public figures into Newstar, including the former top banking regulator in the US, William Seidman.⁵⁴ Notably, prior to founding Newstar with Baker, Jacobs worked intimately with Armand Hammer as his assistant and then as Occidental Petroleum's vice president.⁵⁵ As previously mentioned in chapter 7, Hammer played a role in the entry of BCCI into the United States and had attempted to acquire Financial General Bankshares himself for the purpose of "financially blackmailing" American politicians. Hammer also had a controversial relationship with Soviet leadership. Part of the controversy was related to Hammer's father, Julius Hammer, having been a Soviet spy. Baker was also previously mentioned in Chapter 9, as he had been on the board of MCA, where Lew Wasserman was a long-time executive, at the time the company was being investigated for its organized crime ties. It was posited there that Baker may have been the "United States Senator with much seniority whom [Robert Booth] Nichols claimed to utilize in the trafficking of narcotics and money laundering."

Maxwell may have first encountered Baker through Baker's years-long relationship with Senator Tower, as the two men shared a decades-long partnership in the Senate. As detailed in chapter 9, Maxwell had first gotten close to Tower years earlier, at Henry Kissinger's behest, with the intention of advancing Israeli intelligence's goal of installing PROMIS software on the computers of top-secret US laboratories tied to the nuclear weapons program. It was Maxwell who placed Tower on Israel's payroll, prompted his involvement in the Iran-Contra deal, and later added him to his own payroll via the company Pergamon-Brassey, which appears to have been strongly related to both the PROMIS scandal and the Bulgarian-led Neva program. Tower died just months before Maxwell, in early 1991, as the result of a suspicious plane crash, which – at the time – reportedly made Robert Maxwell fear for his own life.

Robert Keith Gray is perhaps the key to unlocking the truth about Robert Maxwell's plans and ambitions for his future in New York City. As detailed throughout this work, Gray was a smooth operator, having worked on major presidential campaigns and as the top executive at the public relations firm Hill and Knowlton. Lesser known are Gray's extensive ties to US intelligence and also to a handful of call girl and sexual-blackmail rings that encircled the Watergate scandal of the Nixon presidency and the more obscure Koreagate scandal and pageboy scandal (explored in depth in chapter 5). As previously mentioned, Gray

was also tied, through connections in his home state of Nebraska, to figures involved in the Franklin Scandal (see chapter 10). One of the common threads throughout several of the scandals that were linked in some way to Gray was the Georgetown Club, owned by South Korean intelligence asset Tongsun Park. Gray was the company's president at the time when it was used by CIA and other intelligence-linked figures to acquire sexual blackmail. John Tower was also a member of the Georgetown Club during this period, as were many other prominent politicians and power brokers in Washington, DC, and had been close to Tongsun Park as well. Also, as noted in chapter 10, Gray was working for Adnan Khashoggi in the same period of time that both Roy Cohn and Jeffrey Epstein also counted Khashoggi as a client. Given that Maxwell's daughter Ghislaine and Epstein would begin a sex trafficking/blackmail operation shortly after Maxwell sought to consult Baker, Tower and Gray, Gray's role in advising Maxwell about how to best expand his influence in the city and throughout the United States is clearly significant.

Robert Maxwell himself had been a client of Gray's PR firm, H & K, for some time and Gray had previously had very public connections with Maxwell. For instance, in 1988, Gray brought former president Ronald Reagan and Robert Maxwell to Hastings, Nebraska – located roughly two hours from Omaha – for the ceremonial debut of the Gray Center for the Communication Arts at the local college. Maxwell returned to Hastings two years later to deliver the commencement speech at the college. Gray, meanwhile, told the *Washington Times* that “getting President Reagan and Robert Maxwell to Nebraska” was his “greatest feat.”⁵⁶ That says a lot considering the trajectory and impact of Gray's career up to this point in time.

During this period where he sought these men's advice on how to grow his influence in New York, Robert Maxwell was also eager to get closer to George H.W. Bush – then the US president – with whom he had cultivated a relationship decades earlier.⁵⁷ It is unclear how successful Maxwell was in that effort. Yet, as noted in chapter 12, by 1992, Jeffrey Epstein had developed a mysterious yet apparently significant relationship with Bush's Secretary of State James Baker III, suggesting that the Epstein-Maxwell network did make significant in-roads with the Bush administration. As will be detailed in the next chapter, they did so again to a much more significant degree with the subsequent Clinton administration.

Soon after Robert Maxwell's effort to expand his footprint in New York, which author Gordon Thomas alleges was motivated by Maxwell's desire to become "king" of the city, he was also being "courted" by Edgar Bronfman, Laurence Tisch, and other "luminaries of the New York Jewish community" in 1991.⁵⁸ Bronfman and Tisch, as noted in the previous chapter, were among the founding members of the Mega Group, which had been founded that same year by Leslie Wexner and Edgar Bronfman's brother Charles. Charles Bronfman had previously teamed up with Maxwell in 1989 in an ill-fated attempt to purchase the *Jerusalem Post*.⁵⁹ As noted in the last chapter, several Mega Group members, including Wexner and the Bronfmans, have clear ties to organized crime networks and/or intelligence. Maxwell himself also checked these boxes.⁶⁰

The Mega Group's existence was not revealed to the public until seven years later, in 1998. At that time, it underwent a very public reveal in the *Wall Street Journal*, and the names of its most prominent members were disclosed.⁶¹ Given that Robert Maxwell was connected to this network and was being "courted" by its members the year of its founding, as well as the fact that Maxwell had died long before the publication of the *Wall Street Journal* article, it is worth considering the possibility that Robert Maxwell himself was potentially an early Mega Group member and that the only reason his name was not included in the *WSJ*'s disclosure of the group is because he had died years prior. Circumstantial, yet significant, support for this thesis can be found in the subsequent team-up of Jeffrey Epstein, who had been a financial adviser to Mega Group co-founder Leslie Wexner since 1987 and his money manager since 1990, and Ghislaine Maxwell, Robert Maxwell's favorite daughter, in 1991 – the same year of the Mega Group's founding – in a sexual blackmail operation, itself ultimately an influence and extortion operation.

COURTING THE KENNEDYS

As previously noted, soon after arriving in New York City, Robert Maxwell was determined to expand his footprint in there as well as to grow the influence of a Maxwell “dynasty.” His hopes to establish a dynasty were also described by the *New York Post*, which noted that Maxwell “saw himself as Britain’s Joseph P. Kennedy, the patriarch of a dynasty that would wield financial and political power on a global scale. Like Kennedy, he expected much of his children and pushed them hard.”⁶²

Yet, Robert Maxwell’s interest in the Kennedy political dynasty went beyond mere metaphors. A 1992 article from the *Mail on Sunday* stated that Ghislaine’s “one important role” when she arrived in New York City was to act “as Captain Bob’s [i.e. Robert Maxwell’s] ticket into New York society [...] She accompanied him to all the right parties and helped to woo the Kennedy clan.”⁶³

Apparently “woo” was meant in relatively literal terms. Per *Vanity Fair*, he had apparently hoped that his daughter Ghislaine, then serving as his “ambassador to America,” would intermarry with them, specifically John F. Kennedy Jr., thereby “binding two great dynasties into one.”⁶⁴ This desire was also reported by the *New York Post*, which later stated that “Maxwell even dreamed that he might one day forge an alliance with the Kennedys by marrying Ghislaine to JFK Jr. The two became close friends and remained so until Kennedy’s tragic death last year [1999].”⁶⁵ It then notes that “Ghislaine has also been a guest at a number of Kennedy weddings and family events.”⁶⁶

One of these weddings Ghislaine attended was the June 1990 nuptials between Kerry Kennedy, daughter of Robert F. Kennedy, and Andrew Cuomo.⁶⁷ Cuomo, the son of New York governor Mario Cuomo who would later become governor of the state himself, was said to have treated the planning of the wedding “like a political campaign” and, not unlike Robert Maxwell, had allegedly sought to marry into the Kennedy political dynasty for personal gain.⁶⁸ Notably, Andrew Cuomo’s name is in Epstein’s book of contacts. However, other attendees of the Kennedy-Cuomo wedding have claimed that it was likely Kerry Kennedy, not Cuomo, who had invited Ghislaine Maxwell to the event.⁶⁹

Per Cuomo’s biographer Michael Shnayerson: “To the Cuomos, the Kennedys were American royalty, for all the reasons they were to everyone else. Marrying

into that charismatic clan would make the Cuomos royal, too, insofar as any American political dynasty could be seen as such. It would also draw them into a private world of wealth and privilege.”⁷⁰ It seems probable that Robert Maxwell’s dream to see Ghislaine marry a Kennedy had similar motivations.

However, it is worth noting that Ghislaine Maxwell’s and Jeffrey Epstein’s subsequent influence and blackmail operation, beginning in 1991, had largely targeted politicians or prominent figures within the Democratic Party. Given this context, it is also entirely possible that Robert Maxwell and his network, including organized crime networks and intelligence services, were looking for a launching pad to more broadly influence the Democratic Party before Maxwell’s death – and what better way to do that than marry into the most prominent (and respected) of Democratic political dynasties.

During and after this wedding, it seems that Ghislaine Maxwell’s efforts to court a Kennedy were extensive and have been largely overlooked in media reports. For instance, a photo taken of a reception for the Kennedy-Cuomo wedding shows Ghislaine sitting in the grass in a short dress, posing flirtatiously alongside Joe Kennedy II, the eldest son of Robert F. Kennedy and Kerry Kennedy’s older brother.⁷¹ The caption of the image oddly does not disclose Maxwell’s identity but stated that Kennedy “turned on the famous Kennedy charm” while talking to Maxwell, described as “a lovely brunette” who “couldn’t take her eyes off him [Kennedy].”

That reception was at the Kennedy’s Hickory Hill estate and was attended by a “trimmed-down group” of wedding guests.⁷² Maxwell also reportedly attended an “even-more-private lunch at Ethel’s home that was attended only by family and some tag-along[s] with odd links to the bride or groom,” per one attendee.⁷³ A few months later, in November 1990, Joe Kennedy II arrived with Ghislaine Maxwell to a ritzy London party in honor of the fashion designer for the royal family and other elites, Bruce Oldfield.⁷⁴ At the time, Joe Kennedy was separated and finalizing his divorce from his first wife Sheila Brewster Rauch.

During her early days in New York City, Maxwell befriended John F. Kennedy Jr. and several media reports have claimed that the friendship lasted until the former’s death in a 1999 plane crash.⁷⁵ Few details are known about their friendship and only a few pictures of them interacting at large social events have emerged, including photos showing Kennedy being approached by Maxwell and

then quickly losing interest in her, focusing his attention instead on nearby hors d'oeuvres.⁷⁶

While details of their relationship are scarce, it was later reported that Maxwell had claimed to have had a “one-night stand” with John F. Kennedy Jr. and she reportedly told friends that he was her “chief conquest.”⁷⁷ The tryst allegedly took place “in the early 1990s soon after Ghislaine had started to establish herself on the New York social scene” according to an anonymous source that was “close to Maxwell.”⁷⁸ Although there is no corroboration for this claim, Maxwell’s father had desired this match and, given Ghislaine’s devotion to her father (who was still alive at the time), it seems probably that she would have attempted to have relations with him if she had indeed had the chance.

Several questions arise from this – the first being how did Ghislaine Maxwell manage to gain entry into the Kennedy’s social network? In an interview with Robert F. Kennedy Jr. for this book, he stated that Ghislaine Maxwell’s entry into his family’s social network in the early 1990s was likely through his former wife Mary Richardson. Per Kennedy, Richardson seemed to have known Maxwell through Richardson’s former boyfriend Carlos Mavroleon. There is considerable supporting evidence for this claim.

Before their 1994 marriage, Mary Richardson had been close friends for years with his sister, Kerry Kennedy, with the two having first met during their time together at the Putney School and later as roommates in college.⁷⁹ Richardson was Kennedy’s maid of honor at her marriage to Andrew Cuomo. After becoming close to Kerry Kennedy at the Putney school, Mary spent many holidays with the Kennedy family, with a friend of Mary’s stating that “Mary was always with the Kennedys. Unless there was a crisis, she never had anything to do with the Richardsons.”⁸⁰ She began dating Robert F. Kennedy Jr. in 1993, and they married a year later.

Media reports attest to Richardson having dated Carlos Mavroleon prior to her relationship with Robert Kennedy Jr.⁸¹ As mentioned earlier in this chapter, the Mavroleons were relatives of Ghislaine’s boyfriend from 1986 to 1990, Gianfranco Cicogna. More specifically, Carlos Mavroleon was Gianfranco’s half-brother and Carlos’s father and brother were both in Epstein’s contact book. In the 1980s, Carlos converted to Islam and joined Afghanistan’s Mujahideen, which received training and funding from the CIA.

Reports on Mavroleon's 1998 death from a heroin overdose suggested he was murdered even though his death was ruled a suicide. At the time of his death, he had been working as a journalist and was the first outsider to visit camps "that the CIA believed were run by Osama Bin Laden" that had just been bombed by US cruise missiles.⁸² He was subsequently detained by Pakistani intelligence and, shortly thereafter, found dead in his hotel room.⁸³

Robert F. Kennedy Jr. also stated that the two occasions he was on Epstein's plane had been arranged between Ghislaine Maxwell and Mary Richardson. In one instance, the flight was part of a pre-planned fossil hunting trip to South Dakota, which he believed had been Ghislaine's idea as Epstein had appeared to only have attended "grudgingly." On that trip, Kennedy remembered that Epstein "did not mingle with us and hardly spoke and did not participate in the fossil hunt." The other flight came about after Richardson accepted an offer from Ghislaine to fly Richardson and her family from New York to Palm Beach in order to visit Ethel Kennedy (his mother). Kennedy said he and Mary were accompanied by Kennedy's two older children on each flight.

On one of the flights, the return trip to New York from South Dakota, Epstein "clearly" had a problem with Kennedy's "rambunctious children" and "half way back to New York, he [Epstein] ordered the pilot to put down at Midway Field in Chicago. He got off the plane and made his own way home. A blonde was waiting for him at planeside in Chicago." Kennedy remembered that Ghislaine was "in silent tears" after Epstein's abrupt departure.

Among other questions that emerge when considering Ghislaine's efforts to court at least two Kennedy men – would she have continued to court a Kennedy, or perhaps a Democratic politician of influence, if her father had not died so abruptly in late 1991? Indeed, Robert Maxwell's planned trajectory, not just for himself but for his "dynasty," was in tatters after his death, particularly as his financial crimes were revealed, permanently staining his legacy. Indeed, numerous reports have alleged that it was the chaos after her father's abrupt death that drove Ghislaine so publicly into the arms of Jeffrey Epstein.

THE DEATH OF ROBERT MAXWELL

At the end of October 1991, Robert Maxwell contacted private investigator Jules Kroll and arranged a meeting to see if he could hire Kroll to investigate a “conspiracy” to ruin him financially and destroy his empire. Kroll told Maxwell he would take the case.

Jules Kroll’s involvement in this matter is significant for several reasons but chiefly because of the ties of his firms to US and Israeli intelligence. Kroll Associates, founded by Jules Kroll in 1972, became known as “the CIA of Wall Street” and was later alleged by French intelligence to have been used as an actual front for the CIA.⁸⁴ As noted in chapter 4, the organized crime and intelligence-connected Thomas Corbally had played a major role in the firm’s early days.

The reasoning behind the “CIA of Wall Street” nickname is partially related to the company’s penchant for hiring former CIA and FBI officers as well as former operatives of Britain’s MI6 and Israel’s Mossad. The successor company to Kroll Associates, K2 Intelligence, has similar hiring practices. In 2020, former Kroll Associates employee Roy Den Hollander was accused of murdering the son of New York judge Esther Salas at their family home just as Salas was due to preside over a case involving the ties between Jeffrey Epstein and Deutsche Bank.⁸⁵

At the time that Robert Maxwell hired Kroll, the brother of then-US president and former CIA director George H.W. Bush – Jonathan Bush – was on its corporate advisory board. Soon afterward, Kroll was employed by Bill Clinton in his first presidential campaign and was later hired to manage security for the World Trade Center in New York after the 1993 bombing. In addition, Kroll had been hired to investigate how money had been spirited out of the Philippines by the Marcos family. As previously mentioned, Ghislaine’s friend and vacation buddy George Hamilton, as well as Adnan Khashoggi, had played a significant role in that affair.

Furthermore, just weeks before 9/11, Kroll worked closely with John P. O’Neill, who was hired as the head of security at the World Trade Center shortly before the attacks.⁸⁶ As previously mentioned in chapter 9, O’Neill had been involved in efforts to unravel “Maxwell’s legacy.” A report from January of that year noted that federal investigators were still trying to determine “how much of her

[Ghislaine's] father's fortune is buried in the offshore trusts he used so freely for the benefit of his family."

Kroll was unable to give Robert Maxwell the information he had wanted before Maxwell died under suspicious circumstances on his yacht in November 1991. Though media reports often say that his death was most likely a suicide, several biographers, investigators, and Ghislaine herself assert that he was murdered, having hit the end of the line in terms of his usefulness to those who had empowered his legal and illegal activities over the years.⁸⁷ Many of them have asserted that "rogue" Mossad agents had been responsible, including Ghislaine herself. Ghislaine reportedly blames "a dark conspiracy of Mossad renegades and Sicilian contract killers" for taking her father's life.⁸⁸

Soon after news of Robert Maxwell's death spread, his wife Betty Maxwell, accompanied by Ghislaine, headed to his place of death – his yacht, then located near the Canary Islands. Journalist John Jackson, who was present when Ghislaine and Betty boarded the yacht shortly after Robert's death, claims that it was Ghislaine who "coolly walked into her late father's office and shredded all incriminating documents on board."⁸⁹ Ghislaine denies the incident, though Jackson has never retracted his claim, which was reported in a 2007 article published in the *Daily Mail*.⁹⁰ If Jackson is to be believed, it would indicate that Ghislaine – out of all of Robert Maxwell's children – was most intimately aware of the incriminating secrets of her father's financial empire and espionage activities. However, Betty Maxwell subsequently claimed that Ghislaine had been the child she chose to accompany her because she spoke Spanish and could help more than her other children in communicating with local authorities. As previously mentioned, the books of Robert Maxwell's troubled businesses, several of which were insolvent and/or had engaged in substantial fraud, were subsequently "investigated" by N.M. Rothschild.⁹¹

“CIRCLING THE WAGONS”

After the death of Robert Maxwell, his children – Ghislaine included – began to pick up the pieces and sought to rebuild their father’s empire. Of his seven children, five appeared to take on different aspects of their father’s legitimate and illegitimate business activities.

Kevin and Ian Maxwell took over much of his businesses (and the associated fall-out) along with his murky network of interlocking companies, trusts, and foundations spread throughout the world. Once they were officially cleared of wrongdoing in connection with Robert Maxwell’s financial crimes (despite evidence of their complicity), they began their own forays into the world of business. Over the next ten years, Kevin would serve as director of 81 different companies, only 32 of which survived, while Ian – in 2001 – was director 31 companies, four of which then faced insolvency.⁹²

Ghislaine, having already positioned herself in New York at her father’s behest to anchor his efforts to expand his empire and operations into Manhattan, began a sexual blackmail operation on behalf of Israeli intelligence alongside Jeffrey Epstein (discussed in depth in chapters 18 and 19). Yet, she reportedly began “working selling real estate” shortly after her father’s death, which may have been connected to Jeffrey Epstein’s career as a “property developer” at the time (see chapter 12).⁹³

Throughout the 1990s, however, Maxwell described herself to the press as an “internet operator.” That latter claim seems to trace back to the efforts after Robert Maxwell’s death of her twin sisters, Christine and Isabel Maxwell. They appeared to take off where Maxwell’s intelligence-linked work with PROMIS and in technology had left off and they started by cashing in on a new revolutionary technology – the Internet.

“We literally were trying to think about how to restart this whole business” that had collapsed after their father’s death, Christine Maxwell *would later say* of her decision to found, along with her husband Roger Malina, Isabel and Isabel’s then-husband David Hayden, their internet services company – the McKinley Group – in January 1992.⁹⁴ Isabel would remember the decision similarly, telling *Wired* in 1999, that she and her sister had “wanted to circle the wagons and rebuild,” seeing McKinley as “a chance to recreate a bit of their father’s legacy.”⁹⁵

Years later, in 2000, Isabel would tell *The Guardian* that her father would “love it [the internet] if he was still here.”⁹⁶ “He was very prescient.... He’d be in his element, he’d be having a blast, I’m sure he’d be thrilled to know what I’m doing now,” she told the UK-based publication while “throwing back her head and laughing loudly.”

Notably, at that time, Isabel was leading an Israeli software company with ties to Israeli military intelligence and powerful Israeli political players, including some who had previously worked directly with her father in his espionage activities. Isabel’s and Christine’s connections following the sale of the McKinley group is detailed in chapters 20 and 21, respectively.

It’s not hard to see why Christine and Isabel saw the internet as their chance to expand upon and rebuild upon Robert Maxwell’s “legacy.” As previously mentioned in chapter 9, Christine, right up until her father’s death, had been president and CEO of the Robert Maxwell-owned Israeli intelligence front company, Information on Demand, where Isabel had also worked. Upon his death, Christine had founded a related (and similarly named) company called Research on Demand, which specialized in “internet and big data analytics” for telecommunications firms, and would later overlap with the McKinley Group’s work. McKinley began as a directory with a rating system for websites, later transitioning into the Magellan search engine, all of which was Christine’s idea according to an interview Isabel Maxwell gave to *Cnet* in 1997.⁹⁷

McKinley created what became known as the Magellan online directory, remembered as “the first site to publish lengthy reviews and ratings of websites.” Magellan’s “value-added content” approach attracted several large corporations, resulting in “major alliances” with AT&T, Time Warner, IBM, Netcom, and the Microsoft Network [MSN], all of which were negotiated by Isabel Maxwell.⁹⁸ Microsoft’s major alliance with McKinley came in late 1995, when Microsoft announced that Magellan would power the search option for the company’s MSN service.⁹⁹ Time Warner first chose Magellan for its early web portal called Pathfinder and Magellan was on the homepage of the internet browser Netscape for much of the 1990s.

However, McKinley’s fortunes were troubled as its efforts to be the first search engine to go public fell through, igniting a stand-off between Christine Maxwell and Isabel’s then-husband that also resulted in the company’s essentially falling behind other market leaders. As a result, it missed the window for a second IPO

attempt and failed to increase ad revenue.¹⁰⁰ Excite, which was later acquired by AskJeeves, ultimately bought the McKinley Group and Magellan for 1.2 million shares of Excite stock in 1996, which was then valued at \$18 million.¹⁰¹ It was allegedly Isabel Maxwell who made the deal possible, with Excite's CEO at the time, George Bell, claiming she alone salvaged their purchase of McKinley.¹⁰²

Despite the company's lackluster end, the Maxwell sisters and other stakeholders in the company, Ghislaine Maxwell among them, not only obtained a multi-million dollar payout from the deal, but also forged close connections with Silicon Valley high-rollers, including Microsoft co-founder Bill Gates. Upon McKinley/Magellan's sale, the overt ties of Christine and Isabel Maxwell to intelligence in both the U.S. and Israel would grow considerably (see chapters 20 and 21).

While the company is often framed as being a venture between Christine and Isabel Maxwell, the McKinley Group and Magellan were much more than just the twin sisters' business. For instance, a November 2003 article in the *Evening Standard* notes that Christine and Isabel launched the company with considerable help from their brother, Kevin Maxwell who the article described as being "consumed by an overwhelming desire to be his 'dad reincorporated'" according to confidants.¹⁰³ Another *Evening Standard* article from March 2001 claimed that "Kevin played a major role" in the company's affairs.¹⁰⁴

In addition, *the Sunday Times* noted in November 2000 that Ghislaine Maxwell "had a substantial interest in Magellan" and netted a considerable sum following its sale to Excite in 1996.¹⁰⁵ It also noted that Ghislaine, throughout the 1990s, had "been discreetly building up a business empire as opaque as her father's" and that "she is secretive to the point of paranoia and her business affairs are deeply mysterious." She would nevertheless describe "herself as an 'internet operator'" even though "her office in Manhattan refuses to confirm even the name or the nature of her business." A separate article in *The Scotsman* from 2001 also notes that Ghislaine "is extremely secretive about her affairs and describes herself as an internet operator."¹⁰⁶

Exactly how involved Ghislaine Maxwell was in the McKinley Group and Magellan is unclear, though her decision to describe herself as an "internet operator" and her documented "substantial interest" in the company suggest that it was more than superficial. Also notable is the fact that Ghislaine's time as an "internet operator" and her business interests in Magellan overlapped directly

with her time working alongside Jeffrey Epstein in an intelligence-linked sex trafficking/sexual blackmail operation.

ENTER EPSTEIN

Following her father's death, Ghislaine publicly claimed to know next to nothing of his affairs and to have no money herself, despite it being well known that her father had created numerous trusts in the Lichtenstein tax haven that were meant to fund the Maxwell family for "generations." A New York detective who interviewed Ghislaine in Manhattan while trying to trace her father's assets later stated:

She came in dressed in sackcloth and ashes. It was pathetic. She said she had no money. Yet here was this expensive lawyer arguing with us in a room so air conditioned we couldn't hear what he said. In between claiming she had no money, you couldn't but help warming to her, she was so solicitous. We hadn't had any lunch and she was recommending restaurants here and there and where to stay and go shopping, and slipping in from time to time how she never had anything to do with her father's affairs.¹⁰⁷

Another investigator said that "It is entirely possible, and we didn't have the resources to check, that Maxwell could have siphoned off money from some of his 400 companies in America to her. She was living on something."¹⁰⁸

In 1992, Ghislaine repeated the claims that she was destitute but promised her family would soon make a comeback. That year, she told *Vanity Fair*, "I'm surviving – just. But I can't just die quietly in a corner ... I would say we'll be back. Watch this space."¹⁰⁹ As previously mentioned, it was during this same period that the Maxwell siblings were "circling the wagons" and attempting to rebuild their father's empire and legacy, potentially including his intelligence activities.¹¹⁰

It later emerged that, during this period and the years that followed, Ghislaine had shifted from being dependent on her father to being "entirely dependent" on Jeffrey Epstein for her "lavish lifestyle."¹¹¹ Some acquaintances of Ghislaine have since claimed that "she started working for him [Epstein] immediately after her father died."¹¹²

Ghislaine and Jeffrey Epstein's public relationship is believed to have officially begun in 1991 during a tribute dinner at the Plaza Hotel held in Robert Maxwell's honor, where Epstein sat at the same table with Ghislaine and Betty Maxwell.¹¹³ According to media reports, this was Ghislaine's "first step in publicly announcing her deep affection for him [Epstein]." The choice of the Plaza would prove to be

ironic given that Ghislaine and Epstein were beginning an extensive sexual-blackmail operation that would go on for well over a decade. As detailed in chapter 2, the hotel had previously been the site of a sexual-blackmail operation involving the infamous lawyer Roy Cohn and his mentor, the liquor magnate Lewis Rosenstiel. The Plaza Hotel was purchased in 1988, not long after Cohn's death, by Cohn's protégé Donald Trump.

In the year that followed his first public appearance with Ghislaine, Epstein was treated by both the press and those close to Ghislaine as her father reincorporated, with various media reports stating and/or quoting their associates comparing Epstein directly to Robert Maxwell. Some of these reports, some published as early as 1992, also openly discussed the possibility that Epstein, like Robert Maxwell, was working for Israeli intelligence as well as the CIA. [114](#)

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CHAPTER 16

CROOKED CAMPAIGNS

A DONOR TO REMEMBER

The earliest official interaction between Jeffrey Epstein and the Clinton White House took place in 1993. For Epstein, it would be the first of 17 visits he would make to the executive residence in just under two years. Epstein's first visit took place on February 25, 1993 and he had been invited, per visitor logs, by "Rubin." The location of the visit was noted as "WW," for the West Wing. The Rubin listed here is believed to be Robert Rubin, who at that time was serving as the director of the National Economic Council (NEC) as well as Assistant to the President for Economic Policy. The NEC coordinated all economic policy recommendations that went into the President's office, meaning that any meeting between or involving both Rubin and Epstein would have likely related to economic policy.

If Rubin was indeed responsible for Epstein's initial entry into the White House, this is highly significant. Right before taking his post at the National Economic Council when Bill Clinton became president, Rubin had been serving as co-chairman of Goldman Sachs, a post which he assumed in 1990. Before that he was Goldman Sachs' Chief Operating Officer and its Vice Chairman from 1987 to 1990. That means that Rubin held the top leadership posts at the bank prior to and during its involvement with Robert Maxwell's theft of hundreds of millions from his own companies' pension funds to stave off the collapse of his business empire.

Goldman Sachs' role in the financial fraud and illegal activities that directly preceded Maxwell's death (and were alleged to have played some role in his demise) stands out among Maxwell's other banks. Per the official report by Britain's Department of Trade and Industry on the scandals that erupted in the wake of Maxwell's death, Goldman Sachs bore "substantial responsibility' for allowing Mr. Maxwell to manipulate the stock market prior to the collapse of his businesses."¹ In addition, before Maxwell died, "Trade and Industry Secretary Peter Lilley had received complaints before Maxwell died about dealings between Captain Bob's other public company, Maxwell Communications Corp, and Wall Street bankers Goldman Sachs," according to *The Guardian*.² Rubin, in his role at the time, likely had knowledge of these shady dealings in the lead up to Maxwell's death and almost certainly played a major role in dealing with the subsequent

fallout, as Goldman Sachs – along with the UK government and Shearson Lehman – were tasked with replenishing the stolen pension fund money.³

In summary, one of the top executives of Robert Maxwell’s main bank with “substantial responsibility” for at least one of his major financial crimes, was the person to first connect Jeffrey Epstein with the Clinton White House.

Furthermore, Rubin would become Treasury Secretary at the tail end of 1994, the year where Epstein made 12 of his 17 White House visits. Rubin took over that post from Lloyd Bentsen Jr., who had previously served on the board of his family’s Jefferson Savings and Loan alongside Guillermo Hernandez-Cartaya and his father, Marcelo Hernandez-Cartaya. Guillermo, importantly, was the figure behind the WFC Corporation, the CIA-linked drug smuggling and money laundering operation mentioned in chapter 13 (among other places) in connection with Leslie Wexner’s business associate, Edward DeBartolo.

At the time Hernandez-Cartaya was added to the board, he was making major inroads in Brownsville, Texas, a border town close to the Gulf of Mexico. Brownsville’s local papers reported that Hernandez-Cartaya was part of a crew of Miami real estate developers planning to transform the town into “one of the most popular resort areas of the world.”⁴ Two years later, Hernandez-Cartaya bought Jefferson S&L outright from Lloyd Bentsen Sr.⁵ Law enforcement sources, as well Texas state regulator Art Leister, told journalist Pete Brewton that Hernandez-Cartaya was using the S&L as a drug money laundromat.⁶

While Robert Rubin served as Clinton’s second Treasury Secretary, his deputy was Lawrence “Larry” Summers, who would later take over for Rubin as Treasury Secretary in 1999 and who, along with Rubin, helped engineer the repeal of the Glass-Steagall Act. This allowed an economic bubble to inflate, ultimately resulting in the 2008 crisis. Epstein is also alleged to have played some role in the 2008 financial crisis by apparently helping to instigate the collapse of Bear Stearns.⁷ As previously noted in chapter 14, Summers also had a close relationship with Henry Rosovsky, who was intimately involved with the Wexner Foundation and associated with Jeffrey Epstein at the time.

Summers, whose very close ties to Epstein were also discussed in chapter 14, was known to have taken at least one of his flights on Epstein’s plane in 1998, when he was serving under Rubin as Deputy Secretary of the Treasury. A 2003 report in the *Harvard Crimson*, written at the time Summers was Harvard’s president, noted that the two men’s friendship “began a number of years ago –

before Summers became Harvard's president and even before he was the Secretary of the Treasury."⁸

With respect to Rubin and Summers, it is worth examining a claim made by Epstein associate Leon Black, of Apollo Global Management. In 2020, Black claimed that, in addition to himself, clients of Epstein's included various heads of state as well as a US Treasury Secretary.² Though he didn't name any of those people, it seems likely that either Rubin or Summers was the US Treasury Secretary in question.

Around the same time as Epstein's first Rubin-facilitated White House meeting, Epstein also officially became a Clinton donor. Indeed, Epstein's second visit to White House, which he made alongside Ghislaine Maxwell in September 1993, was to attend a reception for donors who had specifically contributed to White House renovation efforts, with those efforts having begun in November 1992.

Sometime prior to that reception, Epstein had donated \$10,000 to the White House Historical Association for a specific project to redecorate the White House. It is unclear when exactly between November 1992 and September 1993 Epstein would have become a donor. Most likely, he had donated by the time of his first White House visit in February 1993, if not before, given the Clinton family's long association with "pay-to-play" politics.

The project eventually cost nearly \$400,000 and was said to have been funded completely by private donations. Epstein, accompanied by Ghislaine Maxwell, attended the donors' reception, which included a thorough tour of the refurbished White House.¹⁰ A photo of the couple greeting the President at that function was eventually published by the *Daily Mail* in December 2021.¹¹ Other attendees at the exclusive reception included Clark Clifford, the former presidential adviser and Secretary of Defense who was one of the key players in the Bank of Credit and Commerce International (BCCI) scandal, as previously mentioned in chapter 7. According to documents related to the event, the point of contact for the event was the then-White House Social Secretary Ann Stock, who appears in Epstein's "little black book" of contacts.

Bernard Meyer, who was then the executive Vice President of the White House Historical Association, wrote a letter in October 1993 to Epstein, thanking him for the \$10,000 contribution, which Meyer assured him would "assist in funding the costs of the refurbishing of the Oval Office in the West Wing and

certain areas of the Executive Residence.”¹² A copy of the letter thanking Epstein was also sent to A. Paul Prospero, a real estate lawyer who had been a close friend of Bill Clinton’s from their college days.

Prospero had been intimately involved in the White House Historical Association’s fundraising at the time of the redecoration-related donations in 1993. He was sent copies of thank you letters to other attendees aside from that addressed to Epstein and is identified by Meyer as the recipient of the donations. Like Epstein, Prospero had donated \$10,000 to the redecoration effort personally.

According to *The Daily Beast*, which first unearthed the donor dinner records in 2019, Prospero likely facilitated this early Epstein-Clinton connection, not only due to the aforementioned, but also due to the fact that Prospero’s close relationship with Epstein persisted well past this event, and even continuing after Epstein’s first arrest in 2006. Indeed, while Epstein was serving his initial prison sentence in Palm Beach, FL, Prospero visited him at least 20 times. Prospero was, notably, a real estate attorney in the Palm Beach area. Just a few years after he served as a “bundler” for this 1993 fundraiser, in 1996, Prospero was indicted for embezzling \$1.8 million from a client. His prison sentence was subsequently commuted by Bill Clinton during his final hours in office.¹³

Prospero was not the only corrupt Palm Beach-based figure tied to this particular Clinton fundraiser who would continue to maintain close ties with Epstein up until his first arrest in 2006. The White House donor reception attended by both Epstein and Ghislaine Maxwell also counted C. Gerald Goldsmith of Palm Beach, Florida as a guest.

In 2009, the *New Times* of Palm Beach ran an op-ed titled “Palm Beach Mayoral Candidate Has Corrupt Past in the Bahamas.”¹⁴ The subject was C. Gerald Goldsmith, then serving as chairman of the First Bank of the Palm Beaches and who was then pursuing local political ambitions. The op-ed’s description of the Florida-born, Harvard-trained businessman as a figure of corruption was hardly hyperbole. While Goldsmith maintained positions on the boards of new numerous banks and companies (with an inclination towards the offshore variety), many of his business partners and contacts came from the underworlds of organized crime and intelligence.

Goldsmith spent considerable time as an officer at Cosmos Bank, a Zurich-based bank with branches in New York and numerous interests throughout Florida and the Caribbean. Like Goldsmith himself, Cosmos straddled the line

between the underworld and the overworld and maintained close ties to the networks around David Baird and his CIA-linked foundations (See chapter 4). One of Cosmos's directors, for example, was Frederick Glass, the vice chairman and CEO of the Empire State Building Corp. This company was owned by Henry Crown, the organized crime insider and client of the Baird Foundation in 1961 (see chapter 1). Henry's son, Lester Crown, was a founding member of the Wexner/Bronfman "Mega Group."¹⁵ Crown's Empire State Building Corp. sold control of the Empire State Building to Lawrence Wien, another Baird Foundation client and advisor to Moe Dalitz's Cleveland mob. Since 1959, Dalitz's Desert Inn, at the center of the Roy Cohn United Dye case discussed in Chapter 4, had been owned by Wien.¹⁶

This wasn't Cosmos's only connections to these networks. Loan money from the bank mingled freely with loans from the mob-controlled Teamster Pension Fund in the real estate ventures of San Diego development mogul Irvin Kahn. One of Kahn's business partners in at least several of these ventures with Morris Shenker, attorney for Teamster boss Jimmy Hoffa and a controlling figure for the Teamster Pension Fund in his own right.¹⁷

Goldsmith himself seemed to have been particularly close to Lansky frontman (and Baird client) Lou Chesler. When Chesler helped organize the Grand Bahama Development Corporation (DEVCO), which managed Freeport and helped transform the island into a hub for organized crime-linked gambling, Goldsmith was on hand to act as one of the original investors. It was one of at least several joint business ventures: in August 1961, Chesler and Goldsmith led a group to buy up a private issuing of stock in a national bowling company called Consolidated Bowling Corp.¹⁸

It would prove to be the connection to the Bahamas, however, that was responsible for Goldsmith's notoriety. Through a position as head of a company called Intercontinental Diversified Corp (IDC), a Panamanian company set up by DEVCO, Goldsmith became party to a series of nearly-incomprehensible business transactions and political kickback schemes.¹⁹ These revolved around the strange purchase of DEVCO and the Bahamas Port Authority – by Benguet, one of the Philippines' major gold mining companies. Benguet had been taken over by Herbert Allen, the brother of Chicago developer and Fisher/Taubman business associate Charles Allen (who, incidentally, was both another Baird client and himself a DEVCO investor). The Allens were also closely associated with the

business interests of the PROMIS scandal conspirator Dr. Earl Brian. The reason for the acquisition of the Port Authority had to do with a law in the Philippines that barred foreign stockholders from controlling Filipino natural resources. Merging Benguet and DEVCO would allow the Allens to “spin-off” their assets from the gold holdings, which would then be sold back to Filipino parties.

The way the scheme functioned was essentially as follows: Benguet, steered by the Allen brothers, took control of DEVCO, and then transferred these assets to IDC, then headed by Goldsmith. Benguet was then sold to a group of Filipino businessmen with close ties to – and perhaps front men for – President Marcos. IDC was then left with DEVCO, the Bahamas Port Authority, and foreign holdings that had previously belonged to Benguet.²⁰ The ties of Ghislaine Maxwell’s close friend and vacation escort George Hamilton and Epstein’s client Adnan Khashoggi to the Marcos family and their suspect financial dealings were discussed in chapter 15.

If these matters were not already complex enough, there was also the question of a purported \$100,000 kickback to the Bahamas prime minister Lynden O. Pindling that took place right in the middle of the Benguet transactions.²¹ This payment originated from IDC and passed through Paul Helliwell’s Castle Bank. The linkages between Helliwell and IDC were many: his law firm was retained by IDC, while his former partner, Mary Jane Melrose, had gone to work directly for DEVCO and IDC.

Goldsmith left IDC in 1976. Despite the cloud of scandal hanging over him he continued to move in elite circles. His name appeared on the 1978 membership roster of the secretive 1001 Club, an exclusive consortium that ostensibly served as the primary financing mechanism for the World Wildlife Foundation.²² Joining him that year were notables such as BCCI founder Agha Hasan Abedi, members of the Bechtel family, Louis Mortimer Bloomfield of Perminde fame, shipping magnate Daniel K. Ludwig (who had worked closely with DEVCO in first developing the port at Grand Bahama), David and Laurance Rockefeller, Mossad banker Tibor Rosenbaum, and Rosenbaum’s close colleague Edmond de Rothschild.

Throughout the 1980s and 1990s, Goldsmith held directorships in numerous companies. According to SEC filings these included Innkeepers USA Trust, a real estate management company with a focus on upscale hotel properties; U.S. Banknote, a shadowy Delaware company; and the Nine West Group Inc., the

apparel company headed by billionaire Sidney Kimmel. Goldsmith also sat on the board of Palm Beach National Bank, which he had joined in November of 1990.²³

In his book *Relentless Pursuit*, Bradley Edward charges that Goldsmith regularly called Epstein's Palm Beach house throughout the early 2000s, as indicated by message pads purported to have been recovered by Palm Beach police officers.²⁴ Corroboration for this claim can be found in Epstein's black book, which contains numerous numbers for Goldsmith, including one listed as the Worth Avenue branch of Palm Beach National Bank. According to testimony, both Epstein and Ghislaine Maxwell maintained accounts at Palm Beach National Bank.²⁵

THE VINCE FOSTER CONNECTION

The White House renovations made possible by the donations of Epstein, Goldsmith, Clifford and others were the subject of a November 1993 article in the *New York Times*, which stated that the redecorated White House reflected the “personal energy” of the Clintons, “especially in their bold use of color.”²⁶ It also noted that the effort to redecorate the White House was particularly controversial at the time due to its connection to the “suicide note” allegedly found on the lifeless body of Clinton aide Vince Foster’s earlier that year.

As previously mentioned in Chapter 9, Foster was under government surveillance at the time of his death and was reportedly distraught over recent developments tied to the PROMIS scandal/Inslaw affair. However, the death itself – officially ruled a suicide – and its immediate aftermath have long raised suspicions for several reasons.

On July 20, 1993, between Epstein’s first White House meeting and the September donor dinner, Vince Foster’s lifeless body was found in Fort Marcy Park. He had last been seen at the White House, yet no exit logs or video footage show him leaving the premises. At the park, those who witnessed the scene were surprised by the lack of blood, as Foster was alleged to have shot himself in the mouth with a revolver, an act that normally results in a messy, bloody death. In contrast, the amount of blood found at the scene was considered to be minor.

The report produced by Whitewater special counsel Robert Fiske asserted that those present observed “a large pool of blood” where Foster’s head had been, but other parts of Fiske’s own report contradict this claim and observers of the scene of death, including medical examiner Dr. Donald Haute, denied ever seeing a pool of blood.²⁷ Haute, who was the only doctor to examine Foster’s body at the park, was not interviewed for the Fiske report. Haute’s own report was reportedly improperly and illegally altered, with one page alleging the gunshot had been “mouth-head” while another alleges it was in fact “mouth-neck.”²⁸ In addition, the presence of a bullet wound in the neck had been attested to by Richard Arthur, a firefighter/paramedic who was at the scene where Foster’s body had been found.²⁹

Other oddities include the fact that the murder weapon was unknown to Foster’s wife and family, as he had owned a silver gun, not the black gun observed in photographs of the scene. Furthermore, the bullet that killed Foster was never

found.³⁰ In addition, the FBI appears to have intervened in the investigation by telling eyewitnesses not to report that they had seen cars of other people beside Foster present at the scene. In addition, the FBI was accused of altering the statements of several eyewitnesses.³¹

The autopsy of Foster's body was also controversial. For instance, Dr. James Beyer, who performed the autopsy, unexpectedly moved the time of the autopsy so it took place a day earlier than planned, meaning that he performed much of the autopsy without observers who had been at the crime scene, as is custom.³² When those police observers had finally arrived, Beyer had conveniently already removed Foster's entire tongue and upper palette, obfuscating evidence of the alleged "mouth-neck," as opposed to "mouth-head," injury that had been observed in the field by Dr. Haute.³³ Beyer had also spoken to Park Police about the results of X-rays of Foster's body, but then subsequently claimed those X-rays never existed.³⁴

Aside from the death, there is the matter of the unauthorized search of Foster's office that began between the time the body was found in the park at around 6pm and when Craig Livingston, the director of the White House's Office of Personnel Security, identified Foster's body at around 10pm. It was reported by *Deseret News* that "about an hour after White House aides learned of Foster's death at 9pm that night, [White House counsel Bernard] Nussbaum, Maggie Williams, Hillary Rodham Clinton's chief of staff, and Patsy Thomasson, an aide to the White House chief of administration, entered Foster's office."³⁵ A secret service agent had seen Williams "carrying a stack of files from the area of his office" around this time.³⁶

Nussbaum later confirmed that he had been in Foster's office that evening for "a brief, 10-minute search." He disputed interfering with the investigations, claiming that he was merely "seeking to 'balance the interests' of Foster's privileged communications with the president with the 'legitimate' needs of the police."³⁷ Nussbaum had made an agreement with the Justice Department that resulted in the official search of Foster's office taking place two days after his death, on July 22nd.³⁸

This unauthorized search may have been related to "a blizzard of phone calls to and from the first lady and her closest friends and aides soon after Foster's death." According to the *Washington Post*, "Congress has heard flatly conflicting sworn accounts of what happened during those days [from the first lady and her

friends and aides]. A parade of witnesses have described searches of Foster's office while angry police and Justice Department officials investigating his death were kept at bay. Missing files and documents have been suddenly discovered and released."³⁹

Perhaps one of the oddest phenomena surrounding Vince Foster's death was his supposed suicide note or "resignation letter," which the White House later said had been found in Foster's briefcase. For reasons still unknown, the White House waited to report the note's existence until about 30 hours after it had allegedly been discovered.⁴⁰ Adding to the confusion is the fact that police had observed Foster's briefcase as having been empty when his office was searched in the immediate aftermath of his death.

There was also an unusual amount of secrecy around the note as well, as photographing the note was forbidden and it was exempt from Freedom of Information Act requests. However, a copy was subsequently obtained by James Davidson, editor of a financial newsletter. Davidson arranged for three handwriting experts to examine the note and all three judged it to be a forgery.⁴¹ Subsequently released documents found that Hillary Clinton had been the main person "behind the 30-hour delay in releasing late White House counsel Vincent Foster's suicide note to authorities."⁴²

Hillary Clinton's personal involvement is notable, as she is directly mentioned in the alleged "suicide note." The note states in particular that "The Usher's Office plotted to have excessive costs incurred, taking advantage of Kaki [Hockersmith] and HRC [Hillary Rodham Clinton]."

The *New York Times* wrote shortly after the note's "discovery" that this part of the note referred to "Hillary Rodham Clinton's redecoration plans for the White House" and cryptically charged that the Usher's Office, which oversees renovations, was using those plans against Clinton and her decorator Kaki Hockersmith.⁴³ A subsequent summary of the note's contents, published by the *New York Times* that November, stated that, in this portion of the note, "Mr. Foster alluded to cost overruns and schemes associated with the redecorating, which he did not describe but feared would embarrass the President and Mrs. Clinton."⁴⁴

Given that the "suicide note" was highly suspicious and most likely a forgery, this would mean that the note, and its assertions about the renovation endeavor, had been placed there with the intention, not only of being discovered, but of

seeding a particular narrative about the money flows related to the White House renovation.

The inclusion of this line seems meant to publicly absolve Kaki Hockersmith and Hillary Clinton from wrongdoing while also casting shade on the Usher's Office, potentially stopping anyone at that office from advancing accusations against the First Lady or her associates as it related to financial impropriety that may have been associated with the redecoration effort. If the note was indeed a forgery intended to publicly absolve Hillary Clinton and Kaki Hockersmith from a potential role in financial "schemes" related to the renovation, it would suggest that the opposite narrative – i.e. that Hillary Clinton and the renovation were involved in suspect financial schemes – was closer to the truth.

This seems more than plausible because, as the *New York Times* article notes, "Mr. Foster's office would have decided whether there was anything inappropriate about the private funds donated for the renovation" and [his] role was to advise on the legality of anything relating to the executive office.⁴⁵ Had something been uncovered by either Foster or the Usher's office about the recent donations to the White House Historical Association? Given that the donors included figures deeply embedded in shady financial networks, like Jeffrey Epstein, Clark Clifford, and C. Gerald Goldsmith, it's certainly possible.

However, soon after the note was made public, both the Usher's Office and Clinton denied any impropriety had taken place. It was also noted that the sizable gap between initial cost estimates made by the usher's office and the final cost was merely due to a "miscommunication" between the Usher's Office and Hockersmith, with Hockersmith allegedly having underestimated the cost of labor and overtime pay. In an August 1993 statement, Clinton stated that this particular "miscommunication" had since been resolved. Gary Walters, who had been chief usher since 1986, told the *Times* in 1993 that he had "no idea what he [Foster] was thinking when the note was written."⁴⁶

This seemingly rapid turnaround from the narrative seeded by Foster's alleged note makes it unclear what, if anything, transpired in the relatively short window of time between that note's creation and the *New York Times* report a few weeks later. Was this "miscommunication" resolved or did the note's narrative pressure the Usher's Office to drop potential complaints? Adding to the intrigue is the fact that the White House "refused to identify anyone associated with the Historical Association fundraising at the time."⁴⁷ One can only speculate about the White

House's reasons, though the level of secrecy, the involvement of Epstein/Maxwell and similar actors as well as the Vince Foster connection strongly suggests that this particular fundraiser was related to much more than simply the reupholstering of furniture and the swapping of drapes.

FOSTERGATE

In 1995, journalist James R. Norman, then working as “*Forbes*’ ace investigative reporter” and a senior editor at the magazine, wrote a cover story for *Forbes* entitled “Oil! Guns! Greed!”, which centered on Chase Manhattan bank and allegations relating to “bank fraud, oil trading, and bombs.” The connections he uncovered there led him to develop another and arguably much more groundbreaking investigation, which bore the title “Fostergate.”

On April 17, 1995, Norman sent a letter to Michael D. McCurry, White House Press Secretary, the contents of which were later leaked onto the early internet. In that letter Norman had informed McCurry that *Forbes* was “preparing an article for immediate publication” and was seeking comment on several allegations contained in the reporting, of which there were ten in total. A few of them deal with Foster’s role with the Jackson Stephens-owned company Systematics, previously discussed in chapter 9. Those allegations, as Norman wrote them, were as follows:

- 1.) That Vincent W. Foster, while White House Deputy Counsel, maintained a Swiss bank account.
- 2.) That funds were paid into that account by a foreign government, specifically the State of Israel.
- 3.) That shortly before his death and coincident with the onset of severe and acute depression, Vincent Foster learned he was under investigation by the CIA for espionage.
- 4.) That this information was made available to him by Hillary Rodham Clinton.
- 5.) That while he was White House Deputy Counsel and for many years prior, Vincent Foster had been a behind-the-scenes control person on behalf of the National Security Agency for Systematics, a bank data processing company integrally involved in a highly secret intelligence effort to monitor world bank transactions.
- 6.) That Systematics was also involved in “laundering: funds from covert operations, including drug and arms sales related to activities in and around Mena, Ark.
- 7.) That through Systematics’ relationship with E-Systems, Vincent Foster may have had access to highly sensitive code, encryption, and data security information of strategic importance.
- 8.) That both prior to and after his death, documents relating to Systematics were removed from Vincent Foster’s office in the White House.
- 9.) That the meeting at the Cardozo (Landau) estate on the eastern shore of Maryland on the weekend before Vincent Foster’s death was attended by, among others, George Stephanopoulos.

10.) That Hillary Rodham Clinton was also a beneficiary of funds from Foster's Swiss account.⁴⁸

The White House responded on April 20, and stated that the allegations were all “outrageous” and “baseless.” *Forbes* killed Norman's story, which was due to be published in May with the magazine's editor James Michaels claiming that the story would not be published because “many of the story's sources were not credible.”⁴⁹ Norman's story relied on several anonymous sources in intelligence, including the CIA, and, as can be surmised from the allegations above, centered around “charges that Foster had been under Central Intelligence Agency surveillance for selling US secrets to Israel and secreting the proceeds in a Swiss bank” account.⁵⁰ It also alleged that Hillary Clinton had been involved in the selling of those secrets alongside Foster.

Norman eventually published “Fostergate” in a small magazine called *Media Bypass*. After publication there, he wrote to *Forbes*' editor James Michaels, imploring him to reconsider publishing the article in *Forbes*, where Norman was still employed. The letter informed Michaels that Norman had obtained significant, additional corroboration of his reporting. This included “credit card and airline frequent flier records that VWF [Vince W. Foster] was making periodic one-day trips to Switzerland” and that “a staffer on Jim Leach's House Banking Committee has confirmed, on tape, that VWF had a Swiss bank account.”

Norman continued defending his reporting to Michaels by noting that “Foster's former executive assistant, Deborah Gorham, has testified under oath in a private deposition that Foster had her put two inch-thick NSA binders in Bernie Nussbaum's safe. This establishes beyond a doubt that Foster had access to sensitive NSA documents.” Norman noted that his sources stated that “one of the binders contained presidential authentication codes required to authorize the use of nuclear weapons or other significant military action.” Foster did not have the security clearance necessary to obtain that information, Norman notes, meaning he “must have gotten them from someone in or close to the oval office.”

Norman identified this “someone” as Hillary Rodham Clinton. In his letter to Michaels, he states the following:

Pouring gasoline on this fire is the revelation over the past weekend that Lisa Foster, Vince's wife, received a mysterious \$286,000-plus payment, which came through Foster's sister Sheila Anthony, an Assistant Attorney General at the time, just four days before Foster's death. This clearly smacks of a hush-money payment. And apparently Foster wouldn't take the bait, despite

being forced into a tight financial bind from the loss of his Swiss funds and probably from picking up the tab on all sorts of incidental Clinton campaign expenses. Faced with the likelihood he would be the fall guy for Hillary's sale of high-level nuclear code secrets to the Israelis (through Foster), he apparently threatened to dump the whole mess in Bill Clinton's lap at a one-on-one meeting set for Wednesday morning, July 21, 1993. But Foster never lived that long.⁵¹

Norman, writing later that year in *Media Bypass*, noted that Hillary Clinton had not only been a probable "beneficiary" of the funds in Foster's Swiss bank account, but was also "under suspicion for espionage" at the same time Foster was under counterintelligence surveillance. He also noted that, "Although Systematics attempted to prevent the publication of Fostergate in *Media Bypass*, the company (Alltel) [formerly Systematics] has not even bothered to demand a retraction of anything published in the [Fostergate] story. Indeed, I have been told by at least four sources that senior officials of the company are now hiring criminal legal defense attorneys, and that Alltel itself is quietly up for sale. The *WSJ* has offered to help pick up *Media Bypass*' legal tab if they are sued (which is unlikely)."⁵²

Michaels's response to the letter was to offer Norman two choices: take indefinite unpaid leave or accept a severance package. Norman resigned from *Forbes* in response and his Fostergate investigation was subsequently largely forgotten. Norman revealed, both in his letter to Michaels and elsewhere, that major political power players, including Caspar Weinberger had played a critical role in killing his Fostergate story.

In addition, Norman's sources had notably given him "an encrypted code (KPFBMMBODB) for an unknown Swiss account" as a means of corroborating their information. Norman then gave this code to a government employee, likely working for intelligence as their name is redacted, "who either gave it to one of his colleagues or personally decrypted the number and hacked his way into the account at Union Bank of Switzerland in Berne. They removed \$2.3 million, and then left a note with the decrypted account number in the account holder's mailbox in Maine." Norman notes that it was subsequently revealed to him that the bank account had belonged to Weinberger himself. He wrote that "The source of this account number was the trunk of arms/drug smuggler Barry Seal's car. A copy of documents from a suitcase in that trunk is attached. The clear implication is that Caspar Weinberger, while Sec. of Defense, was taking kickbacks on drug and arms sales."⁵³ Barry Seal's activities in Mena, Arkansas, and beyond were previously discussed in chapter 8.

In addition, Mellon bank, which was also a key part of Norman's investigation, had donated to the ill-fated presidential campaign of *Forbes's* controlling stockholder and editor-in-chief Malcolm Forbes. When Norman had sent a letter to bank executives in connection with his Fostergate investigation, Malcolm Forbes reportedly received numerous calls, urging him to kill Norman's story.⁵⁴

Norman also reported in *Media Bypass* that another senior editor at *Forbes*, Dana Weschler Linden, had previously been a director at Boston Systematics, which was "loosely affiliated with the Systematics in Arkansas and run by her father, former CIA operative Harry Weschler." Boston Systematics' two Israeli subsidiaries were, incidentally, run by Weschler Linden's cousins.⁵⁵

After Norman's report was killed, one of the people he contacted was the economist and writer J. Orlin Grabbe. Grabbe began his own investigation, producing an online series entitled "Allegations Regarding Vince Foster, the NSA, and Banking Transactions Spying." Only fragments of Grabbe's original series remain on the internet today. Grabbe's investigation corroborated key components of Norman's reporting and he followed some of Norman's leads even further. He also utilized at least some of the same sources that Norman had used in composing Fostergate. One of them, Chalmer "Charles" Hayes, was the subject of a records request in 2021 and the FBI refused to release any of its files on Hayes, saying it "can neither confirm nor deny the existence of the requested documents."⁵⁶

For instance, Grabbe was provided "evidence that said that one of the things stolen [by Foster] through White House channels were Presidential authentication codes (generated daily by the NSA), by which the President identifies himself in the event of nuclear war. There was also a notebook giving all the global and regional nuclear options – a menu of pre-arranged military scenarios – that the President could select. This information had been sold to Israel."⁵⁷

Grabbe reported that a Mossad agent was with Foster and in his apartment during his final hours. He wrote that "a woman with brownish-blond hair" had accompanied Foster into his apartment after he'd left the White House the day he was murdered. He notes "that this apartment is Foster's is confirmed both by the landlord and by banking records of Foster's rental payments. The front entrance to Foster's apartment was being videotaped as part of an on-going national security investigation into espionage by members of the White House. The woman in the

tape has been identified as an Israeli agent.” This videotape referenced by Grabbe did not record the exit of Foster and the woman, only their entry, suggesting they left via the apartment’s “back entrance.”

However, Grabbe’s investigation found it unlikely that this woman had been responsible for Foster’s death, which would mean their meeting was likely related to the Fostergate allegations regarding Foster and espionage on behalf of Israel. Grabbe’s investigation instead pointed to a “Bush plumbers unit” that continued to operate after Clinton’s election as having been responsible for Foster’s death. Grabbe notes that Foster’s murder had been sloppy and had “taken place under emergency conditions – a spontaneous, last-minute solution when Vince Foster failed to react in expected fashion to a \$286,000 attempted bribe.”

He goes on to relate how the details of his death and the events surrounding it indicate that Foster’s murder seemed to take the Clintons and other key figures at the White House by surprise. One of the alleged members of this “Bush plumbers unit,” Robert Goetzman of the FBI, reportedly admitted to Debra von Trapp, a computer expert who worked in the Bush administration, while drunk that he had been involved in Foster’s death. He reportedly said “We dumped him [Foster] in a queer park to send Clinton and his queer wife a message.”⁵⁸ von Trapp had recorded the conversation and that tape eventually made its way to special counsel Kenneth Starr (who would later become one of Epstein’s defense lawyers). Starr did nothing with the tape and some speculate that he may have destroyed it.⁵⁹

Given the factionalism in the Reagan and Bush eras, this is not outside the realm of possibility. However, it is also important to note that some have speculated that Goetzman’s drunken confession was part of an effort to misdirect and take the heat off of the Clintons as it related to Foster’s death.

After Grabbe’s investigation into Fostergate and other issues, he was smeared by *60 Minutes*’ Leslie Stahl as a source of “misinformation” online and an example of why Americans should not read reporting outside of mainstream media outlets, which are now owned by a small handful of companies and many of which are controlled by the intelligence-organized crime networks profiled in this book.

Stahl’s segment sought to portray Grabbe, a Harvard-trained economist and former assistant professor of economics at Wharton Business School, as a loony “conspiracy theorist” without making an effort to factually challenge any of Grabbe’s reporting. In an earlier version of the current establishment rationale for online censorship, Stahl argued that interest in Grabbe’s reporting was indicative

of the danger of allowing “just anyone” to post content onto the internet.⁶⁰ *60 Minutes* may have had a vendetta against Grabbe’s reporting on Fostergate as he had written, as part of that series, that *60 Minutes*’ Mike Wallace (an attendee of parties on the Lady Ghislaine) had been paid \$150,000 by the Democratic National Committee to attack reporters who questioned the official narrative that Foster had committed suicide.⁶¹ At the time of Wallace’s segment and Stahl’s segment, CBS, which produces *60 Minutes*, was owned by Mega Group member and OSS veteran Laurence Tisch, who was then also acting as CBS’s CEO.

If we are to believe the reporting of James Norman and J. Orlin Grabbe, then it may be worth re-examining a few things. First, the White House Historical Association fundraiser. Not only did this fundraiser include people like Jeffrey Epstein, BCCI-linked Clark Clifford, and C. Gerald Goldsmith, it was directly mentioned in the forged “suicide note” that was most likely created with Hillary Clinton’s direct involvement. If both Hillary Clinton and Foster were under investigation for espionage at the time, and Foster’s death was connected to the reason for that investigation – i.e. the involvement of Foster and Clinton in selling secrets to Israel – one would assume that Clinton would attempt to absolve herself from anything that could lead to her involvement in those espionage activities being outed.

As previously stated, the only mention of Clinton in Foster’s “suicide note” directly relates to the White House Historical Association fundraiser. These pieces of evidence, when considered together, suggests that the fundraiser may have been connected to either Systematics’ role in PROMIS-facilitated money laundering or Foster’s and Clinton’s alleged Israeli espionage activities (or potentially both).

However, it seems that these espionage activities involving Foster and Hillary Clinton were not only limited to selling state secrets to Israel. As detailed in chapter 9, James Norman had noted in his book, *The Oil Card*, that it was suspected (though unproven) that other foreign governments aside from Israel had bought “high-level code, encryption, and other secrets via Foster’s Swiss bank account and Israeli banks.”⁶² Per Norman, chief among the suspects of those foreign governments was China. As will be noted in subsequent sections of this chapter, there is substantial evidence that some Israeli espionage activities during this period were related to efforts to funnel US secrets, as well as sensitive US technology, to China.

However, before broaching those issues in greater detail, it's important to note that another Arkansas company tied to Systematics was, throughout this period, engaging in sensitive business dealings with China. The company in question was Arkansas Systems, which was located "just down the road" from Systematics in Little Rock and was founded in 1975 by a former Systematics employee and Army veteran, John Chamberlain.⁶³ Norman's reporting in *Fostergate* makes brief mention of Arkansas Systems, noting that it "was one of the first companies to receive funding from the Arkansas Development Finance Authority, an agency created by then Gov. Bill Clinton that is now coming under congressional scrutiny."⁶⁴ ADFA and its significance was discussed in chapter 8.

Arkansas Systems was founded in 1975 and described itself as "a privately held provider of card systems, payment systems, and operations solutions through Integrated Transaction Management (ITM), a comprehensive system architecture."⁶⁵ Like Systematics, Arkansas Systems focused on selling software to banks. Its software was used extensively on "remote teller terminals and ATMs" both domestically and abroad.⁶⁶ According to the company's founder, John Chamberlain, Arkansas Systems "assisted with file conversions and some consulting on the Systematics financial management system" in connection with Systematics' "processing [of American Express's] military banking contracts." Chamberlain claims to have been the developer of Systematics "financial management system."⁶⁷

Arkansas Systems was also involved in tech transfer due to its role in the "export of encrypted software and hardware" and lobbied for the removal of "export controls on software and hardware containing the DES algorithm," which the company framed "as needless red tape."⁶⁸

Norman's *Fostergate* report noted that the company did considerable business in Asia and Eastern Europe, including in Russia and China. Chamberlain has stated that both his company and Systematics were "doing business in Moscow at the same time."⁶⁹ In 1994, Arkansas Systems reached an agreement with China's central bank, the People's Bank of China "to provide regional clearinghouses in three major Chinese cities."⁷⁰ The company would specifically "provide check processing software converting the Chinese banking system from a paper-heavy operation to a high-speed electronic system." The *American Banker* reported at the time that "the clearinghouses are being established in Nanjing, Shenyang, and Harbin" and that these "sites will serve as regional clearing centers for the People's

Bank of China, which controls more than 100,000 branches nationwide.”⁷¹ The report then notes that “similar clearinghouses are planned for 76 other regions.” Given Arkansas Systems’ connections to ADEFA and Systematics, it is entirely possible that the company’s software enabled US intelligence or other parties to spy on financial transactions or its software was being used to facilitate financial crimes, such as money laundering.

Instrumental to Arkansas Systems’ ability to secure this deal with China’s central bank was the US Department of Commerce’s International Trade Administration (ITA). Notably, working at ITA at that time, was a man connected to powerful Clinton donors involved in large-scale, highly suspect banking activities – Jackson Stephens and the Riady family (see chapter 8). His name was Johnny Huang. At ITA, Huang had access to classified information and made regular “mysterious” visits to Stephens Inc.’s DC offices, while also focusing specifically on ITA issues relating to China. Huang would later become a central figure in the Clinton-era scandal sometimes referred to as “Chinagate.” One of the other key figures in Chinagate, Mark Middleton, a White House staffer, would incidentally be the man who facilitated most of Jeffrey Epstein’s 17 White House visits.

CHINAGATE

Jeffrey Epstein's donation to the White House Historical Association would not be his only Clinton White House connection that was intimately tied to alleged corruption and financial "schemes." Not long after his first (official) donation in 1993, Epstein gained great access to the White House, meeting with Mark Middleton, then-special assistant to Thomas "Mack" McLarty, in the White House itself on several occasions. The subject of those discussions and their duration remain unknown. McLarty was initially Clinton's Chief of Staff, a position he held until mid-1994, when he became Counselor to the President and Special Envoy for the Americas. Middleton, a former Little Rock lawyer with ties to the Clintons prior to 1993, was reportedly chosen by McLarty to serve as his assistant after observing Middleton's role in fundraising for the 1992 election.⁷²

Epstein visited the White House 15 times after his attendance of the September 1993 donor reception. Most of those visits occurred in 1994, with only one meeting taking place in 1995. He notably visited the White House twice on one day during three separate dates throughout 1994.

Many of those 1994 meetings appear to have been with Middleton or other individuals working in the Chief of Staff's office, namely Karen Ewing, as visitor logs show that Epstein had often been signed into and out of the White House by Middleton or Ewing and, on one occasion, Ann Stock. The *Daily Mail*, which reported on the visitor logs in late 2021, cited sources stating that it was likely that Epstein met directly with Clinton during a handful of these 1994 visits.⁷³

One of Middleton's main duties at the White House, per a 1999 report from the House Committee on Government Reform, was being "in contact with many prominent business people and contributors to the President," with Epstein falling in the latter category at this time. Middleton's name would later appear in Epstein's little black book of contacts.

Middleton, who had raised \$4 million for Clinton's first presidential campaign, would leave the White House in 1995, but continued to maintain close ties with the White House, as he controversially kept using his White House business cards and maintained a voicemail on the White House telephone system long after he officially lost his job there. A source cited by the *Daily Mail* and familiar with Middleton's role at the White House at that time stated that "Mark

knew that Epstein was managing the money of Les Wexner [...] The year 1994 there were midterm elections, Clinton needed money and Mark thought he could get some of Wexner's money."⁷⁴

Middleton was closely associated with John "Johnny" Huang, who raised millions of dollars from illegal or questionable sources, some tied to the Chinese government, for the Democratic National Committee (DNC).⁷⁵ Middleton's involvement in that illegal fundraising would become known after those funds came under scrutiny following the 1996 presidential election. One of those "questionable" fundraising sources would later tell the FBI that Middleton had received tens of thousands of dollars from him prior to Middleton's departure from the White House. When Congressional hearings were conducted into the scandal over 1996 election financing, Middleton pleaded the Fifth Amendment on 28 occasions, including in response to the question asking if he was an agent of influence for a foreign government.⁷⁶

One of the reasons why Middleton likely pled the Fifth on so many occasions is the fact that there is much more to the story involving his association with Huang, as their relationship ties back to the corrupt power base that helped Clinton first become Arkansas' governor and, later, the nation's president. Huang, in particular, was deeply enmeshed in the business interests of Jackson Stephens (whose companies included Stephens Inc., Systematics Inc., and Beverly Enterprises) and Mochtar Riady of the Lippo Group. Riady and Stephens forged a multi-decade working partnership in the early 1980s that would then act as a hub of political cronyism in Arkansas, meaning it was also intimately tied to the political rise and fortunes of the Clinton family. The Riady-Stephens relationship, their role in BCCI and in the corruption surrounding the Clinton-launched Arkansas Development Finance Authority were discussed in detail in chapter 8.

Huang was a career banker, working first at the American Security Bank in DC before moving to Kentucky in 1979 to work for the First National Bank of Louisville.⁷⁷ A few years prior to Huang joining that bank, the First National Bank of Louisville had partnered, alongside two other banks, with Guillermo Hernandez-Cartaya's World Finance Corporation (WFC Corp) to establish a Panama-based bank called Unibank.⁷⁸ WFC's extensive ties to drug trafficking and organized crime was discussed in chapters 7 and 13 and WFC's ties to the Savings and Loans run by Clinton's first Treasury Secretary Lloyd Bentsen Jr. and his father were referenced earlier in this chapter. Unibank served as a vehicle for First

National Bank of Louisville and other banks to make massive, multi-million dollar loans to Colombian businesses.⁷⁹

The association between First National Bank of Louisville and WFC Corp continued at least through 1977 and First National was also closely linked with the political fortunes of John Y. Brown, Kentucky's governor from 1979 to 1983 and who was known to law enforcement as connected to organized crime interests.⁸⁰

In 1981, Huang went to work for Union Planters National Bank in Memphis, Tennessee.⁸¹ Union Planters of Memphis was one of the shareholders in a company formed in 1980 called Turks and Caicos Banking Company Ltd. The other shareholder in this company was Jean de la Giroday, whose ties to Bank Cantrade and John Singlaub's GeoMiliTech were discussed in Chapter 7.

Huang then relocated to Hong Kong in 1983 to manage that bank's Far East branch. In Hong Kong, Huang became connected with James Riady, Mochtar Riady's son, and he went on to work for the Riadys in 1985, taking a position as Vice President at a Hong Kong bank controlled by the Riadys as well as at Worthen Bank.⁸² As previously mentioned in Chapter 8, Worthen Bank was deeply enmeshed in the Stephens-Riady web of businesses/banks. C. Joseph Giroir, head of the Rose Law firm, also held significant amounts of Worthen stock and had a spot on Worthen's board, while Rose Law firm represented Worthen. It would be through Worthen that Mark Middleton would first connect with both Huang and the Riadys.⁸³

Huang's ties with the Riady family soon deepened and he became president and COO of the Riady-controlled Lippobank of California in 1986, a post he held until 1988. That year, Huang moved to New York City and became general manager of Bank Central Asia, in which the Riadys were also heavily invested.⁸⁴ He returned to California in 1990 to serve as president of the US operations of the Lippo Group. Throughout late 1991 and early 1992, Huang personally worked on the negotiations of the Lippo Group's failed attempt to purchase and rescue BCCI's Hong Kong branch.⁸⁵

In late 1991, Huang had his first known association with the DNC, having planned "the Hong Kong/Lippo portion of the trip" of a DNC delegation that traveled to Asia and was hosted by the Riadys. The head of that delegation was then-DNC chairman Ron Brown, who would later become president Clinton's Secretary of Commerce. The Riady's Lippo Group scheduled several meetings for

the DNC delegation, including an apparent fundraiser hosted by Huang as well as other fundraising events. The fundraiser hosted by Huang, per DNC officials, included “wealthy Asian bankers who are either US permanent residents or with US corporate ties.”⁸⁶ A congressional report found that “although there were several fundraising events scheduled, the DNC is unable to account for any contributions which may have been raised in conjunction with the Hong Kong trip.”⁸⁷ It is important, here, to point out that foreign nationals cannot legally contribute to US election campaigns.

In addition, Huang’s top position in the Lippo Group meant that Huang oversaw a series of real estate holding companies which donated heavily to the Democratic Party in 1992 and 1993. \$50,000 was donated to the DNC Victory Fund by one such company, Hip Hing Holdings, in August 1992. The other contributions, made by three separate Lippo-controlled companies and totaling \$50,000, were made to the DNC in September 1993. Somewhere in this time frame, Huang was given a “favor” by the Clinton administration “in the form of a top-secret security clearance” that Huang received “while still a private citizen.”⁸⁸ This was reportedly because Commerce Department head Ron Brown had a “critical need for his [Huang’s] expertise.” Ron Brown was courted extensively by Huang as well as the subject of the next section, Yah Lin “Charlie” Trie.

Per a congressional report on the matter, “at the time of the election, Huang began pursuing an appointment through Clinton’s transition team.” Not long after Clinton took office, Maeley Tom, who had previously worked for the DNC, wrote to Clinton’s Deputy Director of Personnel to recommend Huang, stating that “John [Huang] is the Riady family’s top priority for placement because he is like one of their own.”⁸⁹ Maeley Tom was hired right after Clinton’s election to serve as the Riady family’s liaison to the Democrats.⁹⁰ James Riady himself was notably placed on a list of “must consider” appointments for the new administration. Congressional investigators noted that Riady “was interested in placement on a commission or advisory council dealing with international trade or banking.”⁹¹ Riady was ultimately not appointed but another associate of Riady’s as well as Huang’s, Yah Lin “Charlie” Trie, was appointed to such a commission under dubious circumstances.

In December 1993, Huang was approved for a position at the Department of Commerce. There, he served as Principal Deputy Assistant Secretary for International Economic Policy in the Department’s International Trade

Administration (ITA), but did not officially assume his post until July 1994.⁹² A few months after he was approved, in February 1994, James Riady hosted a luncheon for Commerce Department officials who were traveling in Indonesia. Among the attendees were Commerce undersecretary Jeffrey Garten and Deputy undersecretary David Rothkopf, who were the superiors of Huang's soon-to-be boss at the Department, Charles Meissner.⁹³

Upon joining ITA, Huang officially left his position at the Lippo Group, receiving \$780,000 in salary and bonuses.⁹⁴ Huang reportedly obtained his job at ITA with the help of Maria Haley, who was on the board of the Export-Import Bank of the United States and who was friendly with C. Joseph Giroir, who had become the Riady's main business partner and lawyer in the United States.⁹⁵ His superiors at ITA reportedly deemed Huang unqualified for the work being done at ITA and, as a result, he was often kept out of the loop, aside from matters dealing with Taiwan, in which he was intimately involved. Notably, while at the ITA, Huang somehow had managed to enjoy "frequent access to classified information relating to China."

About a month after Huang joined the ITA, Commerce Secretary Ron Brown embarked on a trade mission to China, returning "with a \$1 billion power-plant project to be financed by the Lippo Group and managed by Entergy Corp., a Louisiana-based concern with heavy interests in Arkansas." According to *TIME* magazine, Commerce officials claimed that Huang recused himself from any matters involving Indonesia due to his ties to the Lippo Group, but congressional investigators later found documents which revealed that Huang, while at ITA, had attended "meetings at which officials from several federal agencies discussed ways to strengthen trade relations with Indonesia."⁹⁶

While at the Department of Commerce, Huang also kept in close contact with Riady associates like Giroir as well as Webster Hubbell, a Rose Law firm lawyer then serving as Associate Attorney General. Notably, when Hubbell was forced to resign his post at the DOJ under the cloud of scandal in 1994, he was offered a consulting job immediately after by the Riady family as well as by a company owned by another Clinton mega-donor, Ron Perelman.

During this same period, Huang continued to remain closely connected to the interests of Jackson Stephens as well, maintaining a "secret office across the street from Commerce" that was located in the Washington DC offices of Stephens Inc. Huang was reportedly using this "secret office" on behalf of the Lippo Group and

a subsequent Congressional inquiry would note that “Huang’s purpose in visiting Stephens DC so regularly remains a mystery.”⁹⁷

As previously mentioned, ITA worked closely with the Systematics-related company, Arkansas Systems, specifically on its sale of software to the People’s Bank of China. Huang was quite possibly involved in this matter, given that Arkansas Systems was funded by ADFA and tied to Systematics – both of which were connected to Jackson Stephens of Stephens Inc. As was just noted, Huang mysteriously visited Stephens Inc’s DC offices regularly while at ITA. In addition, Arkansas Systems largest market was in Indonesia, which hints at a possible connection to the Riadys. If Huang was involved with Arkansas Systems’ sale of software to China’s central bank, it would lend support to the theory that that software may have been part of an effort to spy on financial transactions that was similar to (or potentially related to) what Systematics had done for the NSA.

Aside from these “mysterious” dealings, Huang began soliciting “contributions to the DNC, thereby violating the Hatch Act” while still at the Commerce Department. At the time, the DNC attempted to obscure Huang’s role in these contributions by fudging records so that Huang’s wife was identified as the source of the funds. By 1995, Riady partner C. Joseph Giroir, who had been donating \$200,000 to the Democrats annually since 1993, began lobbying then-national chairman of the DNC, Don Fowler, to hire Huang. Also lobbying on Huang’s behalf was Mark Middleton, “special assistant to the President and Deputy to Counselor Mack McLarty.”⁹⁸

While Middleton worked at the White House, Huang and Riady met with him frequently. Between March 1993 and October 1996, James Riady went to the White House 20 times, while Huang – before, during, and after his role at Commerce – went a total of 95 times during this same period. As congressional investigators later noted, “some of these visits, for both Huang and Riady, included visits with the president. [...] On many occasions when James Riady visited the White House, John Huang accompanied him. Riady was granted private meetings with the president as well.”⁹⁹ Many of these meetings also included Middleton.¹⁰⁰ Some of the meetings Riady had with the president involved the issue of China and granting China “most favored nation” (MFN) trading status. Even though Clinton campaigned against granting that status to China, he reversed his stance and approved MFN for China in May 1993. Then, in 1994, he delinked MFN status from China’s human rights record.

Earlier that year, in February 1995, Mark Middleton, just weeks after he left his White House position, had accompanied James Riady to a meeting in the Oval Office with President Clinton. The next day, C. Joseph Giroir created a new corporation, the Arkansas International Development Corporation, as well as a Caymans-based counterpart called the Arkansas International Development Corporation II. According to a Congressional report, “Through Giroir and AIDC II, [the Riady-owned] Lippo [and closely tied to Huang] attempted to gain influence by hiring people with access to the Clinton administration.” Middleton was then hired by AIDC II in July 1995, which paid him a salary of \$12,500 per month.¹⁰¹

On the Riady payroll, Middleton was “supposed to seek out businesses looking for opportunities in the Asian market, particularly joint venture partners for Lippo entities.” However, from July 1995 to April 1997, Middleton produced no joint venture portions for the Riadys, despite being paid at least \$262,000 during that time period.¹⁰² Middleton’s other jobs for the Riadys included arranging meetings for James Riady and essentially acting as his exalted errand boy. While traveling to Asia at the Riady’s behest, Middleton passed out his White House business cards, even though he was no longer working there. Middleton somehow was able to maintain a voicemail and phone line at the White House until October 1996, well over a year after he left, and he also frequented the White House while employed by the Riadys. He allegedly even gave some of his clients White House tours during this time.¹⁰³

After a meeting in September 1995, attended by the President, Huang, the Riadys, Giroir, and White House attorney Bruce Lindsey, Lindsey contacted Huang and asked if he would like to move from Commerce to the DNC. This was reportedly in response to Huang having indicated that “he thought that he could raise money in the Asian-Pacific community” for Clinton. The next month, the DNC’s Don Fowler subsequently made the decision to hire Huang, who then became the DNC’s “Vice Finance Chairman, a title created for Huang that no other DNC employee held.”

One of the reasons that Huang’s role at ITA, and later the DNC, was so controversial was because his former employer, the Lippo Group, had become increasingly involved with the Chinese government beginning in 1991. The Lippo Group’s first known business connection to the Chinese government was related to Lippo’s efforts to rescue BCCI’s Hong Kong branch. That effort, in which

Huang had been personally involved, saw Lippo court China Resources – the Chinese government’s “agent for all of the PRC’s foreign trade corporations” – with the intention that China Resources would acquire BCCI Hong Kong. However, China Resources ultimately backed out of that deal.¹⁰⁴

Though this effort failed, China Resources purchased 15 percent of the Riady-controlled Hong Kong Chinese Bank in 1992 and increased their stake in the bank to 50 percent in mid-1993, “paying 50 percent over market price of this stock, more than a \$125-million premium.” Around that same time, China Resources “infused the flailing LippoLand with tens of millions of dollars, effectively bailing out the Riady family.”¹⁰⁵ In the years that followed, the Lippo Group and China Resources grew even closer, partnering on “dozens of shared development projects throughout” mainland China.¹⁰⁶

According to a Defense Intelligence Agency analyst named Nicholas Edtimiades and an investigator with the Senate Government Affairs Committee named Thomas Hampson, China Resources is “an agent of espionage, economic, military and political.”¹⁰⁷ Thus, the fact that China Resources began forging close ties with the Riady’s Lippo Group after Clinton’s election and the fact that this paralleled Johnny Huang’s own unusual rise through Commerce and into the DNC gives Huang’s role here increased significance. Indeed, Huang played a direct role in efforts to connect China Resources to the Commerce Department as a letter written from Huang to Ron Brown urged Brown to meet with China Resources chairman Shen Jueren.¹⁰⁸ During Jueren’s visit to the US, Huang and Riady also arranged a meeting between Jueren and then-vice president Al Gore.¹⁰⁹

Several controversial and illegal fundraisers followed Huang joining the DNC. One of the most controversial was “an intimate gathering of four wealthy businessmen, their families, and President Clinton” hosted at the Jefferson Hotel in July 1996. One of those businessmen was James Riady. Three of the four businessmen, including Riady, were not American citizens and could not legally contribute to Clinton’s election campaign. One of those non-citizens, James Lin, the chairman of a construction company in Taiwan and then a member of Taiwan’s National Assembly, was also the co-founder of a California company that was fined \$41,000 for “laundering campaign funds to Los Angeles City Council candidates.”¹¹⁰

Other fundraisers that garnered controversy involved both Huang and a woman named Maria Hsia, who had co-founded the Pacific Leadership Council

with Huang, the Riadys, and others in 1988. Hsia was also close to Al Gore and his political fundraising efforts. Another fundraiser directly involved James Riady – the 1996 fundraiser hosted at the Los Angeles homes of MCA mogul Lew Wasserman where Riady was listed on a DNC “commit list” even though he was ineligible to donate.¹¹¹ Another figure, Yah Lin “Charlie” Trie who had befriended Clinton in Arkansas, had served as a proxy to donate large sums of money from foreign nationals based in Taiwan and mainland China to the Clinton-Gore campaign.

THE TRIE TEAM

Yah Lin “Charlie” Trie was born in August 1949 and, later on in life, would claim four different birthdays, making it difficult to know exactly when or even where he was born. This is due to a “number of unexplained discrepancies” on his birth and immigration records. Though he was often reported to be Taiwanese, documents provided to the US Congress by the Taiwanese government list him as having been born in China before immigrating to Taiwan at age 16.¹¹² Trie immigrated to the US in 1976 and settled in Little Rock, Arkansas. Two years later, he co-owned a Chinese restaurant in Little Rock, called Fu-Lin, with his sister.

Trie began donating to the Clinton family in 1982, two years before he became a citizen. Trie’s contributions seem to have been a factor in then-Governor Bill Clinton becoming a “frequent guest of Trie’s restaurant.”¹¹³ By 1988, the ties between Trie and Clinton seem to have deepened, with Trie referring to Clinton as “Lao Ke,” which roughly translates as “Big Boss.” Clinton, during his re-election campaign, would refer to Trie as his “close friend” of more than two decades.¹¹⁴

Not long after Trie began donating to Clinton’s gubernatorial campaigns in the 1980s, he became involved with the Riadys. Trie first waded into the Riady swamp in 1983, when he became friends with Antonio Pan, who was then working for United Pacific Trading Inc., a subsidiary of the Lippo Group. Pan later became executive vice president of Lippo’s Chinese subsidiary, the Tati Group.¹¹⁵ Sometime between 1983 and 1985, Trie became acquainted with James Riady, who would later give Trie a \$60,000 loan in 1985 so Trie could “expan[d] his restaurant operations.”¹¹⁶

In late 1991, Trie sold his restaurant and created an import-export business in the US called Daihatsu International Trading Corp and began making frequent trips to China. A Senate report found that Trie had consulted Clinton about his plans and Clinton then urged him to create such a company and later sent him a letter of congratulations after the company was founded.¹¹⁷ During his trips to China, Trie would play up his connections to Bill Clinton and touted it, on several occasions, to prominent Arkansas businessmen as well as Arkansas state auditor Julia Hughes Jones. Jones would later, at Trie’s behest, arrange for meetings between then-president Clinton and high-ranking Chinese government

officials.¹¹⁸ During this period, Trie would bring eight delegations of prominent Chinese officials and businessmen to Arkansas and elsewhere in the United States. Despite his frequent and extremely costly trips and his Clinton ties, Daihatsu struggled to secure even a single successful business venture.

Trie's activities eventually caught the attention of a Macau real estate developer with ties to the Chinese government named Ng Lap Seng. Allegedly born into dire poverty but somehow also managing to bribe his way into the then-Portuguese enclave of Macau, Ng Lap Seng was a wealthy businessman by the time he forged a connection with Trie. Their first public interaction centered around what would ultimately be a failed joint venture to purchase and revamp the dilapidated Camelot Hotel in Little Rock. Assisting Trie and Seng in that failed venture was C. Joseph Giroir.¹¹⁹

Congressional and media reports alike have questioned how Ng's transformation from peasant to mogul was accomplished, as his "rag to riches" story is improbable without some sort of outside intervention. Per the "official" story, Ng somehow went from being little more than a beggar to a multi-millionaire solely by "selling bales of cheap cloth" to garment factories.¹²⁰ A former associate of Ng's interviewed in 1996 by congressional investigators claimed that Ng's transformation occurred because, for reasons unknown, he "had been selected to act as a front for municipal and provincial authorities in the People's Republic of China."¹²¹ By the time he teamed up with Trie, Ng was also a part of the Chinese People's Political Consultative Conference, an advisory board that worked with the Communist Party of China.

By the early 1990s, Ng's holdings in Macau included the Fortuna Hotel, described as "where the Communist Party partied, a massage-table dance-karaoke spot for the Chinese military and supposedly Triad gangsters," specifically the Wo On Lok Triad.¹²² Other allegations of Ng's "criminal ties in Asia" that were unrelated to Fortuna had also emerged during Ng's and Trie's failed effort to acquire the Camelot hotel.

One Fortuna advertisement from the period specifically highlighted the main "attraction" at Fortuna:

Attractive and attentive hostesses from China, Korea, Singapore, Malaysia, Vietnam, Indonesia and Burma, together with erotic girls from Europe and Russia, certainly offer you an exciting and unforgettable evening with friends or business associates.¹²³

Macau, during this period, was a hotspot for prostitution and sex trafficking and this official description of Fortuna, as well as its organized crime association, suggests that it was the site of such activities. This is also likely because of its description as being a “massage-table dance-karaoke spot,” as – even today – sex work in Macau frequently occurs in massage parlors, where it is “de facto legal.”¹²⁴

A 2007 US State Department report noted the following in this regard:

Macau is a transit and destination for trafficking of women for the purposes of commercial sexual exploitation [...] Women are deceived or misinformed with promises of work in tourism or commerce, come to Macau and instead they see themselves in an organized net of saunas and massage parlors which are in fact brothels.¹²⁵

After Ng and Trie failed to acquire Little Rock’s Camelot hotel, Trie moved to Washington DC to open up a new branch of his export-import business Daihatsu. Trie’s decision to do so is odd because his company, at the time, had still made essentially no money. This trend would continue well after he opened a DC branch for Daihatsu, with a Senate investigation finding that “Daihatsu made little or no money at any time.” In addition, the report also noted that, at the time, “Trie and his wife had very little income from other sources.”¹²⁶

Trie chose a rather interesting location for Daihatsu’s DC branch – an apartment in the Watergate complex. Trie allegedly chose the Watergate because he believed it would give him “a certain stature” in the DC area. However, for those in the know in DC, and as noted back in chapter 5, that same Watergate apartment complex, around two decades prior, had once hosted a call-girl ring. Daihatsu did hardly any legitimate business at the time, but its DC “office” at the Watergate was used, not just by Trie, but also by Ng Lap Seng as well as Ng’s bookkeeper Keshi Zhan and former Lippo Group executive Antonio Pan, who was – by this time – sporting business cards listing him as “CEO” of Daihatsu.

The Watergate location was used mainly to host parties for Chinese delegations and Trie’s local political contacts, including Mark Middleton and other prominent White House and DNC officials. In addition to Middleton, particularly close to Trie was Jude Kearny, Deputy Assistant Secretary of Commerce, who also attended these parties at Trie’s Watergate apartment. Given the apparent links of Ng’s Macau holdings to sex work, and potentially sex trafficking, one is left wondering if the Watergate apartments had again become the site of blackmail and influence operations.

Then, in October 1994, Trie incorporated a company in Arkansas on Ng's behalf, San Kin Yip International Trading Company. It was officially involved in the "export [of] chemicals, machinery and advanced technology" but subpoenaed bank records showed "neither earnings nor any genuine business activity." Notably, Ng's main Macau-based company at the time was named the San Kin Yip Group.

Shortly thereafter, Trie incorporated San Kin Yip (USA) Inc., which also "neither made money nor engaged in any actual business activity." Another company incorporated by Trie in 1996, American Asia Trade Center "also never made money" per Senate investigators. All of these apparent shell companies, however, would donate to the 1996 Clinton campaign.

Despite having no income and several shell companies to his name, Trie was somehow responsible for donating large sums to the DNC and 1996 Clinton campaign. Investigators determined that Ng Lap Seng must have "fun[ded] all of his [Trie's] DNC contributions."¹²⁷ Indeed, between 1994 and 1996, with negligible income from his company Daihatsu, Trie and his businesses received \$1.5 million in foreign wire transfers, \$1.1 million of which were directly from Ng Lap Seng. Upon receiving these large sums of money, Trie "shuffled" the money "among a total of six domestic [bank] accounts" in an effort to obscure its origins.¹²⁸ Of the other \$400,000 in foreign wire transfers, a large sum came from a Hong Kong entity named Lucky Port Investments Limited. Antonio Pan was a director of Lucky Port at the time of the wire transfer and LippoBank Los Angeles had "served as an intermediary for the transaction."¹²⁹

In addition to his donations to the Democrats, Trie was also involved in fundraising for the 1996 election on behalf of the DNC. By 1995, Trie became a member of the DNC's Finance Board of Directors, where he sat alongside Edgar Bronfman.¹³⁰ Several of these fundraisers courted Commerce Department personnel, specifically Ron Brown.

One such fundraiser took place in October 1995 at Hong Kong's Shangri-La hotel. There, Ng and Trie organized a dinner where Commerce Secretary Ron Brown was introduced to "a number of foreign business leaders." The dinner had been "consciously taken off" Brown's schedule during his Asia tour. During the event, Trie and Antonio Pan, who was also in attendance, then solicited donations for the DNC from the guests, none of whom were eligible to contribute. Many of the wealthy guests in attendance "attended [other] fundraising events with Trie

just months after this event.”¹³¹ One of the attendees of this event, Wang Jun, described by the *Chicago Tribune* as “China’s premier arms dealer,” later attended a presidential coffee with Trie and was photographed with president Clinton. Jun’s background and weapons company is discussed in-depth in the next chapter.

A few months later, Trie and a “boatload” of guests attended the DNC’s “top-level African-American fundraiser” at the Car Barn in Washington, DC. Some of the guests had previously met with Ron Brown at the Shangri-La hotel. Video footage revealed that Ron Brown remarked to president Clinton, as Trie’s group was breaking up, “this is part of the Trie team,” to which the president responded “yes.” Those remarks, later described as “cryptic” by investigators, suggest that Brown and Clinton were familiar with Trie and his associates and did not find it odd that so many foreign nationals were attending a fundraiser where they could not legally contribute funds.¹³²

Aside from the events themselves, a significant amount of Trie’s “fundraising” involved Trie soliciting donations to the DNC from third parties who were reimbursed with money from Ng Lap Seng shortly after their donation. Senate investigators described these third parties as “alternate conduits for the flow of Ng’s foreign-source funds to the DNC.”¹³³ Some of these donations were specifically solicited so that Ng could “pass the gate” and attend functions at the White House.

Both Ng and Trie “passed the gate” several times, making 10 and 22 visits to the White House between 1993 and 1996, respectively. Many of their White House visits, as had been the case with Johnny Huang, were with Mark Middleton. Ng may have been giving Middleton large amounts of cash during some of those meetings. As noted by the House investigation into Trie, Ng “imported large amounts of cash into the United States shortly before each of his meetings with Trie and Middleton” at the White House, with the amount of cash ranging from \$12,000 to \$200,000.¹³⁴ Given that Ng’s stays in the US were short and were centered around visiting the White House, it seems likely that at least some of this cash ended up in Middleton’s hands.

Middleton traveled with Trie extensively while on the Riady payroll. During one of these trips, Middleton allegedly sought a large (and illegal) donation from a top member of Taiwan’s ruling KMT party.¹³⁵ On another trip, Middleton was seen “holding court” in a suite at Hong Kong Grand Hyatt hotel, where he “had 8 to 10 businessmen and government officials from mainland China in his suite, all

of whom were waiting to meet Middleton. Middleton was holding private meetings in a bedroom adjoining the suite.” Both Ng and Seng were present on this occasion.

In addition, Middleton also worked closely with Trie’s planning of suspect fundraisers in relation to the 1996 election. Middleton, along with close Clinton friend and Lehman Brothers banker Ernie Green, “emerged as [one of] Trie’s principal political and business confidants” while also “act[ing] as Trie’s Washington liaison.”¹³⁶ Green later went into business with Trie, allegedly in a venture based around “self-inflating novelty balloons.”

Trie extensively promoted a real estate project in Macau to his White House contacts, specifically Green and Middleton, both of whom “expressed interest” in the project verbally as well as in writing. The project was called Nam Van Lakes, and the House investigation revealed that the project was co-owned by Ng Lap Seng and “Macau’s Ho brothers.” The most well-known of the Ho brothers, Stanley Ho, was mentioned in chapter 8 in connection with his business dealings with the Riady family as well as his ties to figures deeply involved in the illicit gold trade.

Ho, like Ng, was both closely connected to Chinese political power as well as Macau organized crimes, i.e. the triads. Ho served on China’s Standing Committee of the Chinese People’s Political Consultative Conference, the country’s top advisory council.¹³⁷ Ng was also a member of the Chinese People’s Political Consultative Conference. In addition, his family had a long history with Jardine Matheson & Co., the Anglo-Hong Kong trading house controlled by the British intelligence-linked Keswick family.¹³⁸ The Keswick’s intermingling with the Hong Kong-based Sassoon family, who were connected to the illicit opium trade, was discussed in chapter 1.

Stanley Ho was also the top casino magnate in Macau, “the Las Vegas of Asia,” until his *de facto* monopoly ended in 1999. His ties to organized crime have been noted in official reports in the US, Australia and elsewhere.¹³⁹ According to a report from the New Jersey Casino Control Commission, “numerous governmental and regulatory agencies have referenced Stanley Ho’s associations with criminal enterprises, including permitting organized crime to operate and thrive within his casinos.”¹⁴⁰

The Nam Van Lakes project was deemed “one of the largest private investment projects to have been undertaken since July 1991,” and was planned to be around

130 hectares in size.¹⁴¹ It is unknown if there were other ulterior motives behind Trie's promotion of the project to the White House aside from efforts to secure financing.

The following year, in 1996, Trie was added to the Commission on United States Pacific Trade and Investment Policy. Objections to Trie's appointment were numerous and well-substantiated, as his English was poor, his businesses were unsuccessful, and he was generally unqualified to contribute to the commission's work. Despite this chorus of dissent, Trie was labeled a "must appointment" from "the highest levels of the White House."¹⁴²

The other commissioners, in general, were "less than complimentary" about Trie's input as part of the commission. He eventually attempted to offer his own recommendations, which the rest of the commission saw as "superficial, grammatically deficient, and generally unhelpful."¹⁴³ Trie was a part of commission when his role in illegal campaign financing surfaced, which saw him flee to China. Despite the controversy then surrounding Trie, the Clinton administration never formally revoked Trie's appointment and he remained a member until the commission concluded its work in April 1997.¹⁴⁴ Congressional investigations into Trie determined that he, as well as another associate Maria Hsia – the aforementioned close friend of and fundraiser for Vice president Al Gore, had "close relationships with the Chinese government and/or intelligence agencies."¹⁴⁵

Years later, in 2018, Ng Lap Seng, Trie's accomplice, was sentenced to 48 months in a US prison for attempting "to bribe United Nations ambassadors to obtain support to build a conference center in Macau that would host, among other events, the annual United Nations Global South-South Development Expo."¹⁴⁶

JOHNNY CHUNG

Along with John Huang and Charlie Trie, another major player in the scandal around 1996 campaign financing was Johnny Chien Chuen Chung. Like Huang and Trie, Chung was granted numerous White House visits, many of which directly involved Mark Middleton, in exchange for his sizable donations to the Democratic party, the Clinton/Gore re-election campaign, and John Kerry's campaign for Senate during that same election season. Also like Huang and Trie, the vast majority of Chung's donations were illegal as they were of foreign origin.

Born in Taiwan in 1954, Chung immigrated to the US in 1988. In 1992, he founded a company called Telform Inc. that later developed into Automated Intelligence Systems Inc. (AISI). The company marketed a "fax broadcast system" and soon had branch offices in Hong Kong, Washington DC, and China. Soon after founding Telform/AISI, Chung came into contact with the Clintons.

His claims about their initial meeting is bizarre – per Chung, he flew to Little Rock from Los Angeles after watching Clinton and Bush debate and having an epiphany – that "political candidates and governments send out more faxes than private companies." After landing in Little Rock, he was – in late 1992 – able to approach the governor's mansion unimpeded. There, he "banged on the door" and "was fortunate enough to meet Hillary Rodham Clinton and pass her some information."¹⁴⁷

A few months later, in April 1993, Chung – at this point just a random businessman who had knocked on her door – received a letter from Hillary Clinton, which stated that he was "already on the right track" and wished him luck with his "innovative system." Chung used his letter from the First Lady to convince California Governor Pete Wilson to adopt his company's "fax broadcast system," and Wilson became his first client.¹⁴⁸ By the spring of 1995, Chung's company served 48 state government offices as well as federal agencies.

Chung began visiting the White House in February 1994, and quickly gained access to "the highest levels" of White House staff, ostensibly to sell his fax broadcast services. Among the White House documents handed over to congressional investigators was a page of handwritten notes about AISI with a notation stating "First Lady – if we don't use Johnny Chung we're in trouble."¹⁴⁹ Though the White House did not ultimately use Chung's service, Chung did take

many photographs of himself with the Clintons, vice president Gore, and others – and used them in a promotional brochure to market his company’s services throughout the public and private sectors.

Chung’s contributions, on a few occasions, intersected directly with events hosted or planned by Ernie Green, Charlie Trie, and others mentioned in the previous section(s).¹⁵⁰ On at least one occasion, he met with the same person at the White House at the same day and time that Johnny Huang was also meeting that same individual (who is referred to as “Lewis” in White House visitor logs).¹⁵¹ Like Charlie Trie, Chung received millions (\$2.4 million to be exact) in foreign wire transfers during the period he made his controversial campaign donations. During this same period, he co-founded eight corporations where “no business was conducted” with six prominent and very wealthy Chinese businessmen. The alleged purpose of these companies was to provide those prominent foreigners with easy access to a US visa and/or permanent residency.

In February 1995, Chung began planning the trip of a delegation of “very important and powerful business leaders from China” to the White House. Chung sought the aid of Mark Middleton to arrange the delegation’s meeting with the president and also sought to have the delegation meet with Vice President Al Gore and Commerce Secretary Ron Brown. A month later, Chung donated \$50,000 and was awarded a meeting with Hillary Clinton, who had apparently jumpstarted Chung’s career in the first place. Chung reportedly said, in response to this episode: “I see the White House is like a subway. You have to put in coins to open the gates.”¹⁵²

He had apparently made the donation at the behest of Hillary Clinton’s top aides. After he sought “VIP treatment” for the delegation at the White House, “he was asked to help the First Lady defray the cost of White House Christmas receptions.”¹⁵³ A staff assistant of Clinton’s at the time, Evan Ryan, claimed that she “had some debts with the DNC” and solicited the money from Chung, allegedly on behalf of Maggie Williams, then Hillary Clinton’s chief of staff.¹⁵⁴ This explanation deserves at least some scrutiny because, as noted previously, Hillary Clinton’s “defraying” of the cost of White House redecorating had resulted in a controversial fundraiser involving Jeffrey Epstein, Clark Clifford and others, and had also been mentioned in Vince Foster’s “suicide note.” Thus, it appears that Hillary Clinton’s “fundraising” efforts for seemingly innocuous First Lady-related

activities seemed to have been linked, on more than one occasion, to suspect individuals, including foreign intelligence assets.

Hillary Clinton's office subsequently assisted Chung in taking his Chinese delegation to president Clinton's radio address, where several pictures were taken of the delegation with the president. Some White House staff raised concerns about these pictures, worrying that their release could "embarrass the president."¹⁵⁵ Chung used his influence with the DNC to "vigorously pursue" the release of the pictures. He secured their release only after he paid \$125,000 to attend a fundraiser at the home of the Mega Group's Steven Spielberg.

These pictures were apparently picked up at the White House by Gina Ratcliffe, an intern in Hillary Clinton's office who had been offered a "dream job" by Chung and who accompanied him to China a few days later. Chung had also attended the fundraiser of Spielberg's mentor, Lew Wasserman, which James Riady also attended. After the event, a DNC director wrote him, stating "Thank you for your help in making the event at Edie and Lew Wasserman's home such a success."¹⁵⁶ That same DNC director, Kimberly Ray, also wrote identical letters to two Chinese businessmen who had attended despite being unable to legally contribute and had wired large sums of money to Chung's company a week before the fundraiser.

Like Charlie Trie, Chung also solicited numerous "straw donors" who were reimbursed by Chung or his foreign national associates after donating. It is worth mentioning that Trie also nearly became a business partner of Chung's. According to the *Washington Post*: "Trie and his Macao-based financier Ng Lap Seng tried to broker a deal with Chung in which they would buy the rights to market his fax business in China," but Chung ultimately declined the offer.¹⁵⁷

Chung's access to the highest levels of government did not stop at the First Lady's office. Acting on behalf of major Chinese corporations, such as state-owned oil company Sinopec, Chung secured meetings with the Secretary of Energy Hazel O'Leary and Deputy Treasury Secretary Larry Summers. The most controversial Chinese businessman that Chung assisted in his influence efforts was a woman named Liu Chao-Ying, the vice president of China Aerospace International Holdings, a Hong Kong subsidiary of the state-owned China Aerospace corporation. During investigations, it emerged that Liu Chao-Ying's father was, at the time, "the most senior general" of China's military and "one of seven members of China's all-powerful ruling party standing committee."¹⁵⁸ He is

also the man credited with overseeing the modernization program of China's armed forces.¹⁵⁹

Chung officially assisted Liu with her efforts to purchase aircraft parts from US suppliers and to raise capital from US financiers. He also incorporated a division of her company, Marswell Investments, in California and the two explored using it in "phone parts and telecommunications ventures," though it appears the company never did any business.¹⁶⁰

Chung later admitted that the funds he had received from Liu Chao-Ying, who "held the military rank of lieutenant colonel in the Chinese military," had originated from Chinese military intelligence and were funds explicitly intended to influence US elections.¹⁶¹ Chung specifically stated that, in his presence, Gen. Ji Shengde, the head of China's military intelligence, "informed Liu that he would wire \$300,000 to her and she was to transfer it to Chung. Chung said that Ji also told Liu that he required a receipt 'in order for me to report [the expenditure] to the [intelligence] agency.'"¹⁶²

Chung's testimony also implicated Mark Middleton, the Clinton aide who had assisted Huang, Riady, Trie, and Ng as well as Chung. Chung stated that Liu Chao-Ying told him that Middleton had also been given funds from Chinese military intelligence, over half a million dollars, "to do good things for China."¹⁶³ The payment to Middleton, per Chung, had been made through an unknown group in Singapore.

Around the same time the illegal campaign finance scandal (i.e. Chinagate) emerged, an American business partner of another China Aerospace subsidiary, Great Wall Industries, came under investigation for illegally transferring advanced technology to China. That company, Loral Space Systems, is notable as, during this very election cycle, the largest (legal) donor to the Clinton re-election campaign was Loral's CEO – Bernard Schwartz.

Schwartz's activities will be revisited in the next chapter alongside Wang Jun – the arms dealer aided by Charlie Trie – as both were involved in technology transfers of dubious legality to China during this period. For now, it is important to note that Schwartz paid \$100,000 to the DNC in 1994 and subsequently appeared to be rewarded with a spot on Commerce Secretary Ron Brown's plane to China. The *New York Times* reported that "On the plane, Schwartz said he asked Brown if he could arrange a private meeting with Zhu Gao Feng, the vice minister of China's Ministry of Post and Telecommunications" and another prominent

telecommunications official. As a result of that meeting, Loral won “a deal to provide cellular telephone service to China.”¹⁶⁴

In February 1996, a failed rocket launch revealed that Great Wall Industries, the China Aerospace subsidiary, had obtained a commercial satellite from Loral that “led to accusations of an unauthorized transfer of missile technology to China.”¹⁶⁵ After donating heavily to the DNC in 1996, Schwartz subsequently pushed for “the transfer of satellite export approval from the State Department to the Commerce Department,” which Clinton granted.¹⁶⁶ As Schwartz’s donations kept flowing, president Clinton continued to sign off on Loral’s exports of satellites containing sensitive technology to China. It was later revealed that “the president was warned that approving the launching could be seen as letting Loral ‘off the hook on criminal charges for its unauthorized assistance to China’s ballistic missile program,’” yet he continued to sign waivers for Loral.¹⁶⁷

Schwartz, like those in the illegal campaign finance scandal (i.e. Chinagate), had mainly used his wealth and campaign donations to secure favors; favors which enabled his company to transfer sensitive technology to China. In doing so he – like Huang, Riady, Trie, and others – focused specifically on the Commerce Department, especially the then Commerce Secretary Ron Brown. Given what has already been detailed in this chapter, it appears that the main thrust of “Chinagate” and suspect donations made during this campaign cycle were focused on changing US trade policy so as to enable the increased export of sensitive technology to China. This helps explain why Ron Brown and the Commerce Department were the prime targets of this extensive influence operation.

CRASH IN CROATIA

On April 3rd, 1996, just as “Chinagate” and its effort to specifically influence the Commerce Department were beginning to come to light, tragedy struck. USAF CT-43, a US military plane operated by the 76th Airlift Squadron of the 86th Airlift Wing from the Ramstein airbase in Germany, crashed while en route to Dubrovnik, Croatia.

Officially, the cause of the crash was attributed by investigators to “failure of command, aircrew error, and an improperly designed instrument approach procedure” – in part because of an unfamiliar “1930s-era navigational system” maintained by the airport and a lack of “proper training” of the pilots.¹⁶⁸ In his speech following the crash, President Clinton stated that it had been a “peculiar mix of circumstances,” before adding that “if only one or two little things had happened, the crash might not have happened.”¹⁶⁹ Three days after the crash, the head of navigation at the Čilipi Airport, Niko Jerkuić, was found dead, shot in the chest. His death was ruled a suicide.¹⁷⁰

The list of those killed in the USAF CT-43 crash was significant. Onboard was Commerce Secretary Ron Brown himself as well as Kathryn Hoffman, his special assistant. There was also Charles Meissner of the Commerce Department’s ITA, who had been Johnny Huang’s superior at Commerce. Meissner wasn’t the only one from ITA to have died in the crash. A number of other ITA personnel – Stephen Kaminsky, Bill Morton, Lawrence Payne, and Naomi Warbasse – were killed, as was an “economic reconstruction expert” from the CIA’s Balkan Task Force, James Lewek. All these individuals were in Croatia for a trade mission that was set up “not only support U.S. business interests, but to assist and enable the development of a newly independent Croatia.”¹⁷¹

Almost immediately following the crash, anomalies were found by US military investigators who had arrived quickly on the scene. Most of these focused on Brown himself: he bore, for example, a perfectly “circular hole” in his skull.¹⁷² Steve Cogswell, the deputy medical examiner for the Armed Forces Institute of Pathology (AFIP), would later repeatedly refer to this hole as an “apparent gunshot wound.”¹⁷³ Cogswell further noted that “Brown had a .45 inwardly beveling circular hole in the top of his head, which is essentially the description of a .45 caliber gunshot wound” (“inwardly beveling” means that the interior of the

wound is larger than the surface of the wound, which is consistent with gunshot wounds).¹⁷⁴ Others, including AFIP forensic photographer Kathleen Janoski, agreed that by all appearances the hole was caused by a bullet.¹⁷⁵

Air Force Col. William Gormley, who carried out the first examination of Brown's body, disagreed with Cogswell's insistence on the hole's gunshot wound characteristics – citing most specifically the lack of any exit wound elsewhere in Brown's head. Gormley, however, was not authorized to carry out an autopsy on Brown's body. No subsequent autopsy was ever performed.

There was also the question of strange elements that were found in X-rays taken of Brown's head. Around the wound were what appears to have been metal fragments, which itself is consistent with instances where bullets begin to break apart and shed metal upon impact. Kathleen Janoski would later tell journalist Wesley Phelan that, according to Jean Marie Sentell, a criminal investigator for the Navy, the original X-rays of Brown's head were “deliberately destroyed because they showed a lead snowstorm” – the technical term for the fragmenting of a bullet inside a body.¹⁷⁶

The deaths of Brown and his colleagues in April 1996, weren't the only strange deaths to befall the Commerce Department that year. Months later, on November 30th, the body of Barbara Alice Wise was found in her office.¹⁷⁷ Wise had worked for over a decade as an “industry analyst in ... the office of materials, machinery, and chemicals” within the ITA, which “provided analysis of industries designed to boost export sales.”¹⁷⁸ Though bruises were found on her body and “no outward sign of any cause of death” was noted by investigators, Wise's death was quickly determined to be a result of natural causes.¹⁷⁹

As for Brown, at the time of the plane crash, he was involved in not one but two legal affairs related to the Commerce Department. The first was the Judicial Watch suit against the Commerce Department in connection with John Huang, in which Brown “was a material witness ... noticed to testify.”¹⁸⁰ The second was an independent counsel probe. Nolanda Hill, a close associate of Brown, reported that Brown had told her he was going to negotiate a “plea agreement” with the independent counsel and, shortly thereafter, was “asked unexpectedly to travel to Croatia.”¹⁸¹

The independent counsel probe involved a small Hohokam energy company called Dynamic Energy Resources. Yet, it appears that the inquiry was on track to link that company's affairs – and its connection to Brown – to the wider networks

involving the activities of Huang, the Riadys, and Jackson Stephens within the Clinton administration.

Dynamic Energy was closely tied to the Brown's Commerce Department. For example, Brown's son Michael had been placed on Dynamic Energy's board and had received a number of rewards – including “a five percent stake” in the company and a “\$60,000 golf club membership.”¹⁸² Meanwhile, Helen Yee, mother of Commerce Department insider – and close Huang associate – Melinda Yee, was also placed on the board of Dynamic Energy and received company stock.¹⁸³ Melinda Yee herself accepted “at least two trips” from Dynamic Energy between 1994 and 1996, neither of which were reported on her government financial disclosure statements as required by law.¹⁸⁴ Then, there was Trisha Lum. The daughter of Dynamic Energy's owners, Nora and Eugene Lum, Trisha was given a job at Brown's Commerce Department.¹⁸⁵

Brown himself had close ties to the Lum family. According to the *Washington Post*, Nora Lum and Brown had become acquainted during his tenure as DNC chairman (around 1989 or so), and the Lums had become major Democratic Party fundraisers during the 1992 election cycle.¹⁸⁶ Following meetings with Brown that year, the couple had organized the DNC's Asian Pacific Advisory Council (APAC) – a fundraising and outreach body whose events had been attended by Huang.¹⁸⁷ There are allegations that APAC was used by the Lums to move illegal donations into the Clinton campaign. According to APAC fundraiser Charles Chidiac, Nora showed him a “grocery bag containing cash at APAC's offices one day in October 1992. The money was in stacks of \$100 bills” and allegedly amounted to \$50,000.¹⁸⁸

Intriguingly, Chidiac had earlier been named an un-indicted co-conspirator in the Banca Nazionale del Lavoro “arms for Iraq” affair (discussed in chapter 7).¹⁸⁹ Chidiac, described in testimony as someone who presented himself as being “connected with US intelligence services,” had engaged in fraudulent financial transactions with BNL's troubled Atlanta branch via his company, Selco East Consultants.¹⁹⁰ Selco East was also the subject of considerable controversy in the UK, when it was discovered in the late 1980s that Chidiac had used the company to court Conservative MP John Browne, a close advisor to Thatcher on Soviet issues. Together, Chidiac and Browne lobbied for companies looking to do business in the Middle East.¹⁹¹ Subsequently, Chidiac turned his attention towards Hawaiian real estate, and it was there that he encountered the Lums.

It was immediately following the APAC fundraising and the subsequent election of Clinton that the Lums set up Dynamic Energy. It was a shady deal from the beginning: The Lums “had no experience in the oil and gas business” and it “was not clear where [they] got the money” for their new enterprise.¹⁹² One of their partners was Stuart Price, a Clinton campaign official who later testified that “he was invited into [Dynamic Energy] by a friend at the Democratic National Committee.”¹⁹³ Price was the son-in-law of George Mitchell, then serving as Senate Majority Leader. Later, Mitchell would be identified by Virginia Giuffre as one of the men that Jeffrey Epstein forced her to have sex with.

Accusations soon arose that the Lums were using Dynamic Energy as little more than a glorified apparatus for funneling money to politicians, as well as themselves. The company’s coffers were used by Nora to “pay more than \$3 million for dividends, unearned consulting fees, and outside investments, including a Honolulu condominium unit and a California stereo manufacturer.”¹⁹⁴ According to the FBI, the Lums were “alleged to be facilitators and conduits for payments from private individuals involved in real estate developing to public officials.”¹⁹⁵ Unsurprisingly, the Justice Department, when Webster Hubbell was still Associate Attorney General, turned a blind eye toward the Lums. When Hubbell was asked about the family during the course of the 1996 inquiry, he and his lawyers declined to comment.

The capstone of Dynamic Energy’s activities involved a contract with Oklahoma Natural Gas (ONG), a major supplier of natural gas to Oklahoma and surrounding states. Despite having no oil and gas holdings at the time, Dynamic Energy and ONG entered into negotiations over an arrangement where Dynamic Energy would supply ONG with gas at a rate that exceeded the market price. This deal, according to a subsequent lawsuit, would lead to \$65 million in overcharges to be paid by ONG customers.¹⁹⁶ In other words, the wealth that was being accrued by the Lums and their cohorts was being milked from the American public.

ONG had ties to another energy company operating in the Midwest, Arkla Inc. While they had turbulent relations during the 1970s, by the late 1980s and 1990s, the two companies had developed a collaborative relationship. For example, the pair were building Oklahoma’s largest natural gas pipeline, which would help provide ONG gas to Arkla and its customer base.¹⁹⁷ Arkla itself had been previously tied to the fortunes of the Stephens family. In 1956, it had been

acquired by Jackson Stephens' brother, Witt Stephens, who at the time was the controlling figure in Stephens Inc. After taking over Arkla, Witt left Stephens Inc. in Jackson's hands.¹⁹⁸ The family held control of Arkla until sometime in the 1980s.

Arkla also had ties, beyond the Stephens connection, to the circles around Clinton. During the course of the Clinton administration confirmation hearings, it was revealed that Webster Hubbell held Arkla stock and was personally familiar with the company's president.¹⁹⁹ Even more important, however, was the role played at the company by Mark Middleton's boss, Clinton chief of staff Thomas "Mack" McLarty. From 1983 through 1992, he had served as Arkla's chairman and CEO.

During the height of its negotiations with ONG – which surely would have had ramifications for Arkla – Dynamic Energy went about acquiring another oil company called the GAGE Corporation. This was presumably done to obtain the gas reserves needed for the ONG deal, and there is evidence to suggest that the Clinton administration personally intervened to ensure that the acquisition took place. Nolanda Hill later stated that she was present when Ron Brown made a call to McLarty where they discussed "a glitch in the timing of the GAGE deal and the need for bridge financing to keep the deal from falling apart."²⁰⁰ Around the same time, Hill said, Brown had a meeting with Hillary Clinton where the GAGE deal and McLarty's role in it was discussed.

The Lums did end up obtaining the financing it needed, which allegedly came from the Llama Company.²⁰¹ Llama was an Arkansas investment bank set up by Alice Walton, the heir to the Walton fortunes behind Walmart. As discussed in chapter 8, Walmart was part of the corporate network tied into the circles around Hillary Clinton. It was a Rose Law client, and Hillary Clinton herself had sat on the board of directors of the company for six years.²⁰² In documents made public during the Whitewater hearings, Llama was shown to have been one of the firms tapped by the ADFA to underwrite the bonds it issued.²⁰³

In addition, Dynamic Energy's offices were located in the State Bank of Tulsa building. The State Bank of Tulsa had been owned, since 1991, by Arvest, another Walton company and where Alice Walton had run the investments division prior to forming Llama.²⁰⁴ Dynamic Energy's move into this building had been arranged by George Mitchell's son-in-law, Stuart Price.²⁰⁵

It's fairly apparent what was taking place here: Dynamic Energy Resources seems to have been an attempt to provide rewards, monetary and otherwise, to individuals linked to the early 1990s "Chinagate" fundraising efforts and the subsequent activities that were taking place at the Commerce Department under Ron Brown, and in the ITA in particular. It also appears that when the deal was in jeopardy due to financing issues related to the GAGE acquisition, the Clinton administration intervened and used the tools at their disposal, tools they had been built up through their long history of political nepotism. The simultaneous probes into shady fundraising and into the relationship between Brown and the Lums likely would have revealed the full extent of this corruption, and could have unraveled much more. In light of this, the deaths of Brown and a number of high-ranking ITA employees in the crash USAF CT-43 – as well as the anomalous wound on Brown's head – raise troubling questions.

Remarkably, this isn't the only death that appears in close proximity to the Lums and Dynamic Energy. There was also the case of Ron Miller, the former owner of GAGE until the company was sold to the Lums. Shortly thereafter, Miller began to cooperate with authorities, supplying information to the FBI and Congressional investigators concerning the Lums family and their activities. This included 165 tape recordings he had made with the Lums and other Dynamic Energy principals.²⁰⁶ In late 1997, Miller died following a short illness that was described by the Oklahoma state medical examiner's office as "respiratory distress syndrome due to undetermined etiology," although it was ultimately written off as a death from natural causes.²⁰⁷ Yet, prior to his demise, Miller and those close to him had reported that he was being followed and had received death threats.²⁰⁸

EPSTEIN AND MIDDLETON

Aside from the sudden death of Ron Brown and other Commerce officials, Mark Middleton – a central figure in the campaign finance scandals of the mid-1990s – would also, years later, suffer a grisly fate. He died on May 7, 2022 at a ranch in Arkansas owned by Heifer International, a non-profit whose funders include Walmart, Blackrock and the Bill & Melinda Gates Foundation.²⁰⁹ Heifer International is partnered with the Heifer Foundation, and the foundation's board of trustees is chaired by Martha Brantley, the former Director of Strategy and Business Development for the Clinton Development Initiative, which is part of the Clinton Foundation.²¹⁰

The local sheriff told media that, at the ranch, Middleton was found hanging from a tree branch by the neck with a shotgun blast to the chest.²¹¹ It was subsequently claimed by authorities that he had hung an extension cord around his neck before shooting himself in the chest with a shotgun. Despite the shotgun blast to his chest, police claimed there “was not a lot of blood or anything” at the scene.²¹² Speculation about Middleton's death grew after an Arkansas judge sealed all photos, videos, and visual content related to Middleton's alleged suicide.²¹³

Shortly after Middleton's death was reported, it was widely noted that he had been the official at the Clinton White House to sign off on many of Jeffrey Epstein's visits. The full extent of Middleton's role in facilitating these visits had been made public only a few months before Middleton's death, in December 2021.

Thus, not only was Middleton the point man for questionable individuals with links to Chinese military intelligence seeking to gain access to the White House compound, he was also the point man for the intelligence-linked Epstein to do the same. This should be a clear indication that the real “Chinagate” scandal was much larger in scope than just China and the same can also be said of Mark Middleton's activities at the time.

While foreign intelligence-linked individuals were gaining unparalleled access to the Clinton White House through fundraisers, so was another intelligence-linked individual, Jeffrey Epstein. As previously mentioned, Epstein's first visit on – February 25, 1993 – was signed off on by Robert Rubin, who would go on to serve as Treasury Secretary. Other visits in 1993 included the donor reception

detailed earlier in this chapter as well as other visits signed off by Ann Stock, then-White House social secretary who also appears in Epstein's book of contacts, and Lisa Mortman, then-staff assistant to the director of media affairs.

Epstein began meeting with Mark Middleton in 1994 and it was this year that the bulk of Epstein's visits to the White House were made. Several of the visits during 1994 either list Middleton or Karen Ewing as signing Epstein into the White House. According to sources cited by the *Daily Mail*, Ewing "was involved in sending names of visitors to be cleared by the Secret Service and that Epstein was there to see Middleton, not her."²¹⁴

In addition, the three days in 1994 where Epstein made multiple White House visits in a single day were all tied to Middleton. Middleton, from early 1994 on, seems to have been the main facilitator of Epstein's White House visits as Epstein's final visit, in January 1995, took place just weeks before Middleton resigned. It was during these visits that Epstein allegedly met then-Senate majority leader George Mitchell. As previously mentioned, Mitchell was named by Virginia Giuffre in a deposition as one of the men Epstein forced her to have sex with.

Epstein was notably accompanied by young women, as well as Ghislaine Maxwell, during several of his White House visits. The first of the women to accompany him appears to have been a woman named Shelley Gafni, of which little is known. It was suspected that an Israeli model of the same name had been the one to accompany Epstein, but she denied this was the case when confronted by a journalist in early 2022.²¹⁵

Other women included Celina Midelfart, a Norwegian heiress who was 21 at the time and had also dated Donald Trump; Eva Andersson-Dubin, a former girlfriend of Epstein's who was then 33 and married Glen Dubin shortly before her White House visit with Epstein; and Francis Jardine, a South African former model who was believed to be in her 20s; and his one-time girlfriend turned madam, Ghislaine Maxwell, who was 32 at the time.²¹⁶ Midelfart, Jardine, and Maxwell were all reported to be Epstein's "girlfriends" during the 1990s and it seems their intimate relationships with Epstein may have overlapped. Their relationships with Epstein are revisited in chapter 18.

Francis Jardine was alleged to have been in a relationship with Epstein in the 1990s, as revealed during the trial of Ghislaine Maxwell. Jardine flew on Epstein's plane 12 times and appears in his contact book. Sometime in the 1990s, Jardine married John Deuss, the oil trader with deep ties to Marc Rich and Ted Shackley.

Deuss, like Epstein, Khashoggi, and others in this network, had a reputation for using beautiful young women, usually models, to secure favors and loyalty (as well as potential blackmail) from business associates.²¹⁷ Notably, Jardine's address during this time is listed as being the Ossa Properties-owned apartments at 301 66th Street discussed in chapter 12.

Other women who also appear in the White House visitor logs alongside Epstein are Jennifer Garrison, Jennifer Driver, and Lyoubov Orlova. Flight logs from Epstein's plane confirm that these women were traveling with him at the time of those visits.²¹⁸ However, little about them is known. Some of them may be the mysterious women who are in photographs with Epstein that were taken at the White House. During the Ghislaine Maxwell trial, two framed pictures hanging on the wall of Epstein's mansion showed Epstein standing at the podium of the White House briefing room on two occasions. In one, he is with an unidentified brunette, and in another with an unidentified blonde.²¹⁹

Jennifer Driver's visit to the White House with Epstein, which took place on May 13, 1994 is particularly interesting. Flight logs for that day show Epstein flying from Teterboro to Reagan National Airport with Jennifer Driver. After their visit to the White House, the two flew from Washington to Palm Beach, this time – per flights logs – accompanied by “Mark.”²²⁰

This Mark was Mark Middleton, as the following day, Mark Middleton appeared on the flight logs, showing that he accompanied Epstein on his plane from Palm Beach to Grand Bahama International Airport.²²¹

With both Middleton and Epstein dead, it is exceedingly difficult to determine the exact nature and extent of their relationship as well as the subject of their White House meetings. Yet, Middleton's major role in the campaign finance scandal, as described above, is a critical clue. As it turns out, Epstein and other unsavory figures tied to Robert Maxwell were also involved in suspect fundraising and influence efforts during the 1996 campaign season in what is perhaps the other, less explored side of the so-called Chinagate scandal.

THE DNC AND THE MAXWELL MAFIA

Whatever Middleton and Epstein had discussed at the White House, Epstein's involvement with the Clintons had grown considerably by the time Middleton departed the Clinton administration. Roughly a month after Middleton's resignation, Epstein was among a "very select group of people," fourteen in total, who joined President Clinton for a three-hour dinner at the home of billionaire Ron Perelman in Palm Beach, FL, in March 1995.

Ron Perelman, like another close Epstein associate Leon Black, is a veteran of the infamous corporate raiders of Drexel Burnham Lambert during the 1980s and prior to its collapse in 1990. Perelman's business tactics were known to be informed by his volcanic temper and his ruthlessness, with former Salomon Brothers CEO John Gutfreund once having remarked that "believing Mr. Perelman has no hostile intentions is like believing the tooth fairy exists."²²²

Perelman apparently first became interested in courting influence with the Clintons after marrying Patricia Duff in 1994. Duff was deeply connected to the Democratic Party, having worked for Democratic pollster Pat Cadell. Prior to marrying Perelman, she had been married to movie mogul Michael Medavoy and had "introduced Clinton to the Hollywood establishment," according to the *Washington Post*.

As Perelman's wife, Duff styled herself a leading Democratic fundraiser, with the 1995 fund-raising dinner being emblematic of that. Also, in 1995, Perelman attended a \$1,000-a-plate dinner in New York for the Clintons, where Perelman sat across from the President, as well as a state dinner for Brazil's president at the White House.²²³

For Perelman, his generosity to the Clinton political machine resulted in an appointment by Clinton to the board of trustees of the Kennedy Center in 1995. Other, less public gestures from the Clintons were likely, as Perelman offered much more to the First Family than he appears to have received in return. Perhaps most notable of Perelman's favors for the Clintons was his offering of jobs to scandal-ridden members of their administration, Webster Hubbell and Monica Lewinsky, in the wake of their respective controversies.²²⁴

However, after the job offers were publicly reported, both Hubbell and Lewinsky were let go, though the offers later caught the attention of independent

counsel Ken Starr. Starr never subpoenaed or investigated Perelman or the offers he had made to Hubbell or Lewinsky and, years later, would be one of Epstein's defense lawyers.²²⁵ Perelman would later be listed as a frequent dinner guest of Epstein's in the 2003 *Vanity Fair* profile penned by Vicky Ward and is listed in Epstein's black book of contacts.²²⁶

Perelman's controversial hiring of Hubbell and Lewinsky had been arranged by Clinton advisor Vernon Jordan, who sat on the board of Revlon, a Perelman-owned company, while his wife was on the board of another Perelman-owned firm. Jordan was known as Clinton's "conduit to the high and mighty" and had taken Clinton to the 1991 Bilderberg conference.²²⁷ On the decision to hire Lewinsky following the scandal, a former business associate of Perelman's told the *Washington Post* that "It's like the Mafia, it's all done in code," adding that "I can assure you that Ronald made the decision to give Lewinsky the job. And I can assure you he wouldn't want to know why Jordan was asking."

At the 1995 fundraiser in Perelman's mansion, other guests besides Epstein included: Clinton friend and "bundler" A. Paul Prosperi, singer Jimmy Buffett, Miami Vice actor Don Johnson, actor Michael Douglas' then-wife Deandra, and DNC co-chair Don Fowler. According to the *Palm Beach Post*, guests had donated at least \$100,000 to the DNC to attend the dinner with the President, including Epstein.²²⁸ This was, of course, part of the fundraising season for the 1996 Clinton-Gore re-election campaign, where the DNC was later under heavy scrutiny due to illegal fundraising, much of which appears to have been linked to foreign intelligence operations.

Other notable guests at the fundraiser included Bob Kanuth, an investment banker who previously served in both the US military and the CIA, and Sylvia Hassenfeld of the Hasbro family.²²⁹ Aside from being extremely wealthy due to her family connections, Hassenfeld was intimately involved in Zionist philanthropic organizations, serving as the national chairwoman of the United Jewish Appeal's women division and holding top leadership posts at related organizations like United Israel Appeal and the Jewish Agency for Israel.²³⁰ This is significant as Leslie Wexner was, as previously mentioned in chapters 13 and 14, one of the largest donors to the United Jewish Appeal and served as its national vice chairman while also attending closed door meetings with Israel's top leadership during this period.²³¹

In addition, all three of these organizations to which Hassenfeld belonged also had considerable ties to the Bronfman family, particularly Charles Bronfman, who co-founded the Mega Group with Leslie Wexner in the early 1990s. In the 1980s, Charles Bronfman served on the Board of Governors of the Jewish Agency for Israel; served as honorary President of United Israel Appeal's Canada branch and built a coalition with the United Jewish Appeal via the Charles and Andrea Bronfman Foundation to create Israel Experience Inc., an initiative to send Jewish teens to Israel founded in 1993.²³²

In addition, Bronfman's foundation has donated millions to the Jerusalem Foundation, where Hassenfeld served as vice chairwoman.²³³ The foundation had been founded in the late 1960s by Teddy Kollek, the former mayor of Jerusalem whose ties to the organized crime and intelligence-linked Bruce Rappaport were detailed in chapter 3. Bronfman would lead both the United Jewish Appeal and United Israel Appeal after those organizations merged in 1999 with the Council of Jewish Federations to form what is now called the Jewish Federations of North America. Soon after the merger, Bronfman became its first chairman of the board and served in that capacity until 2001.

As mentioned earlier in this chapter, Edgar Bronfman, Charles's brother, was on the DNC's Finance Board of Directors during this campaign season. In addition, other members of the Mega Group were involved with major fundraising events during this controversial election cycle, namely Steven Spielberg. Spielberg, as well as his organized crime-linked mentor Lew Wasserman, hosted fundraisers that played a role in the activities of Johnny Chung and Johnny Huang, respectively. Also discussed earlier in this chapter was the fact that the Mega Group's other co-founder, Leslie Wexner, has been alleged to have been courting influence at the White House at the time via his "protégé" and money manager, Jeffrey Epstein.

It is certainly telling that all of Epstein's earliest documented interactions with the Clinton White House revolved around controversial fundraising, including illegal fundraising tied to foreign influence campaigns. This is especially true given that Mark Middleton was Epstein's main White House contact, as Middleton was one of the key players in the Chinagate affair that also involved controversial fundraising tied to foreign intelligence. It is also important to keep in mind that, by this point, Epstein had been involved in criminal financial activity with Towers

Financial and in helping to both find and hide “looted” funds for powerful people, including Adnan Khashoggi.

It is also worth noting that, during this period of questionable fundraising in which Epstein was involved, other dubious figures linked to organized crime also sparked controversy for attending prominent Clinton and DNC fundraisers. For instance, Richard Mays, an Arkansas lawyer and Clinton friend, secured the attendance of twice-convicted felon Eric Wynn, who was linked to the Bonanno crime family via court documents, at a DNC-arranged coffee with the President in December 1995.²³⁴ Wynn had also attended several DNC fundraisers using tickets purchased by Richard Tienken, who had close ties to the Lucchese crime family. Wynn had also aided Tienken’s separate fundraising efforts for Clinton, according to the *Washington Post*. Notably, Richard Mays also played a peripheral role in the suspect activities of Charlie Trie during this period.

Another organized crime figure was nearly brought into the 1996 election fundraising fold by DNC fundraiser and Zionist millionaire Sam Domb, a close friend of Steven Spielberg and former Israeli prime minister Ariel Sharon, among others.²³⁵ Domb was a major fundraiser during the 1996 campaign for Clinton, so much so that he was prominently seated at the First Lady’s table at a DNC managing trustees’ dinner in February 1995. Next to Domb at the table was Charlie Trie. Notably, Domb can be found in Epstein’s book of contacts.

Domb came under media scrutiny in 1996 for having brought a man named Grigori Loutchansky to a DNC dinner in 1993. At that fundraiser, Loutchansky later “told reporters that the President asked him to convey a message to the president of Ukraine, asking him to reduce the country’s nuclear stockpile,” a charge later denied by a senior administration official.²³⁶

Domb attempted to bring Loutchansky to a 1995 DNC fundraiser at the Hay Adams hotel, until the Clinton administration’s national security council recommended Loutchansky not attend. Domb was asked to rescind the invitation and reluctantly did so. It later emerged that the NSA had monitored conversations between Domb and Loutchansky and those conversations revealed that Domb was planning to donate \$25,000 to the DNC so Loutchansky could attend a DNC fundraiser. In 1996, *TIME* magazine reported that Loutchansky was “under investigation by law enforcement and intelligence agencies in the United States and other countries” for suspected involvement “in arms-trafficking, money

laundering, and other crimes.” Loutchansky’s US attorney at the time was Thomas Spencer Jr., a close friend of Ted Shackley’s.²³⁷

It turns out that Loutchansky was most likely a part of the “global coalition of criminals” organized by Robert Maxwell in the late 1980s when he went into business with organized crime in Eastern Europe and Russia. Loutchansky, at the time, was the president of a company called Nordex, a trading company based in Austria that mainly did business in the former Soviet Union and was previously discussed in chapter 9. Though he was born and raised in the Soviet Union, like Semion Mogilevich, he was using an Israeli passport to do business in Europe and the United States. Loutchansky was also “considered a significant player in Russian mob activities,” according to a congressional report.²³⁸

Per that same report, and as previously noted in chapter 9, Loutchansky was close to Marc Rich. The report noted that Rich “has ... been linked” to Loutchansky and that “According to press accounts, Loutchansky worked with Rich in the early 1990s selling Russian oil and aluminum from formerly state-run enterprises.”²³⁹ In addition, “English investigators found that [Loutchansky’s company] Nordex was co-founded by Rich when the Soviet empire collapsed. At the time, it served to transfer the Communist Party’s funds abroad, including stolen assets.”²⁴⁰ It was also reported that Nordex was a key part of Rich’s network after he helped found it: “the Volga Refinery, one of the largest in the Russian petroleum network, was acquired by Rich through an underworld corporate storefront called Nordex.”²⁴¹

Nordex was later described by Andrew Cockburn as an “ex-KGB front company” that intelligence sources believed was “involved in arms, drugs, the whole nine yards.”²⁴² It was also involved in the trade of nuclear materials. Its ties to both Soviet Union era intelligence and an Israeli intelligence asset like Marc Rich make Nordex a prime example of the intermingling of those networks, particularly after the fall of the Soviet Union. Another prime example of how those networks intermingled was, of course, Robert Maxwell himself. Perhaps unsurprisingly, the Maxwell child who had sought to be his “father reincorporated,” Kevin Maxwell, was intimately involved with Nordex as was his brother Ian.

According to a *Guardian* report from 1996:

[Kevin and Ian Maxwell] are working in what is described as a freelance capacity for Westbourne Communications, a central London consultancy run by Jean Baddeley – Robert

Maxwell's long-standing secretary – which has a number of projects in the former Soviet Union. ... At one time they were working with Nordex, a mysterious Vienna-based trading company, many of whose employees are former Soviet intelligence officers. Their involvement with Nordex was arranged through Westbourne.²⁴³

According to Tom Bower in his book *Maxwell: The Final Verdict*, Kevin Maxwell used Westbourne to continue his father's work in Russia and Bulgaria.²⁴⁴ Bower writes: "Kevin offered his expertise in finance and banking to Russians looking for investment opportunities in the West. Simultaneously, he had proffered his services to Western companies seeking contracts in the Soviet bloc."²⁴⁵ Those companies, per Bower, included Nordex and Salomon brothers.

Thus, it seems that many of the same tactics employed by those linked to the Riady family and/or Chinese military intelligence in Chinagate were also utilized by Jeffrey Epstein and those in his broader network.

FRIENDS IN HIGH PLACES

Aside from Epstein's growing importance as a Clinton donor, it appears that 1995 was also the year that the relationship between the Clintons and Epstein became more intimate in other ways.

In a letter dated April 27, 1995, Lynn Forester, now Lynn Forester de Rothschild, wrote:

Dear Mr. President: it was a pleasure to see you recently at Senator Kennedy's house. There was too much to discuss and too little time. Using my fifteen seconds of access to discuss Jeffrey Epstein and currency stabilization, I neglected to talk to you about a topic near and dear to my heart. Namely, affirmative action and the future.²⁴⁶

Forester de Rothschild then states that she had been asked to prepare a memo on behalf of George Stephanopoulos, former Clinton communications director and currently a broadcast journalist with *ABC News*. Stephanopoulos attended a dinner party hosted by Epstein at his now infamous Manhattan townhouse in 2010, years after Epstein's first conviction.²⁴⁷

While it is unknown exactly what Forester de Rothschild discussed with Clinton regarding Epstein and currency stabilization, a potential lead may lie in the links of both Forester de Rothschild and Epstein to Deutsche Bank. As noted previously in chapter 12, Epstein boasted of "skill at playing the currency markets 'with very large sums of money'" and that "Epstein had several meetings with Harold Levin, then head of Wexner Investments, in which he enunciated ideas about currencies that Levin found incomprehensible." Epstein also often claimed that he had made his fortune investing clients' money, including Wexner's, into currency markets.²⁴⁸

Epstein's more recent activity in currency markets, in the years that followed his first conviction, appears to have been achieved through his long-standing relationship with Deutsche Bank. As the *New York Times* reported in 2019:

[Epstein] appears to have been doing business and trading currencies through Deutsche Bank until just a few months ago, according to two people familiar with his business activities. But as the possibility of federal charges loomed, the bank ended its client relationship with Mr. Epstein. It is not clear what the value of those accounts was at the time they were closed.²⁴⁹

As previously mentioned, the son of Esther Salas, the judge set to oversee a case against Deutsche Bank related to its role in enabling Epstein's financial activities, was murdered right before that court case was to begin. The alleged assailant was Roy Den Hollander, formerly of Kroll Associates.

Forester de Rothschild, at the time of Epstein's arrest and still today, has served as an advisor to the Deutsche Bank Microfinance Consortium for several years and is currently a board member of the Alfred Herrhausen Society of International Dialogue of Deutsche Bank.²⁵⁰ Her close relationship with Epstein may be part of the reason why Deutsche Bank kept Epstein as a client for so long, despite years of warnings from bank employees regarding questionable activities connected to Epstein's accounts.

At the time the 1995 letter was written, Forester de Rothschild was a member of Clinton's National Information Infrastructure Advisory Council and, during the latter years of Clinton's second term, she also served on the advisory board for then-Secretary of Energy Bill Richardson. Richardson would later become one of the Clinton era officials closest to Jeffrey Epstein.

Forester de Rothschild had apparently known Epstein for at least a few years before she wrote the 1995 letter. Epstein had apparently played a role in her divorce from Andrew Stein, a major figure in New York Democratic politics, in 1993.²⁵¹ Andrew's brother, James Finkelstein, had married Cathy Frank, the granddaughter of Lewis Rosenstiel, the mob-linked businessman whose role in sexual blackmail operations were discussed in Chapter 2 and elsewhere.

Rosenstiel's apparent protégé, Roy Cohn, was the lawyer for Cathy Frank and James Finkelstein.²⁵² It was at their behest that Cohn attempted to trick a nearly comatose Lewis Rosenstiel into naming Cohn, Frank, and Finkelstein the executors and trustees of his estate, valued at \$75 million (more than \$407 million in 2022 dollars). Stein later worked for Ron Perelman and Perelman had hired Roy Cohn to represent him during his first divorce in the early 1980s.

According to a 2019 *Vanity Fair* article, Epstein claimed that Forester de Rothschild had "needed his financial help" during her divorce and that he had "graciously floated her," a claim that a Forester de Rothschild spokesperson denied at the time of the article's publication.²⁵³ A few years later, as a "gift" to Epstein, Forester de Rothschild introduced him to Alan Dershowitz, who would allegedly become entangled in his sex trafficking activities and later become one of Epstein's defense attorneys.

Forester de Rothschild also has ties to Ronald Lauder through her position on the board of directors of Estee Lauder companies. Forester de Rothschild also partnered with Matthew Bronfman, son of Mega Group billionaire Edgar Bronfman, to create the investment advisory firm Bronfman E.L. Rothschild LP.

More relevant, however, is Forester de Rothschild's decades-long relationship with the Clintons. Forester de Rothschild is a long-time associate of the Clintons and has been a major donor to both Bill and Hillary Clinton since 1992. Their ties were so close that Forester de Rothschild and her current husband, Evelyn de Rothschild, spent the first night of her honeymoon at the Lincoln Bedroom in the White House while Clinton was president. She and Rothschild had first been introduced at a Bilderberg conference by former Secretary of State Henry Kissinger, whose close relationship with Hillary Clinton is well documented.²⁵⁴ Kissinger's role in the PROMIS scandal as an enabler of Robert Maxwell's sale of the bugged software to Sandia national laboratory was discussed in Chapter 9.

Furthermore, a leaked email between Forester de Rothschild and Hillary Clinton saw Clinton request "penance" from Forester de Rothschild for asking Tony Blair to accompany Clinton on official business while she was Secretary of State, preventing Blair from making a planned social visit to Forester de Rothschild's home in Aspen, Colorado.²⁵⁵ Humbly requesting forgiveness is not something Hillary Clinton is known for, given that her former bodyguard once said she could "make Richard Nixon look like Mahatma Gandhi."²⁵⁶

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Doorway of 11 East 71st Street
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CHAPTER 17

EPSTEIN'S ENTERPRISE?

SPOOK AIR

The timing of Jeffrey Epstein's 17 White House visits, as well as Bill Clinton's suspiciously financed re-election campaign, largely coincided with at least three separate ventures that, not only intimately involved Epstein and Leslie Wexner's The Limited, but also two different CIA-linked airlines: Arrow Air and Southern Air Transport.

Beginning in March 1992, The Limited was linked in local press reports to efforts by different airlines to install themselves at Rickenbacker, specifically at Rickenbacker Air Industrial Park. The first of these involved the Russian state-owned airline Aeroflot. A Columbus development group, named A.R. Corp (with A.R. standing for Aeroflot/Rickenbacker) brought a seven-man delegation representing Aeroflot to Columbus.¹

The goal was to make Rickenbacker a main cargo hub for the airline and A.R. Corp had obtained the rights to set up North American Aeroflot Corp, an "independent U.S. cargo carrier." Reports at the time noted that an air cargo hub had originally been set up by none other than Flying Tiger Line – the airline connected to Anna Chennault and Robert Keith Gray (discussed in Chapter 5) – in the 1980s. By 1993, that hub had been leased to Federal Express, which had acquired the remnants of Flying Tigers, but had fallen into disuse.²

During the delegation's visit, they made just four stops: a tour of Rickenbacker's facilities, a reception hosted by the Columbus law firm Emens, Hurd, Kegler & Ritter, a visit with Franklin County commissioners and then Mayor Greg Lashutka, and – last but not least – "a tour of The Limited's distribution center with Lee Johnson, president of Limited Distribution."³

The deal was subsequently promoted as offering "a gateway to world markets for Rickenbacker Air Industrial Park," with Ralph Fresca – one of the three partners in A.R. Corp. – telling the *Columbus Dispatch* that "Little Rickenbacker would have access to ports that no other US airline can fly into" if the deal was approved.⁴

At the time, Larry Garrison, then the executive director of the Rickenbacker Port Authority, asserted that "international cooperative ventures such as North American Aeroflot are the wave of the future." Garrison also urged for many

existing restrictions on Rickenbacker flights, such as having at least one American having to present on the crew, be lifted.⁵

A little less than a year later, in January 1993, efforts to cement the deal continued. It was reported in the *Columbus Dispatch* on January 16 that a delegation from central Ohio was due to visit Moscow in March “in connection with a mid-April target to begin air cargo service from Columbus via Aeroflot Russian Airlines” at Rickenbacker.⁶ Among the six person delegation, and the only member of the delegation representing a private company was Lee Johnson, president of The Limited Distribution Services who, incidentally, had also become the chairman of the Inland Port Commission of Greater Columbus. A subsequent report, from March 17, stated that the Ohio delegation that included Johnson did indeed meet in Russia “with Aeroflot and government officials there [in Moscow] to work out arrangements for chartering cargo flights to Rickenbacker.”⁷

The January 1993 report also noted that unnamed “Columbus -area entrepreneurs” involved in getting the cargo service established were “talking to three major prospective investors to provide \$10 million to fund the venture, including two Wall Street investment banks and one Ohio-based corporation.”⁸

More importantly, the report added that “The fledgling cargo service [i.e. North American Aeroflot] is still talking to several air carriers to tie into its proposed worldwide service.” Per reports, “so far, the most firm is Arrow Air Inc. of Miami, which would connect with Latin American cargo bound for Europe and Russia.”⁹

This *Columbus Dispatch* report added more about Arrow Air’s planned role, stating that:

Arrow has committed to an almost daily flight to Columbus from five or six Latin American countries, Arrow Air President Dick Haberly said. It would bring pharmaceuticals, medical equipment, electrical goods, fresh flowers, and seafood for destinations in the United States, Europe, and Russia. Flights going back to Latin America would be loaded with electrical equipment, computers and textiles, Haberly said.

Arrow now has one daily flight into Columbus from various points in Latin America, a DC-8-63F capable of carrying 100,000 pounds of cargo. The capacity would be doubled by the new commitment.

Arrow recently brought some of its key customers from Latin America to Columbus, in order to tour Rickenbacker International Airport and to make them “comfortable” with the new arrangement, Haberly said.¹⁰

As the deal involving Aeroflot and Arrow Air continued to be cemented, it was then reported in March 1993 that “Among the many international companies that have central Ohio homes, The Limited played a key role in cultivating the Aeroflot Enterprise.”

In apparent reference to the role Arrow Air stood to play, this report also stated “The airline anticipates that its Rickenbacker flights also will link with cities in South America and along the Pacific Rim. The Limited each year imports about 60 million pounds of merchandise from Pacific Rim nations.”¹¹ The first flight of North American Aeroflot would take place shortly thereafter on April 26, 1993, originating in far eastern Russia and stopping in Anchorage, Alaska before arriving in Columbus. Its cargo, local media reported, “was bound for The Limited.”¹²

The involvement of Arrow Air in the Aeroflot charter flights, in which The Limited had been intimately involved, is highly significant. In court documents from 1991 and related to the arrest of Arif Durrani, federal prosecutors had referred to Miami-based Arrow Air as “a Florida Corporation contracted by the NSC[National Security Council]/CIA/SAT[Southern Air Transport] to move weapons and equipment as part of the covert Iran-Contra weapons/hostage operation.”¹³ Other documents referred to in that text are stated to “clearly show the CIA/NSC Arrow Air links.” Also referenced is the testimony of Southern Air Transport’s Charles Mulligan confirming that SAT had contracted Arrow Air for “extremely secret operations.”¹⁴

Also worth noting is the December 1985 crash involving an Arrow Air plane that had been carrying 248 American soldiers. It was subsequently determined that the plane had been involved in the “arms for hostages” aspect of Iran-Contra and had been carrying contraband weapons at the time it crashed. Also found among the plane’s wreckage was a “thirty-two-kilo army-issue duffel bag stuffed with US currency.”¹⁵

According to Jonathan Beaty and S.C. Gwynne in their book *The Outlaw Bank*, the money – likely amounting to millions of dollars – had been “BCCI money.” A BCCI-connected arms dealer interviewed by Beaty and Gwynne, referred to in the text of their book as “Heinrich,” subsequently claimed that the money had indeed belonged to BCCI, stating “This money on the plane was money that [BCCI founder] Abedi, money that the [BCCI] bank, had provided US intelligence for covert operations. The money was being used by the American military. I have no idea what for.”¹⁶

Remarkably, less than a month after the Aeroflot/Arrow Air arrangement in Rickenbacker had begun, Southern Air Transport itself would begin its efforts to claim dominance over the Columbus area airstrip. This, of course, raises questions as to why two airlines linked to Iran-Contra arms smuggling and covert intelligence networks were so eager to insert themselves into cargo concerns that intimately involved Leslie Wexner's The Limited.

On Wednesday May 12, 1993, Columbus newspapers reported that "another start-up air cargo service is poised to begin serving Rickenbacker International Airport with weekly flights," beginning that Sunday. This company was known as Polar Air Cargo, based in Long Beach, California, and it planned specifically – in its inaugural flight to Rickenbacker – "to land ... with clothing bound for The Limited Inc. from Hong Kong." The report also stated that "Polar hopes to make The Limited a regular customer, but it will deal with freight forwarders, not with the company."¹⁷

The article also notes that "Of Polar Air Cargo's 17 employees, more than half formerly worked for Flying Tigers, and the company one day hopes to use a portion of the now mostly vacant Flying Tigers facility at Rickenbacker, said Ned Wallace, chief executive officer."¹⁸ At the end of the article, it is revealed that Polar Air Cargo is a company that "harnesses the resources of three partners – NedMark Transportation Services, Long Beach Calif.; Southern Air Transport, Miami; and Polaris Corp., San Francisco."¹⁹ At the time, Southern Air Transport was owned by James Bastian, a former CIA lawyer, who had owned the airline since 1979 and throughout its use by the CIA in Iran-Contra and related operations. As previously mentioned in chapter 10, a few months after Polar Air made this announcement, The Limited began hiring pilots from Executive Jet Aviation/NetJets, the aviation company tied to the Penn Central bankruptcy that was later "frequently used" by Larry King, the man at the center of the Franklin Scandal.

By January 1994, Polar Air was still making regular trips to and from Rickenbacker, about four per week, while Arrow Air was making about five.²⁰ Around this time, Arrow Air was reportedly in talks about "relocating its central Ohio business to Rickenbacker," which didn't end up panning out.²¹ However, soon after, in early 1994, Polar Air dissolved its relationship with Southern Air Transport and announced it was "seeking governmental authority" to expand its Columbus operations. Yet, area retail giant The Limited, which had been a major

force behind the changes at Rickenbacker beginning in 1993, seemed uninterested in this “new” Polar Air. Instead, The Limited, Ohio politicians, and Rickenbacker officials, among others, would instead move to court Southern Air Transport directly, despite the airline’s history.

When Edmund James, president of James & Donohew Development Services, told the *Columbus Dispatch* in March 1995 that SAT was relocating to Columbus’s Rickenbacker airfield, he stated that “Southern Air’s new presence at Rickenbacker begins in April with two regularly scheduled 747 cargo flights a week from Hong Kong,” citing SAT President William Langton.²²

“By fall, that could increase to four a week. Negotiations are underway for flights out of Rickenbacker to the Far East... Much of the Hong Kong-to-Rickenbacker cargo will be for The Limited,” Wexner’s clothing company. “This is a big story for central Ohio. It’s huge, actually,” Edmund James said at the time.²³

The day following the press conference, Brian Clancy, working as a cargo analyst with MergeGlobal Inc., told the *Journal of Commerce* that the reason for SAT’s relocation to Ohio was largely the result of the lucrative Hong Kong-to-Columbus route that SAT would run for Wexner’s company. Clancy specifically stated that the fact that “[The] Limited Inc., the nation’s largest retailer, is based in Columbus ... undoubtedly contributed in large part to Southern Air’s decision.”²⁴

According to documents obtained by journalist Bob Fittrakis from the Rickenbacker Port Authority, Ohio’s government also tried to sweeten the deal to bring SAT to Columbus in order to please powerful Ohio businessmen, namely Wexner.²⁵ Orchestrated by Governor George Voinovich’s then-Chief of Staff Paul Mifsud, the Rickenbacker Port Authority and the Ohio Department of Development created a package of several financial incentives, funded by Ohio taxpayers, to lure the airline to relocate to Ohio.²⁶ The *Journal of Commerce* described the “generous package of incentives from the state of Ohio” as “including a 75 percent credit against its corporate tax liability for the next 10 years, a \$5 million low-interest loan, and a \$400,000 job-training grant.”²⁷ In 1996, then-SAT spokesman David Sweet had told Fittrakis that the CIA-linked airline had only moved to Columbus because “the deal [put together by the development department] was too good to turn down.”²⁸ It was alleged that this package had largely been the result of political pressure applied by The Limited and its executives.

Reporting from Bob Fitrakis in particular noted that Jeffrey Epstein was one of the figures involved with Wexner and The Limited that was involved in courting SAT.²⁹ In addition, in 2001, Fitrakis had told the *Evening Standard* of the UK that Epstein was “Wexner’s Mr. fix-it. He has the spook connections and pulls the strings worldwide. He handles all the logistics and moves the portfolio around for him.”³⁰ If Epstein indeed handled “all the logistics” for Wexner, he was then most certainly one of the key people involved in the effort to court SAT, as well as Polar Air and Arrow Air.

The past role of SAT in Iran-Contra and its CIA ties did not go unnoticed by local journalists or the public, prompting the SAT’s Langton to tell the *Columbus Dispatch* that the airline was “no longer connected to the CIA.”³¹ SAT owner James Bastian also later claimed that he “took steps to remove the ties with the CIA” at the time, though little – if any – evidence of such “steps” having been taken exists.³² Instead, it appears that his effort to remove ties was more an effort to rebrand the airline during the 1990s, following the apparent involvement of the airline in the Gulf War (discussed in chapter 10).³³

Reasons to doubt Langton’s claim would soon emerge, thanks to reporting from local journalist Bob Fitrakis. Fitrakis would note that, in addition to Leslie Wexner, Jeffrey Epstein and other key figures at The Limited, the other main figures who were key in securing SAT’s relocation to Ohio were Alan D. Fiers Jr., the former chief of the CIA Central American Task Force, and retired Air Force Major General Richard Secord, head of air logistics for SAT’s covert action in Laos between 1966 and 1968, while the company was still known as Air America.³⁴ As noted in chapter 7, Secord was also the air logistics coordinator in the illegal Contra resupply network for Oliver North during Iran-Contra, while Fiers was also one of the key individuals involved in Iran-Contra. The involvement of both Secord and Fiers in SAT’s relocation to Columbus to run cargo for The Limited is incredibly telling, given their history. At the very least, this strongly suggests that SAT planned to utilize the Hong Kong to Columbus route for much more than just textiles.

This concern was apparently shared by local Ohio officials at the time. In a 2019 interview with Bob Fitrakis I conducted while working for *MintPress News*, Epstein’s and Wexner’s involvement with SAT’s relocation to Ohio had caused suspicion among some prominent state and local officials, who suspected that the two were working with intelligence.³⁵ Fitrakis specifically stated that then-Ohio

Inspector General David Strutz and then-Sheriff of Franklin County Earl Smith had personally told him that they believed that both Epstein and Wexner had ties to the CIA. Past allegations of Epstein's intelligence links prior to this period were previously discussed in chapter 11.

Fitrakis also told *me* that Strutz had referred to SAT's route between Hong Kong and Columbus on behalf of Wexner's company The Limited as "the Meyer Lansky run," as he believed that Wexner's association with SAT was related to Wexner's ties to elements of organized crime, which were detailed in chapter 13.

In addition, Catherine Austin Fitts – the former investment banker and government official who has extensively investigated the intersection of organized crime, black markets, Wall Street, and the government in the U.S. economy – was told by an ex-CIA employee that Wexner was one of five key managers of organized crime cash flows in the United States. She revealed this in a 2019 interview I conducted with her for *MintPress News*.³⁶ This allegation is worth considering in the context of both SAT's and Arrow Air's historic ties to not only the CIA, but banks utilized by the CIA for covert smuggling operations, like BCCI.

Perhaps unsurprisingly, the lofty promises SAT had made as the deal was being cemented rapidly dissolved. While SAT had promised Ohio's government that it would create 300 jobs in three years, it quickly laid off numerous workers and failed to construct the maintenance facility it had promised, even though it had already accepted \$3.5 million in taxpayer funds for that and other projects. As the company's financial problems mounted, Ohio's government declined to recoup the millions in dollars it loaned the company, even after it was alleged that \$32 million discovered in the personal bank account of Mary Bastian, the wife of SAT's owner and former CIA lawyer James Bastian, were actually company funds.³⁷ On October 1, 1998, SAT filed for bankruptcy. Incidentally, it was the very same day that the CIA's Inspector General had published a comprehensive report on the airline's illicit involvement in drug trafficking in connection with the Agency.

After bankruptcy, Southern Air Transport would re-emerge a year later in 1999 as Southern Air. Thomas Gillies, who had been president of SAT when it collapsed in 1998, would return as Southern Air's president.³⁸ In 2003, Southern Air filed for bankruptcy. Prior to its bankruptcy, it had won and operated US government contracts related to the Iraq War.³⁹ Southern Air Transport was

largely reorganized by Southern Air thanks to James “Jim” Neff, who had previously orchestrated “the massive international expansion of the world’s largest all cargo airline, Flying Tigers,” the airline tied to Anna Chennault and Robert Keith Gray that was also seemingly connected to the aforementioned Polar Air Cargo.⁴⁰ Neff later went on to create Western Global airlines, where SAT and Southern Air’s president Thomas Gillies served as executive vice president.⁴¹ In 2016, Western Global became a source of controversy after one of its unmarked planes was found to contain a dead body and 67 tons of South African banknotes in its cargo hold during an emergency landing.⁴² Given the history of SAT following its Ohio relocation and into the present, it seems unlikely that SAT was unconnected to US intelligence at the time of its 1995 relocation and afterwards, as had been claimed SAT executives.

As for Wexner, Epstein, and The Limited, it seems as though their attention turned towards Lane Aviation Corp. following the implosion of SAT in 1998. Originally founded in 1935, Lane had expanded into Rickenbacker first in June 1995, shortly after SAT’s relocation to the airport, and can be found in Epstein’s black book of contacts.⁴³ Lane would later handle some Columbus area visits of celebrities in Epstein’s and Maxwell’s inner circle, such as the Duchess of York Sarah Ferguson, as well as aircraft for The Limited.⁴⁴ By 2010, Lane was a critical provider of “essential services that are largely invisible to the public but support most of the flights into and out of the airport [Rickenbacker].”⁴⁵

In 2011, something rather curious happened at Rickenbacker. After heavy lobbying from local businessmen, US customs officials began to clear private planes at “the two private terminal operators at Port Columbus” instead of having to go through customs checks at the main terminal.⁴⁶ The main businessman behind this lobbying effort, per media reports, was “Limited Brands chairman and CEO Leslie H. Wexner.”⁴⁷ The two private terminal operators at Port Columbus at the time were Lane Aviation and Landmark Aviation. After the news was announced, flights for The Limited between Columbus and Hong Kong doubled.⁴⁸ A few years later, in 2014, Lane Aviation moved to add its own customs office to Rickenbacker, which it would share with Landmark Aviation.⁴⁹

Here, it is important to add some context about Landmark Aviation. Landmark’s board of trustees has included such figures as former CIA director, former Secretary of Defense, and former head of the intelligence/military contractor MITRE James Schlesinger as well as former US Senator Bob Kerrey

and former Pentagon Comptroller Dov Zakheim.⁵⁰ In 2012, it was purchased by the Carlyle Group.⁵¹ That same year, *Free Press*, where Bob Fittrakis served as editor-in-chief, reported that Landmark Aviation had been involved in extraordinary rendition flights on behalf of the CIA.⁵²

The Carlyle Group is a global investment firm with historic ties to intelligence and the Bush family. In addition, after September 11, 2001, their ties to the bin Laden family in the years prior to the 9/11 attacks came under scrutiny. Carlyle's executives have often had ties to intelligence, with one example being its chairman emeritus, Frank Carlucci, who served as deputy director of the CIA and, later, Reagan's Secretary of Defense.

Carlyle's co-founder and current co-chairman is David Rubenstein. Rubenstein served on the board of the influential Trilateral Commission at the same time as Jeffrey Epstein, while his ex-wife Alice Rogoff (whom he divorced in 2017) had a very close relationship with Ghislaine Maxwell as well as Maxwell's now defunct "charity," the TerraMar Project.⁵³ In 2022, during the Ghislaine Maxwell trial, a juror in the case, Scotty David, who works for the Carlyle Group, subsequently took credit for the jury's decision to find Ghislaine Maxwell guilty and "inadvertently" revealed that he had incorrectly answered a pre-trial questionnaire. This affair, referred to as "JurorGate" by some, almost resulted in a mistrial.⁵⁴

RE-EXAMINING “CHINAGATE”

Returning to 1995 – the year of SAT’s relocation to Ohio and the year where Epstein made his last visit to the Clinton White House – is there any possibility that the White House visits and Epstein’s involvement with the affairs of SAT are linked? Given Clinton’s own history in Iran-Contra as it relates to Southern Air Transport and Mena, Arkansas (See Chapter 8), it is not unreasonable to posit a relationship between Epstein’s visits to the Clinton White House and Epstein-connected efforts related to CIA-linked airlines, particularly Southern Air Transport. This is especially true given Epstein’s own past associations with arms trafficking and the broader Iran-Contra network.

Why, of all the possible airlines, were Arrow Air and Southern Air Transport – airlines extensively involved in the covert smuggling of drugs and weapons – specifically courted by Epstein, Wexner, and the Limited to take up activities at the Rickenbacker Airstrip in Columbus? Is there a connection to Rickenbacker’s longstanding ties to the Anna Chennault and Robert Keith Gray-connected Flying Tigers, going back decades? Why did The Limited, a company whose logistics networks had been tied to organized crime at least as early as 1985, seek to team up with these specific airlines? What do we make of Epstein, who had historic ties to arms smuggling, intelligence, and operations that ran parallel to Iran-Contra, and his involvement with these affairs? And what of the involvement of Iran-Contra figures Alan Fiers and Richard Secord in Southern Air Transport’s relocation to Columbus?

There are a mass of questions that emerge when examining, not only the activities surrounding Rickenbacker in the early to mid-1990s, but also in examining that past connections of both that specific airstrip and the airlines involved, as previously detailed in this book.

Yet, when looking at both this situation in tandem with the nature of Epstein’s Clinton White House visits, Epstein’s own past and the controversial activities of his main White House contact, Mark Middleton – there may be yet an answer to many of these questions, one which may hint at a major scandal of the Clinton era that has managed to remain hidden for decades.

In 1991, the *Washington Post* published an article entitled “China’s Weapons Mafia,” written by William Triplett III, then a senior staff member of the Senate

Foreign Relations Committee.⁵⁵ The article named many of the companies that popped up in the course of the investigations around “Chinagate,” including Great Wall and Poly Technologies. Also mentioned is Norinco. As noted in chapter 11, Douglas Leese, at the time he was “mentoring” Epstein, was involved with a joint venture between his company Lorad and Norinco. In addition, Leese, along with Epstein and Adnan Khashoggi, were allegedly involved with the sale of Norinco weapons during the Iran-Iraq War.

The *Post* article continues, stating that “this network of front companies and secretive international trading firms have one other thing in common: They are run for profit by China’s ruling clans, the dynastic families that were disgraced in the Cultural Revolution but survived and thrive today.” Almost all of these companies, it notes, were set up “in the 1980s as export companies for the various armament ministries and the Equipment (Armament) Department of the Chinese People’s Liberation Army (PLA).” Other reports from the 1990s stated that three specific companies – Norinco, Poly Technologies (also referred to in some reports as the Poly Group), and China Jingan “have dominated global small-arms traffic” since the 1980s.⁵⁶

Triplett cites a DIA report, which states:

The companies ... are established and chartered to conduct business in the international market. Many have offices overseas. While they are profit-oriented and are the key means for defense complex foreign-exchange earnings, they are also the primary conduits for the acquisition of new and advanced technologies.

In other words, these companies not only seek to market their armaments, but also play a significant role in technology transfer.

It goes on to note that, in the 1980s, “China emerged as a leading arms supplier to the Third World, signing agreements between 1983 and 1990 worth more than \$16 billion.” During that time, the article points out, the biggest markets for Chinese weapons were Iran and Iraq during the Iran-Iraq war (1981-1988). Yet, since that war concluded, the article states that “China must look elsewhere for major sales.”

The article also critically notes that, during these arms sales in the 1980s, “the bank of choice” for Chinese arms dealers in this network was none other than BCCI. It also states that “BCCI also operated in Beijing, the Shenzhen Special Economic Zone outside Hong Kong, and in 27 branches of Hong Kong itself through what BCCI called the Bank of Credit and Commerce International Hong

Kong (BCCIHK). Profits through this system were used by the Chinese elite who were intimately tied to these companies to import luxury goods for themselves, foreign travel, or stored abroad in ‘secret stashes.’”

As previously mentioned in chapter 8 and the last chapter, the Riady family and John Huang – central figures in the Chinagate campaign finance scandal and later associates of Mark Middleton – had been the main forces behind the ultimately unsuccessful rescue of BCCIHK in 1991. It was also noted that they had attempted to bring in state-owned China Resources, an alleged front for Chinese military intelligence, to that rescue. After BCCIHK did fail, China Resources and the Riadys’ network increasingly intermingled from 1992 onwards.

On the BCCIHK collapse, Triplett writes that “It is unclear what effect the BCCI scandal and the multiple investigations of the bank and its affiliates may have on Beijing’s ability to smoothly arrange financing for insuring, storing, and shipping weapons, or diverting money to bank accounts abroad.”

Triplett also quotes a Congressional Research Service report, which stated that “it is not clear whether China will be able to sustain its level of arms sales in the Near East region now that the Iran-Iraq war has ended and it is a party to discussions aimed at regulating arms transfers to this region Given China’s need and desire to obtain hard currency, it seems prepared to pursue arms-sales opportunities it deems appropriate whenever they present themselves.”

Last but not least, this article also indicates that, at the time, “control of Chinese sales of weapons of mass destruction” was a hot topic in foreign policy circles, so much so that “Secretary of State James A. Baker III reportedly may soon go to Beijing to take up the issue.” As previously mentioned in chapter 12, Baker had a mysterious relationship with Jeffrey Epstein and, before leaving office in 1992, had rented a Manhattan mansion then-owned by the State Department to Epstein.

Thus, in 1991, we have a situation where Chinese arms giants, also major figures in technology transfer, were at a crossroads. They needed new markets for their weapons and, with the collapse of BCCIHK, they needed a new yet similar web of financial institutions that would aid them in the laundering and sequestering of their profits.

They found their new market, not in the Middle East, but in the United States. As the *LA Times* later reported: “When [the Iran-Iraq] war subsided, the three companies [Norinco, Poly Group, and China Jingan] moved into the market created by the ballistic mayhem of American streets, selling primarily

semiautomatic versions of the AK-47 and low-cost handguns modeled on more famous brands. Norinco joined Colt and Smith & Wesson on police logs across the country.”⁵⁷ Poly Group created a US subsidiary, PTK Holdings, which claimed to have sold around \$200 million in weapons in the US between 1987 and 1992.⁵⁸

However, like the “boom years” of the Iran-Iraq war, the companies’ “boom years” in the US didn’t last. In 1993, Clinton issued an executive order that linked the annual review of China’s most favored nation (MFN) trading status to “overall significant progress” in human rights. A year later, in May 1994, as the activities of Huang, Trie, and others picked up steam in the Clinton White House, Clinton reversed course and “de-linked” China’s MFN status from any human rights concerns.⁵⁹ As noted in the previous chapter, much of the early lobbying around what later became Chinagate had revolved around the Clinton Commerce Department, export-import and trade policy as well as China’s MFN status. Particularly interested in the MFN issue was James Riady, who broached the issue during at least one of his meetings with Clinton. It is highly likely that the activities of the Riadys, Huang, and others during this period (particularly their sizable donations) had contributed to Clinton’s policy reversal.

However, to appease some in his party, including George Mitchell and Nancy Pelosi, Clinton announced that he would ban the import of Chinese munitions, which Clinton described as a “discrete” sign of US discontent with certain Chinese government policies.⁶⁰ The ban “deeply wounded one of the main profit sources of the three primary Chinese companies” involved in selling arms to the US, namely Norinco and the Poly Group.⁶¹ Gun sales to the US, per the *LA Times*, had been “one of Norinco’s most profitable businesses.” In the case of Poly Group, the US ban “cut off an important source of revenue for the Chinese military,” which owns Poly Group. Despite the blow to major state-owned weapons manufacturers, “the Chinese government only mildly protested the weapons sanctions.”⁶²

This lack of protest may have been because, soon after the ban was announced, plans were apparently being made to smuggle weapons into the US. As the *LA Times* reported, citing sources that worked in China’s arm trade, “it was the sudden elimination of the United States as the biggest market for Chinese small arms in 1994 that created an atmosphere in which smuggling weapons into the US became a dangerous possibility.”⁶³ In the case of the Poly Group, it later emerged

that “Poly executives quickly began seeking to smuggle Chinese-made guns” after the ban was made public in 1994.⁶⁴

In the previous chapter, it was mentioned that among the controversial activities of Charlie Trie, arguably the most controversial was his role in bringing China’s “premier arms dealer” Wang Jun to a presidential coffee. Wang Jun, at the time was chairman of the Poly Group, described as the “chief weapons trading arm” of the PLA.⁶⁵ The company’s president was He Ping, the son-in-law of Deng Xiaoping, China’s leader from 1978 to 1992. Poly’s vice president was also the daughter of former Chinese leader Yang Shangkun. Wang Jun had similar family ties – his father was Wang Zhen, formerly a vice president of China who served in prominent posts during Deng Xiaoping’s government and who was also a close friend of the Deng family.

At the presidential coffee, Wang Jun met and was photographed with President Clinton. Later, both Clinton and White House officials would say they knew nothing about Wang, with Clinton adding that his presence at the coffee was “clearly inappropriate.”

While other White House officials may not have known who Wang Jun was, Mark Middleton certainly did and long before the February 1996 event where Jun would meet the president. In early May 1994, at a private White House luncheon, an American employee of Wang Jun named Claude Collins was asked to speak to a “small gathering of business leaders” after he had escorted Deng Xiaoping’s son, Deng Zhifang, “to some of America’s premier corporate centers.” After the lunch, Middleton called Collins “for more details about Wang.” “He grilled me and grilled me ... It’s hard to believe that they didn’t know who he was,” Collins later told journalist Rebecca Carr.⁶⁶ It is also worth noting that during this time frame, Middleton was already deeply involved with the main conspirators in the “Chinagate” scandal as well as another intelligence-linked individual closely tied to Chinese arms sales – Jeffrey Epstein.

Also, in October 1995, Wang Jun met Commerce Secretary Ron Brown at the Shangri-La hotel in Hong Kong, a controversial dinner that had been orchestrated by Charlie Trie, Ng Lap Seng, Antonio Pan, and Ernie Green. All four had close ties to the Riadys and, as mentioned in the previous chapter, Trie relied on Middleton and Green as his main confidants during this period. It is also worth mentioning that a business partner of Wang Jun, Huang Jichun, was a member of Johnny Chung’s “China delegation” that visited the White House in 1995.⁶⁷

Thus, Wang Jun had met other figures with prominent positions in the US government and/or DNC aside from Middleton before the February 1996 coffee. As a result, it is hard to believe that Middleton was alone in knowing who Wang Jun was at the time of the coffee.

Indeed, as the *Chicago Tribune* noted, Wang “is well-known in international arms circles and reportedly enjoys close personal and political ties to several chiefs of state” and is “regarded as one of the world’s more powerful private citizens.”⁶⁸ It seems odd that, given this, he was completely unknown to White House officials. The DNC, in allowing Trie to bring Wang to the coffee, had asked the White House to clear entry for Trie and Wang; yet, for some reason, no such check was done. Had Middleton been involved in scuttling these checks?

Though possible, Congressional reports indicate that Ernie Green – a Lehman Brothers banker, DNC managing trustee, and Charlie Trie’s other confidant – had been intimately involved in securing Wang’s attendance.⁶⁹ Part of Green’s role involved his \$50,000 donation to the DNC on the same day as the coffee. While Green claimed the donation came purely from him and his wife, David Mercer of the DNC said he received Green’s check, not from Green but from Charlie Trie, and testified that he understood the donation as being connected to the coffee.⁷⁰ Beginning in December 1995 and through the end of February 1996, Green engaged in suspect banking activity, including “depositing large amounts of cash.” He later “could not account for any of these transactions” when questioned by congressional investigators.⁷¹ Thus, Wang Jun’s White House visit and meeting with the president intimately involved the nexus responsible for the campaign finance scandal. That nexus, as detailed in the last chapter, was deeply tied to individuals enmeshed with the Chinese government as well as the Riady family.

Returning to Wang Jun, while the February 6, 1996 coffee was his most controversial meeting, it was not his only important meeting during this particular trip to the US. Wang had actually entered the US on February 1 and his whereabouts between the 1st and the 5th are unknown. On February 5, Trie hosted a party for Wang at his Watergate apartment that he shared with Ng Lap Seng and used as an office/event center.⁷² Little is known about the party, but at least one important player in the Clinton administration who was associated with Trie, Jude Kearney of the Commerce Department, was scheduled to attend. The next day, not only did Wang attend the coffee, he also met with Commerce Secretary Ron Brown. After meeting Brown he met with Ernie Green, Ng Lap

Seng, and Trie. Only after that did Wang attend the White House coffee. After the coffee, Green took Wang to New York, ostensibly for a meeting between Wang and Lehman Brothers.

There is much to the timing of Wang Jun's White House visit. Wang's visit coincided with a major ATF/US Customs investigation into arms smuggling by Wang's Poly Group as well as Norinco, the Chinese state-owned weapons company that, since 1983, had a joint venture with Jeffrey Epstein's mentor and associate Douglas Leese. As congressional investigators later noted "Shortly after Wang's Washington tour and appearance at the White House, word of the Federal investigation into Poly Technologies was leaked to the press."⁷³ It continues, stating that "this leak brought an early end to the sting operation run by the Customs Service [known as Operation Dragon Fire]. At the time of the leak, Customs officials were on the verge of arresting high-ranking Chinese officials for arms smuggling. After the leak, which came from 'diplomatic sources,' the Customs officials were left only with low-level criminals to arrest."

One of the "high-ranking" officials who escaped to China after being tipped off by "diplomatic sources" in the Clinton administration was Robert Ma, who "ran most of Wang's operations in Atlanta," including Poly Group's US subsidiary PTK Holdings.⁷⁴ Ma had left the US for China just two days before his arrest warrant was executed.⁷⁵ In addition, *Vanity Fair* later reported that Poly Group, even prior to the initiation of Operation Dragon Fire, was already under investigation due to "allegations that the Polytech subsidiary [PTK Holdings] was attempting to covertly acquire advanced US weapons and radar technology."⁷⁶ Despite the leak and the escape of the top co-conspirators, the sting operation – which took place in San Francisco – was still "the largest seizure of fully operational automatic weapons in the history of US law enforcement."⁷⁷

The source of the leaks that derailed Operation Dragon Fire was never revealed. It is also important to point out that those leaks not only prevented the arrest of the main conspirators, but also came just before Congress was due to vote on China's MFN status that year. If the leaks hadn't happened and Operation Dragon Fire had been allowed to continue and arrest its top targets, press reports and statements from Congressmen at the time make it clear that the country's MFN status would have been revoked.⁷⁸

It turns out that the ships used to smuggle the weapons seized via Operation Dragon Fire were owned by China Ocean Shipping Company (COSCO), the

“merchant marine arm” of the PLA. A partner of COSCO at the time was Hutchinson-Whampoa, whose main shareholder was Li Ka-Shing. Li was another figure related to Charlie Trie and who attended the October 1995 Shangri-La meeting with Trie, Ng Lap Seng, Ernie Green, and Wang Jun. Li was also a principal of the China International Trust and Investment Corporation (CITIC), a state-owned conglomerate which Wang Jun also ran. In addition, Li was also a partner in the Riady-owned Hong Kong Chinese bank alongside the chairman of China Resources.⁷⁹ COSCO was subsequently a source of controversy in the late 1990s over allegations it was involved in smuggling and due to concerns that plans to lease land to the company on or near US ports may have “security implications.”⁸⁰

In addition to the smuggling activities, Wang Jun’s Poly Group was intimately involved with technology transfer. After his company’s US branches came under scrutiny in connection with weapons smuggling, documents and records kept by Poly’s Atlanta subsidiary, PTK Holdings, indicated that “the company may have intended to serve as a conduit through which the Chinese military could covertly acquire advanced US weapons technology and products.”⁸¹

The *Chicago Tribune* reported that company records showed that “starting in the late 1980s, top Poly executives in China and Atlanta discussed plans to disguise shipments of militarily sensitive technology to China.” It was also revealed that Poly Group “executives transferred funds between offshore accounts and shell corporations in an apparent attempt to conceal their assets and activities.”⁸²

In 1988, a year after PTK was founded in the US, company memos revealed plans to ship at least \$19 million “worth of militarily sensitive US-made radar equipment, then use a state-controlled shipping line to send the products to a harbor” close to Beijing.⁸³ That same year, “an officer in Poly’s purchasing branch in Beijing wrote to a PTK executive instructing him to repackage a shipment of computer equipment in brown paper and unmarked wood crates” in another apparent effort of illicit technology transfer.⁸⁴

In this context, it is also worth returning to re-examine Loral and its CEO Bernard Schwartz. As mentioned in the last chapter, Schwartz, between 1992 and 1996 was among the top (legal) contributors to the DNC, and some of his donations controversially seemed to result in privileged access to Commerce Secretary Ron Brown and a spot on Brown’s plane during a trade mission to

China. It was also noted in the previous chapter that Schwartz's company Loral was under investigation for passing sensitive technology to China, specifically a subsidiary of Chinese Aerospace Corporation, China Great Wall Industries.

In 1998, Schwartz revealed in an interview with the *New York Times* that, on the plane with Brown to China, he asked Brown to "arrange a private meeting with Zhu Gao Feng, the vice minister of China's Ministry of Post and Telecommunications. In a meeting with Chinese telecommunications officials, Brown publicly praised Loral's Globalstar cellular telephone system." The *Times* then states that "Brown did arrange the meeting for Schwartz and another executive at the Chinese telecommunications ministry. 'I thought it was terrific – a real opportunity, what a shot,' Schwartz recalled. 'It was a big deal. In a place like China, it was important because the next time I went, I was able to say I had met with the minister.'"⁸⁵

It appears that Schwartz also met with another Chinese businessman involved with the telecommunications industry during that visit – Li Kashing. During a Senate committee hearing in 1999, it was revealed that "Li [was] so close to the Chinese government that the Clinton White House included his bio along with Chinese president Jiang Zemin to the CEO of Loral Aerospace, Bernard Schwartz, just prior to the 1994 Ron Brown trade trip to Beijing. According to documents provided by the Commerce Department, Brown and Schwartz were to meet both Li and Gen. Shen Rougjun of COSTIND." COSTIND is China's Commission for Science, Technology, and Industry for National Defense, the government ministry that sets policy for arms and defense procurement and has been compared to the Pentagon's DARPA.⁸⁶

As recently mentioned, Li Ka-shing was a business partner of the Riadys, China Resources chairman Shen Jueren, and Wang Jun. In addition, Li Ka-shing had attended one of the controversial Chinagate fundraisers with many of these same characters and a shipping company linked to his business empire was directly involved in the smuggling operations targeted by Operation Dragon Fire.

Soon, Schwartz began to heavily lobby the Clinton administration to transfer the approval of satellite exports from the State Department to Ron Brown's Commerce Department. Joining Schwartz in these efforts were the chairmen of Hughes Electronics and Lockheed Martin. A letter co-signed by the three executives stated: "By making possible real 'one stop shopping' for all export authorizations related to commercial communications satellite systems, your

decision will greatly enhance the ability of U.S. manufacturers to retain our global competitiveness.”⁸⁷

The relationship with Loral and Lockheed was particularly close, as Loral sold off its defense division to Lockheed Martin in 1996.⁸⁸ The decision to sell was made by Schwartz during a private dinner with Lockheed’s CEO Norm Augustine.⁸⁹ Loral subsequently moved to “focus exclusively on the satellite industry as Loral Space & Communications.” Schwartz later said that his close relationship and fondness of Norm Augustine was “key to the transaction” and that “without Augustine’s presence, [...] there would have been no deal.”⁹⁰ Just a few years later, Augustine would create In-Q-tel, the CIA’s venture capital arm, at the behest of the US intelligence community.

The same year Loral merged with Lockheed, Loral came under investigation for its alleged role in illicit technology transfers to entities associated with the Chinese military, specifically a subsidiary of the China Aerospace Corporation, Great Wall. As noted in the last chapter, the well-connected daughter of China’s top general was running another China Aerospace subsidiary and had been involved with Johnny Chung’s illegal fundraising activities and influence operations.

Notably, Hughes Electronics, which lobbied alongside Loral and Lockheed to change satellite export approval policy, also came under investigation with Loral for technology transfers to the same company.⁹¹ Hughes also made campaign contributions for the 1996 election, though the *New York Times* described its donations as “modest and bipartisan” in comparison to Schwartz’s donations.⁹²

Once under investigation, Schwartz retained two notable individuals to defend Loral – Richard Perle and Douglas Feith. Shortly before being retained by Schwartz and Loral, both Perle and Feith had written the policy document “A Clean Break.”⁹³ As noted in chapter 14, A Clean Break was written for Israeli Prime Minister Benjamin Netanyahu and was described in the press as “a blueprint for a mini-cold war in the Middle East, advocating the use of proxy armies for regime changes, destabilization, and containment. Indeed, it even goes so far as to articulate a way to advance right-wing Zionism by melding it with missile-defense advocacy.”⁹⁴ Also noted in that chapter was Perle’s longstanding proximity to Israeli arms dealers and Israeli espionage efforts targeting the United States.

At the time he was retained by Schwartz, Perle was on the board of Hollinger International and ran its subsidiary Hollinger Digital. Alongside him on the board at the time was Leslie Wexner, among others. Perle's involvement with Schwartz and Loral also overlapped with his time on the Defense Policy Board, where he worked closely with then-Secretary of Defense Donald Rumsfeld. In the case of Feith, his time working on the Loral matter overlapped with his stint as Under Secretary of Defense for policy under Rumsfeld.

For Perle, he was also involved in another concern at the time he worked on behalf of Schwartz and Loral. Per the *New York Times*, Perle had also been "retained by Global Crossing, the communications giant, to overcome Defense Department opposition to its proposal to be sold to a venture led by Hutchison Whampoa, the conglomerate controlled by Hong Kong billionaire Li Ka-shing."⁹⁵

Before Clinton left office, he granted Schwartz what he and Loral had sought and gave satellite export approval to the Commerce Department. Clinton's decision to do so "overruled a recommendation by Secretary of State Warren Christopher and caused friction inside the Cabinet over concerns that American security could be compromised."⁹⁶

The Clinton White House continued to give Schwartz what he wanted, even signing waivers that authorized Loral to continue selling satellites to the same Chinese network of companies despite being under federal investigation at the time for those exact same activities. The president had been told that, in signing these waivers, he was "letting Loral 'off the hook on criminal charges for its unauthorized assistance to China's ballistic missile program."⁹⁷

THE ENTERPRISE STRIKES BACK

We now return to a point where one question in particular stands out: Is there significance to the fact that Mark Middleton, involved with Chinese military espionage operations engaged in arms smuggling and technology transfer, was also meeting with Jeffrey Epstein, a figure tied to US and Israeli intelligence networks with a history in arms smuggling, during the exact same period? Given the frequency of Middleton's meetings with Charlie Trie, Johnny Huang, and Epstein it seems that Middleton was meeting at least a few times a month with some of these espionage-linked figures. What of Epstein's relationship with Ghislaine Maxwell, whose father had also previously played a major role, on Israel's behalf, in arms smuggling and technology transfers?

On top of that, it is also critical to consider what was detailed in the first part of this chapter – that Epstein, during this very period, had played a key role in courting first Arrow Air and then Southern Air Transport – two CIA-linked airlines with histories of arms and/or drug smuggling – to relocate to Columbus, Ohio, for the express purpose of servicing Leslie Wexner's the Limited. At the time, Epstein had such a far-reaching power of attorney with Wexner, he could have utilized the Limited's flights (and general relationship) with Southern Air Transport in any way he saw fit. Is there a possibility that Epstein's meetings at the White House with Mark Middleton were also connected to his efforts related to Southern Air Transport?

If so, this could this be the reason why Clinton's successor, George W. Bush, used his first invocation of "executive privilege" while in office to shield any information on the investigation into Middleton in the 1990s from being made public. The *Associated Press* reported on September 6, 2001 that Bush was "prepared" to engage in his "first known use of executive privilege" to subpoena memos "about three Clinton-era cases."⁹⁸ One of these cases, the article reveals, was that involving Mark Middleton. The Bush administration subsequently invoked concerns that documents related to the investigation into Middleton would violate the "national interest" if released to Congress.⁹⁹ The Bush administration's decision to block these records, but not, for instance, transcripts between Bill Clinton and Ehud Barak related to the pardon of Marc Rich, reveals

the significance of Middleton's activities before and after his 1995 resignation from the White House.

If Epstein's meetings with Middleton were connected to Southern Air Transport's activities during this same period, what would that mean? The Chinese network in which Middleton was enmeshed at the time was known to be engaged in smuggling weapons into the US. They simultaneously seem to have been paying off the DNC and the Clintons, a political dynasty notorious for "pay-to-play" politics. In addition, one of these companies smuggling weapons as part of this network – Norinco – had past ties to Epstein and Douglas Leese. Were Middleton's meetings with Epstein related to efforts to smuggle Norinco and Poly weapons into the United States in a way that would forever elude future sting operations like the thwarted Operation Dragon Fire? If so, would technology transfer to China have also been involved?

These possibilities seem increasingly likely when considering Epstein's affiliation with Israeli and US intelligence at this time as well as the close-knit network that had surrounded Robert Maxwell prior to his death.

In chapter 7, it was noted that an odd plan developed by GeoMiliTech (GMT), a company tied to veterans of US and Israeli intelligence and to the arms dealing network involving Robert Maxwell and Nicholas Davies, was brought up at a CIA meeting with Bill Casey. That plan had involved "a complicated three-way trading scheme, developed by GMT as a means of sustaining finances and equipment for covert operations."

The details of the plan were "a circular arrangement in which a trading company would be established to supply freedom fighter movements which Congress was unwilling to support for one reason or another. ... Israel would sell certain things, military equipment, to the People's Republic of China, who would supply Soviet arms, which would then be brokered. ... Israel would be benefited by the United States through a high technology support or other compensation."¹⁰⁰

The following was also stated in chapter 7:

A schematic outline of this trading arrangement that was entered into evidence shows the destination for the arms sourced from China.¹⁰¹ They would go to US-backed rebels in Afghanistan, Angola, Nicaragua, and Cambodia. GMT, in other words, was proposing the creation of a multi-national economic arrangement that would bind together the US, Israel, and China through a series of credit extensions, technology transfers, and arms deals.

It is quite possible that this was the ultimate plan for what the Enterprise was intended to become though the official narrative holds that this arrangement was never completed. It seems clear that certain elements of the plan did go into motion. Israel and China intensified economic and political relations in the 1980s and both actively collaborated with the US in covert operations.

Here, we have individuals tied to the networks explored in depth in this book discussing plans to bring the US, Israel, and China together through arms deals and technology transfers. In this chapter and the previous one, we have already seen an apparent effort by the Clinton network, also previously involved in Iran-Contra and with BCCI, to sign off on and then shield illegal technology transfers between the US and China and then sabotage efforts to hold to account Chinese state-owned companies engaged in arms smuggling into the US.

Much of this book, particularly Chapters 9 and 14, has dealt with the lesser known aspects of the “special relationship” between the US and Israel that resulted in the plunder of US military technology by Israeli espionage efforts. And, of course, as part of the better known aspects of that special relationship, the US government sells a massive amount of arms and sensitive military technology to Israel every year. But, what of Israel and China?

In 1993, a year when the Riady family – the key power nexus behind “Chinagate” – began to take on China Resources as a major business partner, then-CIA director James Woolsey told Congress that Israel had been selling “advanced military technology to China for more than a decade and is moving to expand its cooperation with Beijing.”¹⁰² The CIA also asserted that Israel’s sale of military technology to China “may be several billion dollars.” The agency also said that “Beijing probably hopes to tap Israeli expertise for cooperative development of military technologies, such as advanced tank power plants and airborne radar systems, that the Chinese would have difficulty producing on their own.” According to a *New York Times* report on Woolsey’s statements, “The agency’s assessment is likely to provoke calls by members of Congress for greater scrutiny of the sale of American military technology to Israel.”¹⁰³ However, thanks to the “special relationship” between the US and Israel, this did not come to pass. The *Times* noted too that, also in 1993, the General Accounting Office “asserted that the United States had not adequately supervised the sale of American technology to Israel” for at least one sensitive military program.

A year prior in 1992, it had been disclosed in a Pentagon-funded report produced by RAND Corporation that Israel was, at that time, “China’s primary

supplier of weapons-related technology.” Also, in 1992, it was reported that the Bush administration was “concerned that Israel may have shared American-made Patriot missile technology with China, in violation of United States-Israeli agreements banning diversion of such technology to a third country.”¹⁰⁴ These allegations were ultimately investigated by the State Department, then headed by James Baker, which found no evidence for the allegations. As previously mentioned in chapter 12, Baker had a relationship with Jeffrey Epstein at the time and rented a State Department property in Manhattan to Epstein that year for reasons that still remain unclear.

With the issue coming up at congressional hearings in 1993, and again throughout the Chinagate and related scandals of the mid-1990s, it seems that, contrary to the claims made by Baker’s State Department, Israel and China had a deep technology transfer and military relationship. It is also worth reconsidering the matter of Fostergate, discussed in the last chapter, and how allegations were made that Vince Foster and Hillary Clinton gave extremely sensitive military and intelligence secrets to Israel, and that Israel was subsequently alleged to have passed them onto China.

It is also important to discuss the key figures behind the Israel-China technology transfer/military relationship and how it began. Israeli defense officials set foot in China for the first time in February 1979, when a plane carrying the CEO of Israel Aerospace Industries and senior representatives of Israel’s Foreign Ministry and Defense Ministry touched down in Guangzhou. According to historians Yaakov Katz and Amir Bohbot in their book *The Weapon Wizards*, Israel was “about to lose one of its primary arms customers” – Iran, due to the 1979 revolution. Top Israeli officials felt that “China could fill that vacuum.”¹⁰⁵

Katz and Bohbot go on to state that “the man who opened the door to China for Israel was Saul [i.e. Shaul] Eisenberg,” who had been “one of the first Westerners to do business in China, Japan, and Korea.”¹⁰⁶ Per Katz and Bohbot, Eisenberg “used these ties to interest China in Israeli weaponry and even donated his private Boeing 707 to transport the Israeli delegation on that maiden flight to Beijing in 1979.” This and subsequent negotiations saw the Israelis hope “for a shopping bonanza” from the Chinese. Weapons deals continued through the 1980s but were still conducted “in complete secrecy” up until Israel and China formally established diplomatic ties in 1992.¹⁰⁷

Eisenberg, for a time Israel's richest man, had close contacts with Israeli intelligence. In fact, a meeting between Eisenberg and Mossad's David Kimche had been the occasion where Robert Maxwell first met Kimche. At that meeting, Kimche reportedly told Maxwell that the "big question is whether the State of Israel owns Eisenberg, or whether Eisenberg owns the State of Israel."¹⁰⁸ During that meeting, "Eisenberg developed his views on the need for connections in that most important of all connected cities, Washington."¹⁰⁹ Thus, in the 1980s, Eisenberg – who had personally talked to Maxwell about making connections in Washington alongside top Mossad figures – was the man who had cemented Israel's relationship with China. During this time and after, Maxwell himself was intimately involved in technology transfers and weapons deals in connection with Soviet and (mainly) Israeli intelligence. Furthermore, Maxwell's arms dealing activities, linked to Israeli intelligence, were also directly linked to GMT, which had developed plans for "a multi-national economic arrangement that would bind together the US, Israel, and China through a series of credit extensions, technology transfers, and arms deals" that had allegedly been discussed with then CIA director Bill Casey.

Author Gordon Thomas also noted that Shaul Eisenberg was intimately involved with the weapon industry, particularly with Israel Aircraft Industries, which he then owned. Thomas also noted that Eisenberg's "senior staff were drawn from the world of intelligence and included Zvi Zamir, who had run Mossad from 1968 to 1973, and Amos Manor, the first head of Shin Bet, the country's equivalent to the FBI."¹¹⁰ It is also worth pointing out some similarities between Eisenberg and Leslie Wexner, as Wexner also had close ties with Chinese commercial interests and was one of the first Western businessmen, after Eisenberg, to do business in the East, having partnered with Mast Industries to that effect in the early 1980s. As previously noted in chapter 14, Wexner had met with top Israeli officials to discuss opening a joint venture between his company and Chinese firms in the Golan Heights.

Did the GMT plan discussed in chapter 7 end up serving as a blueprint for some of the later activities of the intelligence-organized crime networks discussed in this book? Did Epstein, Mark Middleton, and Southern Air Transport play key roles in such a plan? Clearly, these events warrant a full investigation – one that would require access to critical information that more than one presidential administration has sought to hide from the US public for well over two decades.

Those of us without national security clearances are left to look at a trail of crumbs, which seem to paint a certain picture and lead us to a particular conclusion. However, it seems that, unless greater pressure from the public is applied to these concerns, the true nature of Epstein's meetings with Middleton and the real motive behind Epstein's courting of CIA-linked airlines on Wexner's behalf will remain elusive. At the same time, as this book has labored to show, the US government is clearly in a position where it cannot investigate itself. Indeed, if any of these threads were to be pulled on, much of the excessive corruption, espionage, and criminal activity that has filled these pages thus far would quickly unravel.

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CHAPTER 18

PREDATORS

MODELING SCOUTS

The exact date that Jeffrey Epstein began sexually abusing women and underage girls is unclear. Court documents place the beginning somewhere in the mid-1980s, specifically around 1985 – the year he met Wexner and around the time he was alleged to have become affiliated with Robert Maxwell and Israeli intelligence. One accuser, referred to as Jane Doe #2 in court documents, accused Epstein of sexually assaulting, abusing, and battering her beginning in 1985, when she was 23.¹ Another accuser in that same lawsuit, Jane Doe #1, said she was 14 years old when Epstein began abusing her in 1990.² Thus, by the time he began publicly associating himself with Ghislaine Maxwell after her father's death in 1991 (and allegedly took on Robert Maxwell's mantle), Epstein had allegedly already engaged in horrific acts of sex abuse against young women, including underage girls.

Though the details of the abuse suffered by his earliest victims are scarce, much of Epstein's early sex crimes appear to be linked to his connections to the modeling industry. It is unknown exactly when his connections to the industry were made, but he had dated – during the 1980s – then Ford model Eva Andersson Dubin, a former Miss Sweden who, as mentioned in chapter 16, accompanied Epstein to the White House on at least one occasion.

Yet, one man in particular – Jean Luc Brunel – was key to Epstein's activities as it relates to the modeling industry. Brunel first became prominent in that industry in his native France in the 1980s through his work as a model scout for the Karin Models agency in Paris, which he reportedly co-founded.³ There, he claimed to have “launched the careers of some of the most successful models of the era.”⁴ Former models at the time have alleged that Paris's Les Bains nightclub was “where young women who've starved themselves parade for Jean Luc Brunel.”⁵ Many of these young women would then attend “lively parties” at Brunel's apartment near Karin headquarters. According to the *Guardian*, his apartment “also housed a succession of younger models, many in their teens, who arrived from the US and elsewhere in Europe in search of success. They found they were expected to share bedrooms and to keep Brunel and his male friends company.”⁶ Those who declined reportedly weren't given modeling work.

By December 1988, Brunel was featured in a *60 Minutes* exposé. The report detailed that Brunel, among other predatory modeling scouts, had invited underage girls, many around the age of 15 or 16 years old, to Paris with promises of a glamorous, European modeling career.⁷ Some of the girls interviewed for the report accused Brunel of sexual assault after he had drugged them. Another girl, who was 19 years old at the time, said Brunel “sabotaged” her career when she rejected his advances.

Despite the controversy, a year later, Brunel teamed up with Faith Kates to form Next models, which soon became “one of the most respected agencies in the industry.”⁸ Kates claims to have met Epstein through a “mutual friend” in the 1980s, but claims to have lost touch with him in the early 1990s before becoming reacquainted with him around 2009 or so. Reporting from *The Daily Beast* contradicts many of Kates’ claims as Epstein was seen meeting with her in the late 1990s and was regularly seen at Next’s offices during their supposed hiatus.⁹

From Next’s founding and through much of the 1990s, Brunel and his brother Arnaud owned about 25 percent of the agency. Arnaud was also employed by Next as a consultant, where he was paid a base salary of \$30,000 a year in addition to 3% of the company’s annual revenue. Kates, in a 1996 lawsuit, alleged that Brunel and his brother Arnaud “basically had control of the Florida Next office.” Kates had sued the Brunels, accusing them of attempting to set up a rival agency while running Next’s Florida branch.

After the split, Brunel opened New York and Miami branches of Karin Models. Brunel had taken over Karin Models in 1995, one year before the lawsuit, and expanded it into the US with modeling agent Joey Hunter. It was during this period that he reportedly first met and became associated with Jeffrey Epstein. They were allegedly introduced by Ghislaine Maxwell. Maxwell had met Brunel in the 1980s, reportedly in connection with work she was doing for her father, Robert Maxwell.¹⁰ Notably, Maxwell had considerable ties to France, including French citizenship, as her mother, Betty Maxwell, was French.

During this same period, in 1995, Jerome Bonnouvrier, a French modeling impresario, told author Michael Gross that “Jean Luc is considered a danger,” presumably to young women and aspiring models.¹¹ Sometime between 1995 and 1999, Brunel rented an apartment in Trump Tower, whose owner Donald Trump was still close to Epstein at that time and who also has had controversial ties to the modeling industry.¹² The *New York Post* reported that Brunel was forced to leave

Trump Tower because of his antics late at night with “beautiful women,” a charge Brunel denied.

Epstein’s relationship with both the Brunels and Kates was unaffected by their acrimonious split. Epstein was seen at Kates’ Next models “constantly” in the early 2000s and a former Next employee reported being “pulled into a meeting with Epstein and Kates” at Next’s New York offices in the late 1990s. One former Next employee told *The Daily Beast* “I would only see him come in and go straight to her office with the door closed [...] It was always like, ‘Get Jeffrey Epstein on the phone.’”¹³ Another employee at the New York office recalled answering the phone when Epstein called during this same period. Kates subsequently claimed that Epstein only visited Next’s New York offices to say hello “on occasion” and rejected claims that they had any business or financial relationship during this time.

During this period, however, Epstein dated some of Next’s models, including Alina Puscau, who he later arranged to work as a Victoria’s Secret “angel.” Another Next model Epstein dated later became a real estate agent and her name, withheld in press reports on Epstein’s relationship with Next, was also reportedly listed on Epstein’s flight logs. The *Daily Beast* also reported that a third Next model was listed in Epstein’s book of contacts as well as in Epstein’s butler’s notes with the annotation “visitor’s massage.”¹⁴ She also appears in Epstein’s flight logs once in 2003 and attended several public functions as Epstein’s escort, including to a gala associated with Next’s founder and owner Faith Kates.

The Daily Beast also reported that Epstein’s “secret” charity organization, Gratitude America Limited, donated considerable sums associated with Kates-linked philanthropies as well as to an organization where her son, Dylan Kogan, was employed.¹⁵ Epstein’s Gratitude America, as previously mentioned in chapter 11, also donated to a charity associated with Julian Leese, son of Douglas Leese. It also donated to charity’s associated with his former girlfriend, who was herself a former model, Eva Andersson Dubin.

After Brunel’s split from Kates and Next models, his ties to Epstein deepened considerably. Between 1999 and 2005, Brunel would fly on Epstein’s private plane over 20 times and was described as a “regular” at Epstein’s Palm Beach residence. During Epstein’s time in prison after his first conviction, Brunel visited him around 70 times. It was at this time that Brunel became close with Ghislaine Maxwell as well.

During the earlier part of this period, Brunel was still running Karin Models, which, according to a former employee, was “barely profitable” at the time and was only kept afloat by cash infusions from Brunel’s brother Arnaud and their business partner, Etienne des Roys. Both later dumped Jean Luc Brunel in 2003, putting his entire operation in peril.¹⁶

Around this time, in 2004, Epstein was seeking to gain his own foot-hold in the modeling industry as he attempted, but failed, to acquire the US branch of Elite Models.¹⁷ That same year, the Paris branch of Karin Models sued to force Brunel to abandon his use of the Karin trademark. In 2005, Brunel rebranded his agencies in the US under the name MC2. That same year, Epstein created a new company, registered at his Villard Houses office at 457 Madison Avenue (see chapters 11 and 12), and offered Brunel a million dollar line of credit. The line of credit was part of Epstein’s effort to recruit Brunel into a joint venture that would have created a new modeling agency with Elite Paris.¹⁸ That venture fell through once reports surfaced that Epstein was under investigation for sex trafficking in Florida. However, MC2’s business continued unimpeded. However, during this period, Brunel claimed Epstein ordered him to leave Florida and so he “went to Europe and Asia for a period of time.”¹⁹

It seems that Epstein had also offered Brunel another million dollar line of credit to get MC2 back on its feet the same year he sought to go into business with Elite Paris. MC2’s former bookkeeper Marita Vasquez, in a sworn statement given to federal investigators in 2010, stated that Epstein had guaranteed a line of credit of \$1 million for MC2 and that he also “directly paid for the visas of models brought to the US to work for the company.”²⁰

At this point, Brunel’s significance to Epstein’s sex trafficking activities greatly increased. Vasquez also testified that the teenage models that Brunel flew in to “work” for MC2 (and whose visas had been paid for by Epstein) were housed in the 301 66th Street apartment owned by Ossa Properties – the company of Mark Epstein, Jeffrey Epstein’s brother (see chapter 12). Vasquez stated that the girls were then “loaned out to wealthy clients” for as much as \$100,000 a night. If they refused to have sex with the “client,” then they weren’t paid.²¹ Brunel denied these claims, but they were notably corroborated by the most well-known of Epstein’s victim, Virginia Roberts Giuffre.

In a 2014 court filing, Giuffre alleged that Brunel offered “girls ‘modeling’ jobs [...] Many of the girls came from poor countries or impoverished backgrounds,

and he lured them in with a promise of making good money.”²² She has also alleged that she was forced to have sex with Brunel on several occasions. She also stated that Epstein imported underage girls from France with Brunel’s assistance, including 12-year-old triplets he had flown from France so he could abuse them as a “birthday present” to himself.²³ Epstein maintained a residence in Paris, located in a wealthy area along Avenue Foch, but little about his activities in the country have been publicly reported.²⁴

Another girl brought into Epstein’s fold by Brunel was reportedly Nadia Marcinkova, who media reports have claimed was “purchased” by Epstein from her family in Eastern Europe at age 14 and never even worked as a model.²⁵ She has been referred to as Epstein’s “sex slave” and was subsequently accused of aiding his sex trafficking operations by recruiting underage girls for Epstein and pressuring them to engage in sexual activity with him. She was also accused, like Ghislaine Maxwell, of engaging in sex acts herself with Epstein’s victims as well as in “threesomes” with Epstein and underage girls.

In 2011, a few years after Epstein’s first stint in prison, Marcinkova founded a company called Aviloop. *Wired* described Aviloop in 2019 as a “supremely odd aviation branding business.”²⁶ Business records list its address as the Ossa Properties-owned apartment complex at 301 E 66th Street, suggesting it was linked with the Epstein brothers in some capacity.²⁷

Further evidence of Brunel’s role in Epstein’s sex trafficking operation can be seen in memos seized from Epstein’s Palm Beach mansion by police. One memo, taken by Epstein’s staff, noted that Brunel had called and left a message for Epstein that read: “He [Brunel] has a teacher for you to teach you Russian. She is 2 x 8 years old not Blonde. Lessons are free and you can have 1st today if you call.” In court, the “2 x 8 year old” claim was suggested by lawyers, including Brad Edwards, as potentially referring to two 8 year old girls.²⁸ However, others believe it was a coded way of referring to single 16 year old girl.

In addition, Epstein is believed to have had many of his underage victims photographed in the nude, pictures which were displayed all over his Palm Beach mansion when it was first raided by police in 2005.²⁹ He was never charged, nor have any of his accomplices ever been charged, with child pornography. Police also found that clocks in parts of the house had contained hidden cameras which filmed many of the girls while inside the house and potentially some of their sex

acts with Epstein and his wealthy “friends.” Those images were stored on a computer hard drive also found in the residence.

Vanity Fair reported that Ghislaine had openly stated that, in addition to Epstein’s residences in Palm Beach and New York, Epstein’s “island had been completely wired for video.” Those in whom Maxwell had confided this information were left with the impression “that she [Maxwell] and Epstein were videotaping everyone on the island as an insurance policy, as blackmail.”³⁰ More on the hidden camera/hard drive aspects of Epstein’s operation were previously discussed in chapter 12.

Brunel, like Epstein himself, died under what some regard as suspicious circumstances while in prison. Brunel was detained in December 2020 in connection with a French investigation into Epstein’s sex crimes in that country and was found hung in his cell in February 2022.³¹ The death was quickly ruled a suicide.

In addition to prominent modeling agencies, Epstein also had connections to prominent fashion designers. For instance, Tom Ford was listed in Epstein’s book of contacts at the time when Ford was creative director of Gucci, a post he held from 1994 until 2004. Ford has been routinely criticized for using naked women and/or crudely objectifying women in ad campaigns.³² Ford is listed alongside his long-time and recently deceased partner, Richard Buckley, in Epstein’s contact book. Buckley was a well-known fashion journalist, described as “a titan of the fashion media world” who worked for outlets including *Vogue* and *Vanity Fair*.³³

Other figures in the fashion industry in Epstein’s book of contacts include models Janice Dickinson, Naomi Campbell, and Chris Royer. Heidi Klum has also been named by Epstein victims as having flown on Epstein’s private plane, a charge she denies. Klum, for years, was notably the “biggest star” and top featured model of the Wexner-owned lingerie brand, Victoria’s Secret. Epstein repeatedly used his connection to Victoria’s Secret via Wexner to lure young women and girls into his sex trafficking enterprise.³⁴

VICTORIA'S SECRETS

While Epstein was involved with Next models and Jean Luc Brunel, he was becoming increasingly involved in the affairs of the Wexner-owned lingerie brand, Victoria's Secret. Wexner had acquired Victoria's Secret in 1982, well before he met Epstein, after its previous owner, Roy Raymond, was on the verge of bankruptcy.³⁵ By the time Epstein linked up with Brunel in 1995, Victoria's Secret had started its iconic lingerie fashion show, which later became a televised spectacle replete with celebrities and scantily clad models. For years, until it ended in 2019, the show attracted “more viewers than all other fashion shows combined.”³⁶ The fashion show was run by L Brands' chief marketing officer, Ed Razek, who appears in Epstein's black book of contacts and was later accused of inappropriate behavior toward company models.³⁷

Victoria's Secret's clout in the industry was something Epstein was known to use on several occasions in order to grant him access to women he would abuse or attempt to abuse. Several former aspiring models have recounted how Epstein portrayed himself as either a scout or even the “owner” of the lingerie brand. These women include Alicia Arden, who was reportedly assaulted by Epstein in 1997 after being invited by Epstein to audition for the Victoria's Secret catalog. Another was Elizabeth Tai who was introduced to Epstein by a booking agent who notably referred to Epstein as “one of the important people in modeling.”

Tai later told the *New York Post* that the booking agent had also told her that “this man [Epstein] is in charge of Victoria's Secret and he's going to change your life.”³⁸ Upon meeting Epstein, Tai attempted to show Epstein her portfolio and he instead attempted to sexually assault her before she escaped. Three other models subsequently testified in a court case that Epstein had used his modeling industry connections as a lure.³⁹ Yet another woman, identified as Jane Doe #3 in court, was brought to Epstein by a friend who described him as “a caring man who could help with her modeling career.” Upon meeting, she, too, was sexually assaulted.⁴⁰

Epstein apparently used this lure with so many aspiring models that media reports have since characterized the situation as “an Epstein-Victoria's Secret pimp pipeline.”⁴¹ A former Manhattan-based modeling agent told the *New York Post* that “He [Epstein] portrayed himself as the back door to get a girl into Victoria's Secret. Some of those girls got in... Not all the girls sent to him got jobs, but a lot

of them did.”⁴² As previously mentioned, one of them was Epstein’s former “girlfriend” and Next model, Alina Puscau.

Ghislaine Maxwell also played a role in Epstein’s activities as it related to Victoria’s Secret. Per the *New York Post*, Maxwell was a “constant fixture” at Victoria’s Secret events. According to one Manhattan model entrepreneur quoted by the *Post*: “They were always [at] these really trashy shows full of rich men in the audience. Ghislaine acted as the kind of Nazi guard, telling everyone where they were sitting in the audience and that she had new ‘pop tarts,’ which is what she called the young models.”⁴³ This further suggests that “young models,” lured in through Victoria’s Secret and other avenues, were a key target of Epstein and Maxwell’s for recruitment into their sex trafficking operation.

The first sex crimes of Epstein’s that involved him using Victoria’s Secret as a lure reportedly took place in the late 1990s. However, it was allegedly known to the company years prior that Epstein had posed as a Victoria’s Secret modeling recruiter. According to former CEO of Victoria’s Secret Direct, Cindy Fedus-Fields, an executive entered her office in 1993 to tell her that Epstein, then Wexner’s money manager, had been posing as a Victoria’s Secret modeling recruiter. “I asked this executive to call Les directly and tell him what was happening. She did, and Les told her he would put a stop to it. The point being that inappropriate behavior was reported to Les sometime in ‘93.”⁴⁴ In addition, as will be mentioned at the end of this chapter, Epstein appears to have recruited Melanie Walker as early as 1992 with promises of a career modeling for Victoria’s Secret.

GALLERINAS

In addition to targeting aspiring models, Epstein and Maxwell also targeted aspiring fine artists and musicians. Maxwell reportedly referred to this category of girls/women as “gallerinas.” Friends of Maxwell’s have claimed that, on Epstein’s behalf, she would “trawl high-end art galleries and auction houses looking to find” these “gallerinas,” who she would then take to meet Epstein.⁴⁵ Just as she was a “fixture” at Victoria’s Secret events, Maxwell was also a regular at Sotheby’s, the auction house owned by Wexner’s mentor A. Alfred Taubman and where Wexner himself sat on the board (see chapter 13). She also was a “familiar presence” at the other main auction house, Christie’s. One former Maxwell friend stated that “The art world is full of pretty young girls and many of them are young and broke... You’d see her [Maxwell] everywhere, often with beautiful blonde girls in tow” while at art gallery and auction house functions.⁴⁶ Another one of Epstein’s many “girlfriends” during the 1990s was Shelley Lewis, who was reportedly a “gallerina” herself, having been introduced to Epstein while working in the Contemporary Art Department at Christie’s New York.⁴⁷ In addition, Tiffany Dubin, another Epstein “girlfriend” from the period, was the fashion director at Sotheby’s.⁴⁸

The numerous connections to the Epstein-Wexner nexus made places like Sotheby’s a controlled, safe environment for Maxwell to seek out, and lure in, unwitting “gallerinas.” An additional benefit, from Maxwell’s perspective, would have been the secretive dynamic of the major auction houses, which have severe restrictions around photography, meaning there is no photographic evidence of Maxwell’s alleged “recruitment” activities at those places. The claim that she would attend these place with “beautiful blondes in tow” also suggests that the lack of photography made it easy to parade around an entourage of Epstein/Maxwell victims and potentially arrange “dates” between those young women and the wealthy, elite clientele that also frequented these auction houses.

Epstein and Maxwell also sought out “gallerinas” at art schools in New York, specifically the New York Academy of Art. The most well-known Epstein victim recruited from the art world, Maria Farmer, first encountered Epstein while a student at the Academy. Epstein served on the academy’s board from 1987 to 1994.⁴⁹ Epstein reportedly bought a painting from Maria Farmer at a gallery show

tied to her graduation and she was then employed by Epstein beginning in 1995 after he had promised to help her with her career.⁵⁰ Epstein had originally promised her work in acquiring art on his behalf, but she also spent time working in other capacities, such as managing the entrance to one of his New York properties. She and her then underage sister, Annie Farmer, were subsequently abused and targeted by Epstein as well as Ghislaine Maxwell. Maria Farmer has accused Eileen Guggenheim, then-dean of the academy and the current chairman of its board, of facilitating and enabling Epstein's predatory behavior towards her. Epstein also had a close friendship with Stuart Pivar, the co-founder of the academy, and the two had reportedly first met at the New York home of the corporate raider James Goldsmith in the early 1970s.⁵¹

Aside from the New York Academy of Art, Epstein also had connections to the art world through art dealers like Leah Kleman, who later told *Bloomberg* that Epstein sought to collect art with "shock value" in order to make an impression on others.⁵² He is also alleged to have recruited victims from performing-arts high schools in Manhattan.⁵³

In addition, as previously mentioned in chapter 11, Epstein attempted to recruit talented young female musicians from the Interlochen Centre for the Arts in Michigan, which he had once attended as a teen. His status as a prominent donor afforded him access to the exclusive fine arts summer school. He was even allowed to build what was formerly known as the Jeffrey Epstein Scholarship Lodge – which was located close to a junior girls' camp.⁵⁴ He also hosted fundraisers and events for Interlochen alumni at his New York office and townhouse.⁵⁵

An unidentified woman sued Epstein's estate in January 2020, claiming that Epstein and Maxwell recruited her from Interlochen when she was 13 years. She was reportedly approached by Epstein and Maxwell while sitting alone between classes. The two claimed to be "arts patrons" that were interested in offering her a scholarship. Epstein paid for some of her music lessons and sent money to her mother and began making "sexual comments" as the grooming process wore on.⁵⁶ She later testified during the Ghislaine Maxwell trial and accused Maxwell and Epstein of molesting and abusing her.⁵⁷

Nadia Bjorlin was also 13 years old when Epstein and Maxwell attempted to groom her at Interlochen. Her father had recently died before she attended and her mother, Fary Bjorlin told the *Daily Mail* in 2011 that "Epstein was a big donor

and he heard about Nadia and that her father had died, so she was vulnerable, and he contacted her. He said, 'Here's my number.'"⁵⁸ When Bjorlin met Epstein and asked what he wanted with her daughter, he promised that he only wanted to help her singing career and "be like a godfather" to her. Bjorlin was uncomfortable with Epstein from that point on and she said she never let her daughter meet him alone.

Epstein and Maxwell also attempted to recruit cellist Melissa Solomon at Interlochen, beginning when she was 14 years old. Solomon said she maintained ties with Epstein and Maxwell, but was never abused by the pair. Their relationship ended when she refused to recruit young girls for Epstein from New York's Juilliard School and also declined an offer to meet Prince Andrew.⁵⁹

Epstein also attempted to recruit attendees of Juilliard on other occasions, reportedly as early as 1983. That year he contacted the school looking for a young dance instructor and one attendee of the school obliged. She was flown to Palm Beach to teach dance to his then guests, two Swedish models, one of whom was Eva Andersson-Dubin. Epstein had enticed her to continue working for him by offering to pay her senior year at Juilliard and to donate to the school. For reasons unknown, he never followed through.⁶⁰

BROKEN PROMISES

In addition to the girls lured into his sex trafficking operation from the worlds of modeling, art, and music, Jeffrey Epstein and Ghislaine Maxwell sought to use many of the same tactics to bring in vulnerable local girls who they could exploit to their benefit. Many would become sexually abused by Epstein, as well as Maxwell herself, while others – depending on their reactions during the grooming process – were cultivated to serve other roles in the operation, such as that of a recruiter.

For instance, in New York, some victims that have come forward have detailed how they were lured into Epstein's sex trafficking operation "under the guise of being recruited to work" while in high school. This was a lure similar to that used on aspiring models, artists, and musicians – i.e. offers of career assistance.⁶¹ However, in other cases, they expressly targeted teens and young women who weren't just looking for career boost, but were economically disadvantaged. In these cases, the lure was often simply money and vague promises of a better life.

In the 2021 criminal case against Ghislaine Maxwell, Minor Victim-4, who testified under her first name, Carolyn, was victim of Jeffrey Epstein's in Florida who was sexually abused by him up to three times a week for several years. Carolyn testified that Ghislaine Maxwell routinely called her to schedule "massages" and eventually invited the young girl to Epstein's private island.⁶² Carolyn was only 14 when Epstein began to abuse her and she received a few hundred dollars after giving Epstein a massage that finished with him masturbating while he touched her.

Carolyn told the court, "I was young and \$300 was a lot of money to me." She also testified that Epstein molested her more than 100 times between 2001 and 2004 at his Palm Beach mansion. Once Carolyn was inside the ring, she was offered further financial incentives by Epstein, Maxwell, and their close collaborators to engage in more sexually focused behavior. Carolyn also testified that alleged co-conspirator Sarah Kellen snapped nude photos of her on Epstein's orders while there was no one else present. She told the court that Kellen called her to tell her that she would get paid \$500 to \$600 if Kellen could take more nude photographs of her.

Epstein eventually pressured Carolyn into bringing him her younger friends, and she ultimately recruited three girls who were approximately the same age she was at the time. She told the court in 2021 that she was paid \$600 for luring in other victims.

Other girls were offered a mix of money and promises that Epstein could help them receive an education at places like Harvard. In court testimony from 2021, a victim referred to as Jane Doe #11 stated that: “He promised me that he would write me a letter of recommendation for Harvard if I got the grades and scores needed for admission. His word was worth a lot, he assured me, as he was in the midst of funding and leading Harvard’s studies on the human brain, and the president was his friend.”⁶³ Epstein, once in a locked room with Jane Doe #11 after luring her in with such promises, threatened to kill her and then raped her.

Another woman, Marijke Chartouni also testified to having a similar experience, but she was lured in, not by Epstein, but by Ghislaine Maxwell. She stated that “She [Maxwell] told me he went to Cooper Union. He was a mathematical genius. That he had favorite girls that he would take to Chanel for 15-minute, all-you-can-buy shopping trips. She told me his right-hand person had connection to the arts and the fashion world, and she could help me.”⁶⁴

Perhaps the best known of Epstein’s victims, Virginia Roberts Giuffre, was also recruited with similar promises at age 16 by Ghislaine Maxwell. She was working at Trump’s Mar-a-Lago when approached by Maxwell. Maxwell’s “sales pitch” to Giuffre was summed up by the *New York Times* as “If she gave a wealthy man a massage, a whole world of opportunity would open to her.” “If the guy likes you, then, you know, it will work out for you. You’ll travel. You’ll make good money. You’ll be educated,” Maxwell reportedly told Giuffre.⁶⁵

While many of Epstein’s publicly known victims had experiences very similar to those described above, some of the economically disadvantaged girls recruited by Epstein and Maxwell were cultivated for other uses. Take, for example, the case of Haley Robson. The *New York Times* reported that Haley Robson was a 16 year-old high-school student when she was approached by an acquaintance at a Palm Beach swimming pool.⁶⁶ This acquaintance asked her if she wanted to make extra money giving massages to a local billionaire. At the time, Robson was a Palm Beach Community College student from nearby Loxahatchee and she soon had her own experience of Jeffrey Epstein’s wandering hands and dismissing his advances early on.⁶⁷

Her rejection of his unwanted sexual advances saw Epstein offer Robson a different way “to make extra money.” No longer seen as easily exploited sexual prey, Epstein instead began to cultivate, groom, and coerce Robson into recruiting other young local girls to “massage” him. Haley was later accused of “rounding-up” dozens of high-school girls from low income rural populations just outside of Palm Beach for Epstein and Maxwell. Robson received \$200 for each new “masseuse” she brought to Epstein’s home, according to police reports.

Court documents suggest that Epstein thought that a young Miss Robson targeting these girls from poorer areas on his behalf would attract less unwanted attention and made it less likely that potentially distressed victims would go to the authorities. In a later court deposition, Robson stated, “I didn’t have to convince them. I proposed to them. They took it.” In October 2020, it was reported that interviews of Robson from around 2005 suggested that she “truly believed she was helping [these girls] by setting up these appointments with Epstein.”⁶⁸

Robson famously compared herself to the so-called Hollywood Madam, Heidi Fleiss, in one interview with Palm Beach police.⁶⁹ She told police that she was scolded by Epstein for bringing back a woman who was apparently too old for him (aged 23), with the detective noting that Robson had been told by Epstein, “the younger the better.”

Other victims of Epstein’s have stated that, in addition to luring women and girls in with promises to help them, Epstein also perversely claimed to some of his victims that being sexually abused by him was also a form of “help.” One victim, identified as Jane Doe #9, stated that “When I was 15 years old, I flew on Jeffrey Epstein’s plane to Zorro Ranch, where I was sexually molested by him for many hours. What I remember most vividly was him explaining to me how beneficial the experience was for me and how much he was helping me to grow.”⁷⁰

“THEY’RE NOTHING, THESE GIRLS”

Aside from the role played by Epstein himself, Ghislaine Maxwell arguably played the most critical role in the sex trafficking operation. She was not only instrumental in recruiting girls into the operation, she was also key in recruiting blackmail victims using similar tactics (discussed more in the next chapter).

When it came to recruiting unwitting underage girls, Maxwell would feign friendship with victims, take them shopping, and act interested in their lives and problems. She made them feel special and would promise them that her “boyfriend” Jeffrey Epstein could help them. Once they were lured into one of Epstein’s residences and trusted Maxwell, she would normalize outrageous and dangerous behavior and seek to erode their personal boundaries, priming them for extreme abuse at the hands of Epstein’s and his associates, including herself.

Named in the 2021 indictment against Ghislaine Maxwell is a woman who testified under the pseudonym “Kate” and was also referred to as “Minor Victim-3.” She detailed how, after initially being recruited, Ghislaine Maxwell systematically groomed her. Kate says that she was approximately 18 years-old when Epstein and Maxwell invited her to the Palm Beach estate in Florida. She recounts that it had a beautiful swimming pool and that the walls were littered with photographs of naked young girls. “They were in almost every room,” Kate stated, going on to say of Maxwell, “I was excited to be friends with her. She was exciting... She was everything I wanted to be.”⁷¹

Kate confided in Maxwell all the details about her problems at home, her mother’s poor health, and her desire to pursue a career in music. Maxwell showed interest in Kate, telling the teenager about her boyfriend, Jeffrey Epstein, who she described as a wealthy philanthropist with a passion for “helping” young people. Kate would testify that she was left with the distinct impression that it “would be great for me to meet him” and stated that Maxwell “said he was going to love me and that I was exactly the kind of person he would help.”

When Kate entered her guest room at Epstein’s Palm Beach residence, she was surprised to find that there was a schoolgirl outfit waiting for her on the bed. Kate testifies that she asked Maxwell what the costume was for, and Maxwell handed her a tray and told her she “thought it would be fun” for her to dress up while she brought Epstein tea. Soon after entering the Palm Beach property, Epstein

initiated low level sexual contact with Kate who recounts in court, “She asked me if I had fun and told me I was such a good girl and that I was one of his favorites.”

On one occasion, Maxwell called Kate saying that Epstein’s massage therapist had canceled and asked if Kate could “do her a favor because [she] had such strong hands.” Kate testified that, during this meeting, Epstein was wearing only a robe, which he soon slipped off, leaving him naked. The sudden shock caused Kate alarm, but she couldn’t easily escape the encounter as Maxwell was standing in the doorway. According to Kate’s testimony, Maxwell handed her some massage oils and quickly shut the door. Shortly thereafter, Epstein first initiated unwanted sexual contact with her.

After the event, Maxwell allegedly asked Kate: “How’d it go? Did you have fun? Was it good?” Maxwell implied to Kate that the unsettling, abusive encounters were normal and meant to be enjoyable for her as well as Epstein. On the third occasion where Kate encountered Epstein, Maxwell told Kate to “have a good time,” before shutting the door. This normalization of abuse was also followed closely by a compliment for her compliance. After that third occasion, Kate recalled Maxwell saying: “You’re such a good girl. I’m so happy you were able to come... he obviously likes you a lot.”

Maxwell’s interest in Kate, and the other victims she groomed in much the same way, was feigned so as to create the perception that they were becoming friends, and that Maxwell was someone Kate could trust and look up to. Simultaneously, Maxwell would tell adult friends in her elite New York and UK social circles that the underage girls she helped to traffic were nothing more than “trash.” One anonymous friend quoted in *Vanity Fair* not only revealed that Maxwell “spoke glibly and confidently about getting girls to sexually service Epstein,” she described her young victims by saying, “they’re nothing, these girls. They are trash.”⁷²

Maxwell was an expert at acting as though very bizarre behavior was completely normal. The victim who testified as Carolyn (mentioned in the previous section) also stated that Maxwell would normalize the abuse by entering Epstein’s massage room while Carolyn was nude. Carolyn states that Maxwell felt her hips, buttocks, and breasts, telling the young girl that she “had a great body for Mr. Epstein.” Carolyn also went on to reveal that, on that occasion, Maxwell groped her breasts before leaving the room. Maxwell’s behavior not only sought to make Epstein’s victims become more compliant, but to also blur and erode their

personal boundaries. With Kate, she worked slowly in an apparent effort to give her reassurance and confidence, gaslighting her to believe that Epstein's and Maxwell's behavior was normal, while also frequently crossing and blurring Kate's personal boundaries.

Kate's recollection of Maxwell's behavior is remarkably similar to the accounts of several other victims, who have portrayed Maxwell as central to the sex trafficking ring as well as an active participant in their sexual abuse. Epstein would tell those he sought to impress that Maxwell was merely a former girlfriend of his who had "fallen on hard times" and who he was hoping to help.⁷³ Instead, however, former employees of Epstein's, like his former butler Alfredo Rodriguez, described her in a deposition as "the boss" of the entire operation. Epstein's former house manager, Janusz Banasiak, described Maxwell and Epstein as "partners in business."⁷⁴ Maxwell was also the person who developed the methods for recruiting and who managed the network of recruiters. Per the *New York Times*, Maxwell told these recruiters to "target young, financially desperate women, and to promise them help furthering their education and careers."⁷⁵

Maxwell also trained victims in sex techniques. This sometimes began with Maxwell teaching victims "massage" techniques, but several victims – including Virginia Giuffre and Sarah Ransome – allege that she also trained them in sexual techniques.⁷⁶ She would reportedly sometimes instruct girls in what to do while they were "massaging" Epstein.

She was apparently so prolific in these efforts that references to her behavior can be found in British media reports as far back as 2003, several years before Epstein was first investigated for sex trafficking. A 2003 article from the UK's *Evening Standard* states: "Salacious reports have crossed the Atlantic about Ghislaine hosting bizarre parties at her house to which she invites a dozen or so young girls, then brandishes a whip and teaches them how to improve their sexual techniques."⁷⁷ It turns out that those "salacious reports" were ultimately true and their appearance in press reports well before Epstein was ever formally investigated also reflects how some of their most sinister acts were, more often than not, hidden in plain sight.

Though there are a wealth of reports on Maxwell's grooming tactics based on victim testimony, it appears that she engaged in other activities that were aimed at facilitating the abuse of minors in other ways. For example, the reason Maxwell reportedly got her license to pilot a helicopter was "so she could transport anyone

she liked without pilots knowing who they were.”⁷⁸ Given that Maxwell is now a convicted sex trafficker and helped traffic women and girls on a near industrial scale, it is worth re-examining her reasons for obtaining that helicopter license through that lens.

Per Maxwell’s reasoning, her ability to pilot a helicopter would have afforded her the ability to transport any of these trafficked girls anywhere without anyone, aside from her and Epstein and their accomplices, knowing. This is particularly sinister considering that several Epstein victims, including Sarah Ransome, have reported that their passports and phones were seized upon flying to Epstein’s island.⁷⁹

The known seizure of victim documentation combined with Maxwell’s desire to “transport anyone” she chose unseen suggests that the full dimensions of the Epstein/Maxwell sex trafficking operation could be much larger and more disturbing than previously understood. Indeed, while most media reports have focused on the pair’s sex trafficking activities in the domestic United States, their operation was global in scope, targeting women and girls in Eastern Europe, Southeast Asia, and South America as well as the United States.⁸⁰ However, of the few official investigations that have been conducted, they have been rather limited in scope and little remains known of the international dimensions of the Epstein/Maxwell sex trafficking operation.

ACCOMPLICES

For Jeffrey Epstein to have a steady supply of suitable victims who met his very specific criteria, he needed a team of collaborators to organize the “masseuses” and ensure their compliance through constant reassurance, a false sense of emotional support, and/or the use of threats. This team, which ultimately organized the systematic abuse of hundreds, if not thousands, of girls, was headed by Maxwell, but also included several others, such as Nadia Marcinkova, discussed earlier in this chapter. Epstein and Maxwell may have been running the show, but without the help of their alleged co-conspirators, their operation would probably have been difficult to manage, would have taken place on a smaller scale, and likely would have been exposed much earlier.

One of these key co-conspirators was Sarah Kellen. Former employees of Epstein’s have alleged that Kellen was “like an assistant to Ghislaine” and was just below Maxwell “in the chain of command.”⁸¹ Kellen has also been regularly named in court cases as a co-conspirator in the Epstein/Maxwell sex trafficking operation and she, like Maxwell, was instrumental in the recruitment and grooming of young girls. Sarah Ransome, for instance, has alleged that “It was Ghislaine and Sarah Kellen that showed me how to please Jeffrey,” and described to the *New York Times* how Kellen would escort her to Epstein’s massage room and then instruct her in how to “best satisfy him sexually.”⁸² The West Palm Beach lawyer who has represented several accusers in lawsuits targeting Kellen, Spencer T. Kuvin, stated that Kellen “saw herself as the boss,” particularly at Epstein’s Palm Beach residence. Kuvin has also alleged that “Sarah was really running that organization, bringing girls and getting them in and out of the Palm Beach home.”⁸³ It was also Kellen’s role to greet the victims arriving at that particular mansion, where she would then escort them to a room with a massage table where Epstein would be waiting, usually wearing nothing but a towel or a bathrobe.

Sarah Kellen reportedly grew up as a Jehovah’s Witness and was reportedly married off by the time she was 17. In 2020, Sarah Kellen’s parents stated that they had known virtually nothing about their daughter’s occupation because they had become estranged from Kellen when she was 18 or 19 years-old.⁸⁴ They also claimed that Kellen, around that same time, was recruited to work for Epstein. They have also argued that “Kellen should be treated as a victim rather than a co-

conspirator because she, too, was groomed and manipulated after falling out with her family and going to work for Epstein in her teens.”⁸⁵

Also around that time, Kellen’s marriage to Noa Bonk, who she had met through the church, quickly soured, allegedly because Kellen was more interested in a “glamorous life of modeling and fashion.”⁸⁶ Kellen was then expelled from the church for allegedly leading an “immoral lifestyle” which included reported nude modeling. However, later reports have claimed that this “nude modeling” was really “a modeling assignment for a life drawing art class rather than pornography.” Sarah Kellen’s mother, Mary Kellen, later told reporters that her daughter “wasn’t mistreated or shunned, she made her own choices. She turned her back on Jehovah God, her conduct went against the standards.” Kellen later married a NASCAR driver in 2013 and changed her last name to Vickers.

Alongside Sarah Kellen, another alleged co-conspirator was Polish born Adriana Ross. Ross was a former *Playboy* model who moved to Florida in 2002, where she was soon hired to work at the Epstein estate. Ross, who sometimes referred to herself Adriana Mucinska, was a frequent flier onboard Epstein’s private plane, infamously known as the Lolita Express, with flight records showing that Ross had accompanied US President Bill Clinton on the plane, among others. Ross was questioned in a 2010 civil suit that focused on Prince Andrew’s participation within the Epstein/Maxwell sex ring. Ross has repeatedly refused to comment, invoking her Fifth Amendment rights while under official questioning.⁸⁷

Another of the core members of Epstein and Maxwell’s team of recruiters and assistants was Lesley Groff, who was officially Epstein’s Executive Assistant. Groff coordinated the travel and transport of Epstein and his entourage, including underage girls who were being trafficked specifically for sex. She also repeated promises of Epstein’s and/or Maxwell’s to victims that Epstein would help them financially or with their careers and, in at least one case, monitored victims’ weight on Epstein’s behalf.⁸⁸ A 2017 lawsuit alleged that Groff was also responsible for arranging the massage itineraries of many of Epstein’s victims. She is also said to have taken steps to ensure the girls complied with the rules of behavior imposed by Epstein, Maxwell, and others.⁸⁹

Lesley Groff was treated well by Epstein and he reportedly saw her as a vital member of his organization. Her other duties in his employ also included “making appointments for Epstein as directed by him, taking his messages, and setting up

high-level meetings with CEOs, business executives, scientists, politicians, celebrities, charitable organizations, and universities.”⁹⁰ In 2004, when she announced that she was pregnant and that she intended to leave his employ, Epstein offered to buy her a Mercedes and offered to pay for a full-time nanny. Epstein told reporters at the time “There is no way that I could lose Lesley to motherhood.”⁹¹ In that same article, Epstein also referred to Groff as “an extension of my brain.”⁹² She is believed to have received a salary of around \$200,000 per year.

Another apparent co-conspirator is Claire Hazell, who later married an aristocrat of the Guinness brewing family, Edward Guinness, Earl of Iveagh. She became Claire Iveagh upon their marriage in 2001. Hazell reportedly worked for Epstein throughout the 1990s, but few specifics are known of her work for him.⁹³ However, after Ghislaine Maxwell’s arrest on charges that focused on Maxwell’s sex trafficking activities during the 1990s, Hazell-Iveagh was sought by federal investigators as she was believed to have knowledge of Maxwell’s illegal activities during that time.⁹⁴ Hazell-Iveagh appears on the flight logs 32 times between 1998 and 2000 and appeared in Epstein’s black book of contacts under her married name. Some Epstein victims, like Maria Farmer, have alleged that Hazell-Iveagh was a co-conspirator in the sex trafficking operation and played a role similar to that later played by Sarah Kellen.

Hazell-Iveagh appears to have been brought into Epstein’s world during her time studying at Ohio State University in the 1990s.⁹⁵ The university is heavily funded by and closely associated with Leslie Wexner. Hazell-Iveagh reportedly had a modeling agency in Columbus, Ohio, at the time and a friend of hers from this period recalled Hazell-Iveagh constantly being at Epstein’s “beck and call.”⁹⁶ Hazell-Iveagh also reportedly took vacations with her boyfriends at Epstein’s island. Given Epstein’s interest in recruiting models during this period, Hazell’s alleged knowledge of Maxwell’s trafficking activity at the time and Epstein’s simultaneous connection with suspect airlines in Columbus, Hazell’s activities in the early 1990s and her modeling agency should be more heavily scrutinized by investigators.

GIRLFRIENDS FOR THE RICH AND FAMOUS

In examining the different milieus in which Epstein and Maxwell recruited young women and girls, it seems that, depending on how those girls reacted to the stressful situations in which they were placed as well as other factors, they were placed in separate tiers that served different, complementary functions to the overall sex trafficking and influence operations of Epstein and Maxwell.

For instance, several former models, former recruiters, and others who ended up becoming associated with Epstein were seen and treated as part of a higher tier than those women and girls deemed more vulnerable and exploitable. Often these were not underage women, but women in their early 20s and, unlike the exploited and abused girls mentioned in earlier parts of this chapter, Epstein appeared to keep his promises to “help” them with their careers and problems. Yet, most of these women, despite the better treatment, seem to have still been used in influence operations by Epstein.

One of these women is Francis Jardine. As mentioned in chapter 16, Francis Jardine was a former model from South Africa who was alleged to have been in a relationship with Epstein in the 1990s, as revealed during the trial of Ghislaine Maxwell. Jardine flew on Epstein’s plane 12 times and appears in his contact book. She also accompanied Epstein to the Clinton White House alongside Eva Andersson Dubin, who Epstein is said to have dated between 1983 and 1991.⁹⁷ Jardine reportedly first met Epstein while working as a model and was housed in the apartments owned by Ossa Properties tied to his sex trafficking operation.

However, unlike other women recruited from the modeling world and housed in those apartments, Jardine’s opinion of Epstein, even today, is remarkably different than that held by most women, particularly after his perversions became public knowledge. In a statement to the *Daily Mail* in 2022, Jardine said:

He tried to expose me to a larger world, open my mind and stimulate my belief in myself that I could be many things as I was sorely lacking in true confidence when I first met him. ... I asked Jeffrey for help, he was many things to me over a period of years, trying to address the various areas that were holding me back as a human being, helping me find my way into a future that would suit my level of sensitivity and my proclivity to jump into relationships too quickly. He wanted me to develop skills and shared the importance of making the right choices. People around me misinterpreted my relationship with him because he was definitely more way out than the average man’s idea of what a woman could be or should be to a man.⁹⁸

She also stated that she would “always be grateful to have known him [Epstein] no matter how people have slated him,” adding that “I loved him and grieve for the way his life has turned out. I would have wished I could have expressed myself in a way that might have saved his life.”⁹⁹

Needless to say, Jardine – despite “dating” Epstein at a time when he was dating multiple other women, including Ghislaine Maxwell and others – held Epstein in the highest esteem. It shows that some women with whom he was associated were left with a strong impression that he had truly helped them, whereas most women he encountered and whom he abused were given empty promises of such help and left battered and broken.

This, in addition to Jardine’s known activities during and after her relationship with Epstein, provides corroboration for the theory that some women were singled out for “star” treatment by Epstein and were “helped” with their careers and/or paired up with powerful, wealthy men in Epstein’s broader network who would then become their husbands.

Sometime in the 1990s, after her relationship with Epstein ended, Jardine married John Deuss, the oil trader with deep ties to Marc Rich and Ted Shackley. As noted in previous chapters, Deuss, like Epstein, Khashoggi, and others in this network, had a reputation for using beautiful young women, usually models, to secure favors and loyalty (as well as potential blackmail) from business associates.¹⁰⁰

Another woman Epstein “dated” while dating Jardine and Maxwell (and apparently others) was Celina Midelfart. Midelfart was another woman who accompanied Epstein to the Clinton White House, where she escorted Epstein to the executive residence twice in a single day.¹⁰¹ Midelfart has since claimed that she and Epstein did not date but had a “business relationship” between 1994 and 1997, though several witnesses at Ghislaine Maxwell’s trial contradicted this claim.¹⁰² Shortly after she stopped dating Epstein, she began dating Epstein’s then-associate Donald Trump. Trump reportedly dumped Midelfart to date his current wife, Melania. As previously mentioned in chapter 12, Epstein and Maxwell claimed to have originally introduced Donald and Melania Trump. However, it also seems possible that Epstein may have introduced Trump to Celina Midelfart, his girlfriend prior to Melania, as well.

Given that several of these “higher tier” women who were Epstein’s “girlfriends” at the time accompanied him to the White House, it seems likely that

the other, anonymous women who also accompanied him there, of which there are four, had similar relationships with Epstein. It is also suggestive of the fact that some of Epstein's "girlfriends" may have been used as part of influence operations on White House grounds, some potentially involving Bill Clinton or other high-ranking administration officials. Several cabinet members had known relationships with Epstein, including Bill Richardson, Robert Rubin, and Larry Summers, and one of Epstein's closest White House contacts – Mark Middleton – flew with Epstein to the Bahamas (and possibly Epstein's Caribbean island) after one White House visit. Of those Clinton administration contacts, Richardson, as well as former Senate majority leader George Mitchell, were later accused of participating in Epstein's sex trafficking operation and of abusing underage girls. It is entirely plausible that Richardson and Mitchell could have first been introduced to Epstein's operation via his visits to the White House where he was accompanied by one of his many "girlfriends."

Another former model who seems to have operated in this higher strata of Epstein's sex trafficking and influence operations is Nicole Junkermann of Germany. Junkermann was a model represented by Elite Model Management in 1995. This was the same modeling agency that represented Epstein's and Maxwell's associate, supermodel Naomi Campbell. As previously mentioned in this chapter, Epstein attempted but failed to acquire Elite's American branch in the early 2000s. In addition to her modeling career, Junkermann was also a talented businesswoman with a peculiar amount of access to wealthy elites from a young age. It is unclear when the glamorous German model turned business woman originally connected with Epstein, but Junkermann did attend Harvard at a time when Epstein's relationship with the university was considerable.

Junkermann also ended up escorting wealthy, older men at social events, including Microsoft co-founder Paul Allen, whose ties to the Maxwell siblings are discussed in chapter 20. Junkermann also flew on Epstein's plane on several occasions, including when she alone accompanied Epstein to the UK for a meeting at the Wexner-owned Foxcote house in early September 2002. As discussed in chapter 14, employees working at Foxcote during that meeting saw Junkermann and a brunette woman, both glamorously dressed, escorting Epstein on either arm. Epstein then brought Junkermann and the other women to two US senators with whom he was meeting, suggesting that the two women were meant to entice the senators for some purpose, possibly to influence their views on the upcoming effort to invade Iraq.

Junkermann later became a business partner in an Epstein-funded company chaired by his close associate, former Israeli Prime Minister Ehud Barak.¹⁰³ The company, Carbyne911 and formerly known as Reporty, was closely associated with Israeli intelligence at the time Junkermann served on its board (see chapter 21).¹⁰⁴ In 2017, she married the Italian aristocrat, Count Ferdinando Maria Brachetti Peretti, who is CEO of Italian energy giant, the API Group. The Brachetti Peretti family, like Francis Jardine's former husband John Deuss, have long been intimately involved in the global oil industry.

Another example of this "higher tier" of women within Epstein's operation is Melanie Walker. Walker, now a celebrated neurosurgeon, met Jeffrey Epstein in 1992 soon after she graduated from college, when he offered her a Victoria's Secret modeling job.¹⁰⁵ As mentioned earlier in this chapter, such offers were often made by Epstein and his accomplices when recruiting women into his operation. It is unclear if Walker ever actually worked as a model for the Leslie Wexner-owned company.

She then stayed at a New York apartment building associated with Epstein's trafficking operations during visits to New York – the Ossa property-owned apartments on 66th Street. However, it is unclear how long she stayed there or at any other Epstein-owned properties. After she graduated from medical school in 1998, she became Epstein's science adviser for at least a year. By 1999, she had grown so close to Prince Andrew that she attended a Windsor Castle birthday celebration hosted by the Queen alongside Epstein and Ghislaine Maxwell.¹⁰⁶ During this period, Melanie appears on Epstein's flight logs under her birth name, Melanie Starnes, though it looks like "Starves" on the flight logs.¹⁰⁷

The close relationship between Prince Andrew and Melanie Walker came under scrutiny after Epstein's former housekeeper at the Zorro Ranch property, Deidre Stratton, stated in an interview that Prince Andrew had been "given" a "beautiful young neurosurgeon" while he stayed at Epstein's New Mexico property.¹⁰⁸ Given that only one neurosurgeon was both close to Prince Andrew and a part of Epstein's entourage at the time, it seems highly likely that this woman "given" to Andrew was Melanie Walker. According to Stratton, Andrew was "kept company" by this woman for three days. The arrangement was set up by Epstein, who was notably not at the property at the time. The exact timing of the stay is uncertain, but it likely took place between 1999 and 2001.

Stratton said the following about the stay:

At the time, Jeffrey had this, she supposedly was a neurosurgeon, quite young, beautiful, young and brilliant, and she stayed in the home with him. ... At one point we had all these different teas and you could pick the teas that you wanted and she asked me to find one that would make Andrew more horny.

I'm guessing she understood her job was to entertain him because I guess, the fear, I don't know; the fear would be that Andrew would say, "No I didn't really find her that attractive." ... He would tell Jeffrey that and then she would be on the ropes.

I'm guessing that, another theory is, that Jeffrey probably had her on retainer and she knew what her job would be, should be, to make these people happy... Sex was all they thought about. I mean, I know for sure that Jeffrey would ideally like three massages a day.¹⁰⁹

Sometime later, Walker moved to Seattle and began living with then Microsoft executive Steven Sinofsky, who now serves as a board partner at the venture capital firm Andreessen Horowitz.¹¹⁰ At the time, Epstein and the Maxwells had cultivated several significant ties to top Microsoft executives, including its two founders – Bill Gates and Paul Allen (see chapter 20). Andreessen Horowitz notably backs Carbyne911, the aforementioned Israel intelligence-linked company funded by Epstein and his close associate Ehud Barak, and where Nicole Junkermann served on its board. The firm also backs another Israeli intelligence-linked tech company led by Barak, called Toka.¹¹¹ Toka recently won contracts with the governments of Moldova, Nigeria, and Ghana through the World Bank, where Melanie Walker is currently a director and a former special adviser to its president.¹¹² It is unclear when, how, and under what circumstances Walker met Sinofsky.

After moving to Seattle to be with Sinofsky and after a brief stint as a “practitioner in the developing world” in China with the World Health Organization, Walker was hired as a senior program officer by the Bill & Melinda Gates Foundation in 2006. Epstein's ties to Gates and Microsoft are discussed in detail in chapter 20. During her time at the Gates Foundation, Walker introduced Boris Nikolic, Gates's science adviser, to Epstein.

Today, Melanie Walker is the co-chair of the World Economic Forum's Global Future Council on Neurotechnology and Brain Science, having previously been named a WEF Young Global Leader. The ties of Leslie Wexner's philanthropy, in which Epstein was intimately involved, to the Young Global Leader program were discussed in chapter 14. Walker also advises the World Health Organization, which is closely linked to Bill Gates' “philanthropy.”

In addition to the above, there are also the instances where former employees and alleged co-conspirators of Epstein were either aided in their subsequent

careers, such as Nadia Marcinkova, or ended up marrying into the wealthier strata of society, as in the cases of Sarah Kellen and Claire Hazell-Iveagh. In the case of Hazell-Iveagh, she began dating her aristocrat husband at a time that overlapped with the conclusion of her work for Epstein. Her husband has been accused of being a notorious womanizer often seen in the company of other women, suggesting that there may have been other motives behind their marriage.¹¹³ Their divorce was announced in 2021.

It appears that women such as these, who had benefitted Epstein and his operation considerably, as well as the women in whom he had invested heavily, were part of another parallel sex trafficking operation of a different nature. As part of this operation, the women were groomed, educated, and trained to, not be exploitable “trash” to be abused by pervert elites, but to be the girlfriends and wives of the elite and were apparently left with the impression that Epstein had “helped” them advance their careers and advance into elite social circles.

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Prince Andrew

CHAPTER 19

THE PRINCE AND THE PRESIDENT

“RANDY ANDY”

As discussed in the previous chapter, Epstein and Maxwell recruited, groomed, and trafficked countless women, teens, and girls, often luring them in with promises of glamorous modeling careers or other forms of “help.” These girls were seemingly divided into tiers, with some being treated as easily exploitable and expendable and others being treated as more elite and worthy of increased investment. One of Epstein’s most well-known targets in terms of sexual blackmail, Prince Andrew, the Duke of York, would become associated with both.

It’s unclear exactly when Epstein met Prince Andrew. As noted in chapter 11, Epstein’s connection to the British Royal family allegedly began as far back as the 1970s and was forged through Epstein’s ties to violinist Jacqueline du Pré. Ghislaine Maxwell, however, is widely believed to be the person who introduced Epstein to Prince Andrew and her social connections to the British nobility from a young age saw her socializing with members of the Royal family at least as early as the mid-1980s, if not before. Several media reports from the early 2000s claim that Maxwell was introduced to the Prince by his ex-wife Sarah Ferguson.¹ Years after this introduction was reportedly made, Jeffrey Epstein provided financial assistance to Ferguson at Prince Andrew’s behest by paying Ferguson’s former personal assistant £15,000, allegedly in order to allow for “a wider restructuring of Sarah’s £5 million debts to take place,” according to *The Telegraph*.²

Steven Hoffenberg, Epstein’s former business partner and financial schemer (see chapter 11), has claimed that Epstein bragged of his relationship with Prince Andrew in the early 1990s and that he had met the Prince via Maxwell around 1991 in the United Kingdom.³ Hoffenberg has claimed that Epstein’s relationship with Andrew was one of his earliest “blackmail plots” and that Epstein openly boasted of plans to sell the prince’s secrets to Israeli intelligence.⁴ Epstein also reportedly referred to Andrew as his “superbowl trophy.” Prince Andrew has since claimed that he didn’t meet Epstein until 1999 and has sought to downplay the extent of their relationship.

However, well before Epstein was infamous, there are numerous indications that Andrew’s relationship with him was very close as well as very abnormal. The Epstein-Prince Andrew relationship has long been a fascination of the UK press, even before Epstein’s notoriety, with numerous articles from the early 2000s

detailing the most outrageous aspects of their relationship. Prior to his association with the Prince, Epstein had also garnered attention from UK newspapers regarding his association with Ghislaine Maxwell, whose reputation in the UK has long been notorious due to the legacy left by her father, Robert Maxwell.

Reports from the UK between 2000 and 2001 on the Epstein-Prince Andrew relationship are rather revealing. Perhaps unsurprisingly, many of them were apparently scrubbed from the internet around the time of Epstein's first arrest and subsequent conviction. These reports not only reference Epstein's connection to both US and Israeli intelligence years before the first investigation into Epstein's exploitation of minors began, but also reveal surprising aspects of Prince Andrew's involvement with Epstein that strongly suggest that the Prince partook in illicit sexual activities with minors to a much greater extent than has previously been reported.

The public, close relationship between Prince Andrew, Ghislaine Maxwell, and Jeffrey Epstein began in February 2000, around the time the Prince turned 40 years old. That month he took a vacation at the Trump-owned Mar-a-Lago club in Palm Beach with Ghislaine Maxwell and subsequently traveled with her to New York.⁵ Andrew, in New York, reportedly stayed at Epstein's residence.

Regarding this New York trip, the *Daily Mail* reported the following in February 2000:

For almost a week Andrew had been a guest of "A" list party girl Ghislaine at the Manhattan apartment on the smart Upper East Side she shares with New York property developer Jeffrey Epstein, 50. While in New York, Ghislaine took Andrew to a fashion show, at the headquarters of designer Ralph Lauren. The Prince even went backstage afterwards and chatted with the models. He looked remarkably comfortable among the willowy creatures, especially as the once-portly Prince – privately known among Buckingham Palace staff as "three puddings" – has shed some weight.⁶

Given the relationship that Maxwell and Epstein had to the modeling industry, it is quite possible that Andrew being given access to attractive models at a fashion show by Maxwell was used to entice and tempt the Prince, drawing him deeper into their social circle. Indeed, shortly after this particular visit, Andrew's relationship with Maxwell and Epstein grew considerably.

The next month, in March, Andrew accompanied Ghislaine to a fundraising dinner in New York for the London Symphony Orchestra.⁷ Shortly thereafter, in April 2000, the *Daily Mail* again reported that Maxwell and the Prince had met up for a "romantic lunch." The article states that, since his 40th birthday in February,

the Prince has been linked “to a series of stunning companions.” It adds that, of those companions, “none, surely, is more intriguing than Ghislaine Maxwell, daughter of the disgraced newspaper tycoon, with whom, it is claimed yesterday, Andrew held hands over lunch in a fashionable New York restaurant.”⁸ The pair were seen “[holding] hands as they toyed with lobster salad and champagne cocktails. They left separately only to play cat and mouse with photographers.”

The conduct between Maxwell and Andrew was described as odd, in part, because Andrew was then dating a friend of Maxwell’s, Australian-born PR executive Emma Gibbs. Friends interviewed by the *Daily Mail* asserted that the relationship between Maxwell and Andrew was “strictly platonic” and they were just “good friends.” However, a separate report from 2007 in the *Evening Standard* refers to Maxwell as one of Prince Andrew’s former girlfriends.⁹

This type of behavior seems to be a key part of Maxwell’s manipulative tactics. While she was also an expert at manipulating young, vulnerable women and girls, Maxwell was also talented at manipulating men, which she often did to benefit herself and Epstein (and before Epstein, her father). This is attested to in yet another article from the period, published in November 2000 by the *Sunday Times*, which quoted friends as saying “The reason she [Maxwell] has men eating out of her hand is she manages to make them feel sexy and fascinating. She’s an outrageous flirt and fascinated by dodgy, powerful men. It’s all part of her Electra complex.”¹⁰ This type of flirtatious, quasi-romantic behavior on Maxwell’s part appears to have been behavior she readily engaged in with, not only Prince Andrew, but another of Epstein’s main “targets” during this time – Bill Clinton (discussed later in this chapter).

It is also entirely possible that Maxwell had helped arrange Andrew’s then-relationship with her friend Emma Gibbs and that this was another means of making Andrew more dependent on Maxwell to arrange (and thus control) his social life. Indeed, she would soon become known as Andrew’s “social fixer” and she was also described as fulfilling that same role for Jeffrey Epstein.¹¹

Ghislaine Maxwell, over the years, appears to have used a range of her “girlfriends” to infiltrate, manipulate, and control powerful men, and those men may have been content to be coerced in such a way. It seems that this was also the likely motive for Maxwell’s and Epstein’s arranging of relationships between the “elite” tier of girls and women they recruited who later became the girlfriends and wives of powerful, elite men in their broader social networks (see the previous

chapter). Returning to the case of Prince Andrew, before his increased involvement with Epstein and Maxwell, he already had some significant relationships with socialites before his marriage in 1986 to Sarah Ferguson that, notably, had some connection to Epstein.

In 1981, for example, he dated *Dynasty* actress Catherine Oxenberg – daughter of Princess Elizabeth of Yugoslavia – followed by a two year relationship with New York-based actress Koo Stark.¹² After his marriage to Ferguson fell apart in 1996, Andrew seemingly took some years off before he paired up with Caroline Stanbury. She dated Prince Andrew in 2000, with *The Sun* later reporting in 2017 that the Prince “even took her to a Martha’s Vineyard Gala with Bill and Hillary Clinton, but the pair split due to the continued press attention on their relationship.” Stanbury has also been previously been reported to have dated actors Hugh Grant and Sylvester Stallone, among others.¹³

Both Koo Stark and Caroline Stanbury appear in Epstein’s little black book of contacts with Catherine Oxenberg’s sister, Christina, also being listed. In 2001, Andrew was again dating a member of the Epstein-Maxell social circle, Emma Gibbs. Later on, in 2006 and 2007, the Prince dated Angie Everhart, who is also listed in Epstein’s book of contacts. Another name linked with Prince Andrew can also be found in Epstein’s book of associates, his ex-wife Sarah Ferguson.

A month after their “romantic” lunch, in May, Andrew made an “official trip” to New York and subsequently went on vacation with Ghislaine in Florida. Next, in June, Ghislaine and Epstein attended a celebration for the Queen’s birthday at Windsor Castle. After a few months, in September, Maxwell and Andrew attended the wedding of Andrew’s ex-girlfriend Aurelia Cecil together. The following month, in October, Andrew again made an “official” visit to New York where he partied with Ghislaine Maxwell. In December, Andrew helped arrange a weekend house party “in honour” of Maxwell’s 39th birthday in the UK.¹⁴

The next year, in January 2001, a very telling article penned by Nigel Rosser was published in the UK’s *Evening Standard*.¹⁵ By that point, Prince Andrew – between February 2000 and January 2001 – had eight recorded outings and trips with Maxwell, five of which had also involved Epstein. The report claimed that Andrew, for the past year, had been spending more time with Maxwell than his own children. This article, in addition to a November 2000 piece in the *Sunday Times*, mentions allegations that Epstein was rumored to be affiliated with intelligence and both the CIA and Israel’s Mossad are mentioned.¹⁶ Such

allegations, as previously mentioned elsewhere in this book, were reported in British media as early as 1992.¹⁷

Rosser's report also quoted several personal friends of Maxwell and Epstein, who provided telling insights into the pair's relationship with the Prince. For instance, one friend was quoted as saying that Maxwell "is able to entrance anyone she chooses and Epstein can pay for anything anyone wants. She is very manipulative, and winds people round her little finger. The whole Andrew thing is probably being done for Epstein."¹⁸

Another friend of the pair similarly told Rosser that "Ghislaine is manipulating him [Prince Andrew] and he's too naive to realise it. She's his social fixer and he's going along with it – why? Because I think Epstein's fantastically impressed by it all. It's all very premeditated."¹⁹

Rosser's 2001 article in the *Evening Standard* further describes Epstein and Prince Andrew as having a "curious symbiotic relationship," adding that "wherever Ghislaine is seen with Prince Andrew, Epstein isn't far behind."

These quotes are particularly revealing now that it is widely acknowledged, over a decade after this article was published, that Epstein was seeking out rich and powerful individuals and entrapping them with minors for the purpose of blackmail. The fact that personal friends of Epstein and Maxwell at the time openly stated that their "manipulative" relationship with Prince Andrew was "very premeditated" and "probably being done for Epstein" strongly suggests that not only was the Prince entrapped, but that this entrapment activity was known to those who were close to Epstein and Maxwell at the time (and presumably British intelligence and other intelligence agencies). The quotes also speak to Maxwell's "manipulative" behavior, which she used to groom not only young, vulnerable girls (as noted in the last chapter), but also targets for sexual blackmail, like Prince Andrew.

Prince Andrew – as a member of the Royal Family, which is very protective of its social reputation – certainly fits into the category of people that Epstein sought to entrap on behalf of intelligence: rich, politically powerful, wary of damaging their social reputation, and thus susceptible to blackmail.

Notably, the year this article was published in the *Evening Standard* (i.e. 2001), is the same year that Epstein's most well-known accuser and victim, Virginia Giuffre (then Virginia Roberts), claims that she was introduced to Prince Andrew by Maxwell and Epstein and forced to have sex with the Prince on at least three

occasions. She has also claimed that Epstein would subsequently instruct her to describe to him the encounters in order to learn compromising information about the Prince's sexual habits and preferences. Her claims regarding Epstein's trafficking of her, specifically to Prince Andrew, have since been largely corroborated by photographic evidence, flight logs, and public records.²⁰

Perhaps the best corroboration of Giuffre's allegations is that fact that, in 2022, Prince Andrew decided to pay Giuffre a reported sum of \$20 million as part of an out-of-court settlement in order to avoid having to face her in court or to give any statement about the past encounters between them under oath.²¹ Giuffre's lawsuit had alleged that the Prince had sexually abused her at Epstein's island, Epstein's New York mansion, and at a residence of Ghislaine Maxwell's in London. It also alleged that Andrew knew she was underage at the time of the encounters.²²

While it appears that Prince Andrew was deliberately entrapped as part of Epstein's intelligence-linked sexual blackmail operation, Rosser's article further suggests that Andrew's involvement with the minors and young women exploited by Epstein went far beyond his alleged three encounters with Giuffre. For instance, Rosser quotes a friend of Prince Andrew's ex-wife Sara Ferguson as saying that Andrew "used to be smart when he came back from abroad.... He's started having a girl massage him... He even travels abroad with his own massage mattress."

During this same time period, Epstein and Maxwell also introduced Prince Andrew to "sex aid entrepreneur" Christine Drangsholt during a trip to Mar-a-Lago and describes Andrew traveling to Los Angeles, where he was seen "flirting ... with a group of young girls," and to Phuket, Thailand, where he "wandered around the sex bars in the area's red light district."²³ The Los Angeles trip saw Andrew accompanied by artist and close friend of Michael Jackson, Brett Livingstone Strong. Ghislaine Maxwell had also accompanied Andrew to Thailand, the same country to which Epstein later sent Virginia Giuffre to recruit others into his international sex trafficking operation.

The mentions of "massages" from a "girl" and Andrew traveling around with Maxwell and Epstein while bringing along "his own massage mattress," are particularly striking given what is now known about Epstein's sex trafficking and sexual blackmail operation. Court documents, police reports, and other evidence have since made it clear that "massage" was the code word Epstein and his co-

conspirators used for sex with the minors he exploited and massage tables and sex toys were frequently present together in the rooms of his various residences where he forced underage girls to engage in sexual acts with him and others.²⁴

Most notable of all is the fact that these claims of Prince Andrew receiving “massages” from girls during his trips with Epstein and Maxwell were published in January 2001, at least two months before Virginia Giuffre states that she was first introduced to and forced to have sex with the Prince in March 2001. This means that the claims in Rosser’s article regarding Epstein-and Maxwell-brokered “massages” refer to *at least* one other girl, strongly suggesting that Andrew’s involvement with minors ex-ploited by Epstein is much greater than what has been publicly acknowledged. Also somewhere in this same timeframe, between 1999 and 2001, Andrew was a guest of Epstein’s at Zorro Ranch, where he was “given” a “beautiful young neurosurgeon” believed to be Melanie Walker (discussed in the previous chapter).

Over the past few years, other reports have added to the likelihood that Prince Andrew engaged in illicit activities with more minors than Virginia Giuffre. For instance, in September 2019, the FBI expanded its probe into Epstein’s sex trafficking network to include a specific focus on the Prince’s role.²⁵ The FBI then stated that they were reviewing claims regarding Prince Andrew made by other Epstein victims aside from Giuffre, but did not specify the nature of those claims.

It is worth examining why Epstein and Maxwell were interested in associating so closely with Prince Andrew and enticing him to partake in their illicit activities at this point in time. One possible motive may lie in gaining access to certain “philanthropies,” as the British Royal family are active patrons of various children’s charities. As will be discussed later in this chapter, access to powerful “philanthropies” appears to be one of the reasons for Epstein’s increasingly public association with Bill Clinton during this same period.

For instance, while Prince Andrew and Ghislaine Maxwell were reportedly partying in New York during April 2000, Prince Andrew also attended a Patron’s Company Lunch for the Outward Bound Trust as a trustee on 14 April 2000 at Buckingham Palace.²⁶ This may have also been attractive to sex traffickers like Epstein and Maxwell, as the Outward Bound Trust is an educational charity which “takes more than 25,000 young people each year, many from deprived areas, to climb mountains, sleep under the stars, and brave the elements in the wild places of the UK.”²⁷ The Duke of York only stepped down from his position

as trustee of the Outward Bound Trust in 2019, and was eventually replaced by his daughter, Princess Beatrice.²⁸ There has never been any official investigation into Andrew's time at the children's charity.

Another reason Epstein may have promoted his increasingly public association with Andrew during this time may be related to Andrew's other roles during this period. Beginning in 2001, the Duke of York worked with UK Trade and Investment which was part of the Department for Business, Innovation and Skills. The Duke was then acting as the United Kingdom's Special Representative for International Trade and Investment. This position had previously been occupied by the first cousin of Queen Elizabeth II, Prince Edward, and the organization was formerly referred to as the "British Overseas Trade Board."

In this official position, Andrew began doing business with executives from some of the world's most powerful companies as well as major politicians in both the UK and abroad. In this position, Prince Andrew traveled throughout the United Kingdom and the wider world.²⁹ For instance, in 2004 alone, Prince Andrew undertook "around 300 UKTI engagements including 148 calls or visits in the UK and 152 overseas."³⁰ Notably, during this time, Andrew's relationship with Epstein and Maxwell was at its peak, meaning that the pair would likely have been able to influence Andrew's behavior on these trade missions were it in their interest to do so.

Significantly, Andrew's role at UKTI saw him accused of "open[ing] doors to arms dealers," specifically in Indonesia, a country where the Riady family (see chapters 8, 16 and 17) are a dominant force.³¹ Andrew was also accused on this and other occasions of seeking to facilitate business deals that specifically benefitted British weapons dealer BAE Systems.³² As noted in chapter 11, Epstein's British mentor, Sir Douglas Leese, had been associated with a massive BAE weapons deal to Saudi Arabia in the 1980s. Epstein's close relationship with Prince Andrew at this time and his own history with weapons companies and arms smugglers suggests that Andrew's relationship with Epstein could have been a factor in the Prince's promotion and facilitation of arms deals to specific countries during this period.

Another possible reason as to why Maxwell and Epstein targeted Prince Andrew was because of the protection from prosecution that an association with the British royal family can provide. While only the Queen herself has official immunity from prosecution, aside from police warnings for speeding violations

given to Princess Anne on a few occasions, the only previous occasion where a member of the British royal family was prosecuted for crimes was King Charles I during the English Civil War of the 1600s.

Even though members of the royal family are not officially exempt from prosecution, the UK police rarely act when the royals are accused of crimes. For example, Prince Charles has had some very suspicious associations, such as to the infamous BBC star and pedophile, Jimmy Savile, and various members of the clergy who have been convicted of sex acts against children – such as the former-Church of England Bishop, Peter Ball, who served only 16 months in prison for offenses against 18 young men.³³ Yet, Charles's association with active pedophiles, much like Andrew's relationship with Epstein – a foreign intelligence asset – have never been properly investigated by the UK police.

EPSTEIN, CLINTON, AND PHILANTHROPY 2.0

Around the same time that Epstein and Maxwell were growing closer to Prince Andrew and “arranging his social life,” they also began to publicly cozy up to another man of influence – Bill Clinton. Indeed, shortly after Bill Clinton left office, his relationship with Epstein and Maxwell deepened considerably. It has also been the erroneous contention of the mainstream media that Clinton’s relationship with Epstein only began during this period of time, in his post-presidency. This is likely part of a broader effort to obfuscate Epstein’s relationship with the Clinton White House in the 1990s (see chapters 16 and 17).

By 2002, Clinton was being referred to in media reports as Epstein’s “latest prized addition.”³⁴ The article also quoted Clinton via a spokesman as saying the following of Epstein: “Jeffrey is both a highly successful financier and a committed philanthropist with a keen sense of global markets and an in-depth knowledge of twenty-first-century science.” Clinton also said at the time that he “especially appreciated his [Epstein’s] insights and generosity” as it related to “work on democratization, empowering the poor, citizen service, and combating HIV/AIDS.”³⁵

In the months after leaving the White House, Bill Clinton not only began to spend a lot more time (at least publicly) with Jeffrey Epstein, he was also focused on the launching of his “philanthropic” organization, the Clinton Foundation. In examining the Epstein-Clinton relationship in the early 2000s, there are numerous indications that Epstein – the man who previously had “masterminded” one of the largest Ponzi schemes in US history via Towers Financial and whose past financial activity was interwoven with organized crime and intelligence networks – played a key role in shaping Clinton’s post-presidential philanthropy. It is also worth keeping in mind that Epstein’s past associations with the Clinton White House revolved around controversial fundraisers with links to foreign espionage operations.

Epstein was also involved in the philanthropy of Bill Gates, which will be discussed more in the next chapter. The philanthropies of Gates and Clinton, both launched in 2001, were intertwined in key ways, with Epstein being one major, yet underreported connection between the two.

Epstein's role in shaping these high-profile philanthropies was no accident. During the early 2000s, there were major shifts in the world of philanthropy underway where people in Epstein's broader network – like convicted felon and former “junk bond king” Michael Milken and tech entrepreneurs like Bill Gates – were developing what some have called “philanthropy 2.0.”

Much of this new model of “philanthropy” has centered around securing “pledges” from billionaires, multi-millionaires, and wealthy celebrities that are ultimately “multi-year promises to invest time and money” in businesses in particular markets which are framed as having a high “social impact.” These “pledges” receive a lot of publicity and are publicly treated as “philanthropic.” However, critics and even supporters have noted that this is “not philanthropy – not as the U.S. Tax Code defines it, or really, how popular culture has always considered it since the earliest societies adopted alms giving to the poor.”³⁶

Key aspects of so-called “philanthropy 2.0” are related to the rise of “venture philanthropy,” which is defined as “the application or redirection of principles of traditional venture capital financing to achieve philanthropic endeavors.”³⁷ Such “philanthropic endeavors” are further defined as “making investments that promote some sort of social good, like socially responsible investments (SRI) to meet environmental, social, and governance (ESG) criteria” as opposed to turning a profit. However, if the “venture philanthropist” is also on the board of the company and holds stock in the company benefitting from the “philanthropy” (as often happens), there are ultimately few tangible differences between venture capitalism and “venture philanthropy.” It should come as no surprise, then, that “philanthropists” of this mold often refer their “philanthropic” donations as investments and openly tout the high return on investment those “donations” have generated.³⁸

The Clinton Foundation is a notable example of such “philanthropy.” It has also been routinely accused of functioning as a more sophisticated version of the corrupt, “pay-to-play” political slush funds used by the Clintons in the past. Yet, instead of their past use of formal political fundraising bodies for these purposes, this time they used what is nominally a “charity.”³⁹ When considering that Epstein's earliest involvement with the Clintons was related to their most questionable fundraising activities (see chapter 16), as well as Epstein's own past of financial crimes, this suggests that his role in guiding the early days of the Clinton's “philanthropic” ventures was hardly coincidental and also suggests there

were ulterior motives behind the foundation's creation. Notably, one of the participants in the suspect 1996 fundraising meetings discussed in chapter 16, Bruce Lindsey, was one of the earliest heads of the Clinton Foundation.

Epstein's covert role in the early days of the Clinton Foundation can be seen in key ways. The foundation, for instance, was created by Bill Clinton alongside Doug Band with input from people like Ira Magaziner, among others, in 2001. Notably, Epstein's several flights with Clinton during this period often saw Band onboard and, on a few occasions, Ira Magaziner as well.⁴⁰ Another person on flights on Epstein's plane with Clinton, Band, and/or Magaziner is Gayle Smith, a former advisor to Clinton who later became the Working Group Chair on Global Poverty for the Clinton Global Initiative from 2005 to 2007.⁴¹

In addition, Epstein's defense lawyers during his first arrest for sex crimes claimed that "Epstein was part of the original group that conceived the Clinton Global Initiative [CGI], which is described as a project 'bringing together a community of global leaders to devise and implement innovative solutions to some of the world's most pressing challenges.'"⁴² Others have described the CGI as "a kind of dressed-up Woodstock for corporate generals and NGO dreamers" and as the Clinton Foundation's "glitzy annual gathering of chief executives, heads of state, and celebrities."⁴³

Epstein's plane being shared by Clinton, Band, Magaziner, Smith, and others during this critical period where Clinton's post-presidential philanthropies were being designed and established corroborates the claim from his lawyers that Epstein was part of this particular group. This is especially true when considering the destinations and purposes of many of those specific flights.

The flights Clinton took on Epstein's plane began in February 2002 and involved 6 unique trips, which involved 26 flights overall, between 2002 and 2003. On February 9, 2002, Clinton was recorded as flying on Epstein's plane from Miami International Airport to Westchester County, New York, where he lives. On that occasion, the flight logs record that there were three Secret Service agents accompanying the former-President.

Clinton again appears on Epstein's flight manifest accompanied by a sizable Secret Service detail, with flight logs recording that on March 19, 2002, Clinton and Epstein flew from JFK to London Luton airport along with three members of the Secret Service, Doug Band, Ghislaine Maxwell, and Sarah Kellen. The group returned to JFK on March 21, accompanied by an additional seven members of

the Secret Service, supermodel Naomi Campbell, and one unidentified male passenger. Though little is known about the purpose of these earliest flights, Clinton's subsequent trips on Epstein's plane were intimately linked to Clinton's efforts to develop his "philanthropies."

On May 22, 2002, Bill Clinton was again recorded on the flight logs for Epstein's plane, but on this occasion, without his Secret Service detail. Before they made their eventual rendezvous with Clinton in Japan, Epstein, Maxwell, and Kellen had arrived via Nice, France, and Novosibirsk in Russia.

Clinton had already been in Asia since at least May 19, when he was acting as then-president George W. Bush's official emissary and led an official delegation to East Timor from May 19 to May 20.⁴⁴ The next day, Clinton was in Japan to receive an honorary law doctorate, which was presented to him by the president of Nihon University, Yukiyasu Sezaki.⁴⁵ The following day, Clinton boarded Epstein's plane and the group took off from Japan's Atsugi Naval Air Facility and traveled to Hong Kong.

Aboard this flight were Jeffrey Epstein, Ghislaine Maxwell, Sarah Kellen, Bill Clinton, Pete Rathgeb (a Florida-based pilot), and Doug Band. They were accompanied by two girls only referred to as Janice and Jessica in the flight logs, believed by some to be trafficked women, and someone identified by the letters "MCXG" and a note of "+6 pax." The latter annotation appears to refer to 6 additional passengers, whose identities are unknown, joining that particular flight. Epstein's plane had originally arrived on the Japanese naval base on 20 May, two days prior to their departure to Hong Kong.

Epstein's plane briefly stopped in Hong Kong before flying on to China, where it landed at Shenzhen Bao'an International Airport in the Guangdong province of China, on May 23, 2002. There, the group only stayed for a few hours. The group then flew from China and landed at Singapore's joint civilian-naval base, Changi Air Base.

The trip to Singapore is significant as Epstein and Maxwell were photographed at the Fullerton Hotel attending a dinner meeting alongside Clinton and Singapore's Prime Minister, Goh Chok Tong, among others.⁴⁶ Others at that meeting who can be seen seated alongside Clinton, Epstein and Maxwell are Harvard-educated, Singaporean politicians George Yeo Yong-Boon and Tharman Shanmugaratnam, who were then working in the Ministry for Trade and Industry. Both of those politicians are now part of the leadership bodies of the

World Economic Forum.⁴⁷ Also present was the then US ambassador to Singapore Steven Green, who had been appointed when Clinton was president in 1997 and continued to serve through the earlier part of George W. Bush's first term.⁴⁸

Green was previously the head of E-II holdings, which was rescued from bankruptcy thanks to a cash infusion from corporate raider (and later Epstein associate) Leon Black.⁴⁹ Green, after he began working for Samsonite Corporation, was "a frequent flyer on the late Commerce Secretary Ron Brown's trade missions" and in the mid-1990s, prior to being appointed ambassador to Singapore by Clinton, had donated \$10,000 to the DNC and thousands more to Democratic candidates. In 1995, Green was placed on president Clinton's Export Council, where he served on the Executive and Strategic Communications Committees.⁵⁰ That council was situated within the Commerce Department and "advises the president on matters related to export performance and develops policy guidance to promote export expansion" and "provides a forum for addressing significant trade issues affecting U.S. businesses and workers."⁵¹ Green, in other words, seems to have been part of the controversial happenings related to the Commerce Department in the mid-1990s (see chapters 16 and 17) and was, notably, given an ambassadorship to Singapore, a country which played a minor role in aspects of that scandal, during that period of time.

After the dinner meeting, Clinton went on to meet Goh Chok Tong's predecessor, Lee Kuan Yew at the Istana, the official residence of Singapore's president.

After a two night stay in Singapore, the group flew to Bangkok, Thailand, where they had a short lay-over before flying on to a meeting with the Sultan of Brunei, arriving on May 25, 2002.⁵² Upon arriving in Brunei, they were welcomed by the Sultan Haji Hassanal Bolkhiah, who made the group his guests of honor for a meal at the Istana Nurul Izzah, which was discussed in the government-run media outlet *Pelita Brunei* a few days after the meeting on May 29, 2002.⁵³

The Sultan of Brunei and some of his relatives have faced disturbing accusations of illegal sexual behavior over the years. The rulers of Brunei have become well renowned for throwing lavish and outrageous parties where they import Western models, strippers, and prostitutes to entertain the members of the royal family. This is despite the fact that prostitution and paying for sexual services is a serious criminal offense in the country. Epstein had some notable, indirect

connections with the Sultan of Brunei, who, for example, owned the building where Epstein's offices at the Villard Houses were located (see chapter 11). As noted in chapter 7, the Sultan of Brunei had also been involved in covert Contra support efforts.

In 1997, Shannon Marketic, a former-Miss USA, took legal action against Jefri Bolkiah – the Prince of Brunei – saying that she and other women were hired for promotional modeling work but instead found themselves being held “virtual prisoners.”⁵⁴ Marketic claimed that they were drugged during their captivity and forced to act as sex slaves for members of the Brunei royal family. Eventually, the court ruled that the sultan had sovereign immunity as head of state and the case was dismissed.

The group that had flown in on Epstein's plane spent two nights in Brunei, before flying out of Brunei International Airport. Here, at their departure from Brunei, Clinton's group and Epstein's entourage went their separate ways, with Epstein and company continuing on to Indonesia, where they would spend two days before flying out to Sri Lanka.

In addition to this trip, Clinton's last trip on Epstein's plane, in November 2003, also saw him travel to Hong Kong and China. On that trip, he traveled to the Far East with Epstein after touting and developing his “philanthropic” projects in the developing world with European officials. As will be noted later, Clinton also traveled to China and Taiwan with Ghislaine Maxwell in 2005.⁵⁵

The fact that Clinton made two major trips to these countries on Epstein's plane (and a later one with Maxwell) takes on new significance when considering the subjects of chapters 16 and 17, which detailed the intersections of Epstein's visits and activities with the Clinton White House and how it related to administration scandals involving China. The Singapore visit seems particularly significant as there is photographic evidence of Epstein and Maxwell meeting that country's then head of state alongside Clinton. As previously mentioned in chapter 16, Mark Middleton's suspect activities in the 1990s, in addition to his involvement with Epstein, saw him accused of receiving funds from Chinese military intelligence via entities in Singapore. The country was also the site of major Lippo Group (i.e. Riady family-owned) businesses. In addition, Steven Green's aforementioned history and presence at this meeting is also noteworthy.

After the trip to Asia in May 2002, Epstein accompanied Clinton on another trip associated with the Clinton Foundation later that year, this time to Africa. In

September 2002, President Clinton flouted his normal security protocols while traveling with Epstein and his entourage. This time, in the name of “charity,” the group brought along some celebrity additions. Throughout this week-long African sojourn, Jeffrey Epstein, Ghislaine Maxwell, and Sarah Kellen would host not only President Clinton, but also actor Kevin Spacey as well as comedian Chris Tucker. Spacey was, a few years later, charged with sexual assault and has been accused of sexual abuse by several men over the years, beginning in 2005, then again in 2008 and in 2013 as well as more recently in early 2022.⁵⁶ As of the writing of this book, he has yet to be convicted.

The flight logs also show that other travelers included Clinton’s advisor Doug Band as well as American businessman Ron Burkle, the co-founder of the Yucaipa Companies, LLC, a private investment firm. He formed Yucaipa Co. in 1986 while he was in his mid-30s and his subsequent rise was meteoric. In a 2010 article published in the *Pittsburgh Post-Gazette*, it was noted that: “With the fortune has come attention, most of it unwanted. At times the subject of salacious gossip, Mr. Burkle fanatically tries to guard his privacy.” Many of Burkle’s close associations with the usual suspects may be the likely reason for the billionaire’s success.

For instance, a 2006 *New York Times* article described the wealthy business man as follows: “Mr. Burkle, a kingmaker in California political circles and a confidant of a former governor, Gray Davis, has also been a loyal supporter of Mr. Clinton and former Vice President Al Gore, who both now have business relationships with him.”⁵⁷ By the time of the Africa trip, Clinton was also on Burkle’s payroll, as the former-president was serving as an advisor to Yucaipa. Clinton is believed to have earned around \$15 million in five years of working for Burkle’s company.⁵⁸ Burkle told *Forbes* in 2006 that, at the time, he “figures he accompanies Clinton at least half the time Clinton travels abroad.”⁵⁹

The aforementioned *Times* article also states that Burkle “had a highly publicized falling-out with Michael Ovitz, the former Hollywood power broker, several years ago, and came under the news media microscope in late 2000 for soliciting Mr. Clinton about a possible pardon for Michael Milken, the former junk-bond king and convicted felon. But for the most part, Mr. Burkle, who sits on the boards of the Occidental Petroleum Corporation and Yahoo, has avoided engaging in high-profile business disputes.”

As previously mentioned in earlier chapters, Occidental Petroleum has long been associated with corporate raiders and other suspect characters explored

throughout this book, especially its long-time head, Armand Hammer. In addition, Burkle's effort to solicit a pardon for Michael Milken speaks to Burkle's own past association with the "junk bond king," as Milken had been involved with Burkle's early rise and at least one of Yucaipa's early successes.⁶⁰ Burkle has many other interesting connections. For instance, described as "a former family friend of Michael Jackson," Burkle purchased the late singer's Neverland Ranch in 2020.⁶¹

Joining Ron Burkle, Clinton, Epstein, and others on this trip to Africa was Casey Wasserman, an American entertainment executive and the grandson of "supermob" kingpin and longtime head of MCA, Lew Wasserman. Casey Wasserman was the son of Jack Norman Myers (formerly Meyrowitz) and Lynne Wasserman. Casey's father was once convicted alongside reputed mobster Chris Petti for money-laundering.⁶²

After his parents divorced, Casey began using his mother's maiden name, Wasserman, suggesting that he wanted to play up the connections shared by the maternal side of his family. In an interview with Jack Myers conducted by author Dennis McDougal, who wrote *The Last Mogul: a biography of Lew Wasserman*, Myers said: "My son changed his name to Wasserman, I said, 'Casey, first of all everyone will think you're a fool if you do that. You look like an idiot.'" But Wasserman was obviously more interested in the clout his mother's maiden name would afford him than keeping his father's name intact.

Indeed, Casey Wasserman would eventually become president and chief executive officer of the Wasserman Foundation, which was founded by Lew and Edie Wasserman in 1952. The Wasserman Foundation eventually became a major contributor to the Los Angeles Police Foundation as well as a major donor to the Democratic Party. In addition, Casey Wasserman's wife, Laura, was the granddaughter of none other than the organized crime-linked lawyer Paul Ziffren, previously mentioned in chapters 1 and 9. Thus, Casey Wasserman seems to have had an apparent interest in operating within the same networks as his grandfather.

As previously noted in chapter 16, the Wassermans were major political patrons of the Clintons. As noted by *Variety*: "In 1991, Bill Clinton attended his first major introduction to Hollywood fundraising circles at the home, when the Wassermans hosted an event that August for the Democratic National Committee. They threw another fundraiser for him in August of 1992, and then after he won the presidency that December, according to *Variety* archives."⁶³ The article goes on to note that:

Other guests at the [Wasserman] home through the years including a host of governors and senators, as well as Henry Kissinger when he was secretary of state. [Jimmy] Carter was a largely unknown Georgia governor when he first met Lew Wasserman, but he said in a 1982 interview that Wasserman's backing proved "extremely helpful." "When I decided to run, Mr. Wasserman was one of the first out-of-state-people I told," Carter said, according to the book *Mr. and Mrs. Hollywood*. "People respected his judgment in political affairs."⁶⁴

As previously noted in chapter 10, Wasserman was also one of the driving forces and chief political patrons of Ronald Reagan, making him a "kingmaker" for several US presidents during his lifetime.

Another big player and Clinton ally who joined this particular trip was Rodney Slater, who had previously been Secretary of Transportation under President Bill Clinton, and David Slang, reportedly a personal assistant to Doug Band. Also listed were the names Andrea Mitrovich, Chauntae Davies, Cindy Lopez, as well as Jim Kennedy, Gayle Smith, and a man named Eric, whose surname is illegible. Andrea Mitrovich is listed in Epstein's contact book as a "ballerina" and appears on Epstein's flight logs numerous times, often listed by her initials "AM." She flew on numerous flights that also included Bill Clinton aside from the Africa trip. Chauntae Davies, also on this particular flight, is one of Epstein's better known accusers and was allegedly trafficked by him under the guise of working as a "masseur." Cindy Lopez is listed in Epstein's black book as being affiliated with Karin Models, the modeling agency tied to Epstein co-conspirator Jean Luc Brunel discussed in the previous chapter.

Gayle Smith refers to Clinton's former special assistant and senior director for African Affairs at the National Security Council in Clinton's second term. At the time of the flight, she was working for the Clinton-adjacent Center for American Progress think tank and, by 2003, was working for the Clinton Global Initiative. Before joining the Clinton administration, Smith was chief of staff to the head of the US Agency for International Development (USAID), an alleged CIA cut-out.⁶⁵

The trip officially started in Ghana, where Bill Clinton "promote[d] efforts to curtail the AIDS epidemic and encourage economic development." During his trip to Accra, Clinton met with the then president of Ghana. On this trip to Ghana, Bill Clinton was the guest of honor at the launch of the Foundation for the Building of Capital of the Poor (FBCP), a program ostensibly designed to assist in "mobilizing the assets held by the poor to facilitate their economic development" and which was also described as a "property reform program." Clinton was

reported to be a patron of the foundation.⁶⁶ President John Agyekum Kufuor of Ghana launched the Foundation, which also established a regional training institute in Accra for the benefit of other African countries interested in these property reform programs.

The foundation, which was supported by the United Nations Development Programme (UNDP), was developed jointly by the Ministry of Justice of Ghana and the Peru Institute for Liberty and Democracy (ILD). The latter organization was founded by Peruvian economist and author, Dr. Hernando De Soto, a close ally of Clinton's. De Soto had previously delivered a series of lectures in Accra earlier that same year, reportedly at the invitation of the government and facilitated by the UNDP. Speaking to reporters upon his arrival at the Kotoka International Airport on this occasion, De Soto told the press that he had decided to set up the foundation in Ghana because the country's government had shown a commitment to democratic principles by developing proper property documentation.⁶⁷

Clinton's meetings in Ghana took place behind closed doors, with African media outlets at the time stating that, "The discussions were, however, believed to have centered on the launching of the foundation, economic and political developments in Africa and other parts of the world." Clinton also caused controversy during this trip to Ghana by meeting with former-Ghanaian President Jerry John Rawlings.⁶⁸ The private meeting between Clinton and Rawlings caused concern among the Ghanaian officials who accused Clinton of diverging from the agreed protocol for his visit to Ghana. However, Clinton insisted that his visit to Rawlings had been included on his original itinerary.

The government and organizers of the visit claimed they had not been told about this meeting beforehand and Clinton's account of events was soon contradicted by reports that the US Embassy officials had discreetly informed the Rawlings's household that Clinton planned to visit him on the same day that visit took place. Rawlings's Special Aide, Victor Smith, confirmed that they had been formally informed of a request by Clinton to meet Rawlings the same day of the meeting: "We received the information at 11am today."⁶⁹

The Epstein-Clinton group then left Accra and landed in Abuja, Nigeria, for the next stop of their African tour.⁷⁰ When leaving Ghana, the passengers of Epstein's plane were seen off by Alphonse Arthur, who was Director of State Protocol, as well as officials stationed at the US Embassy in Accra. The group's

next stop in Nigeria saw the former-president give a speech at the annual lecture of the Nigerian Institute of International Affairs (NIIA) at the ECOWAS Secretariat in Abuja. His lecture was entitled “Democratisation and Economic Development” and seemed to follow a similar tone to his previous public statements made during his time in Ghana.⁷¹

After Nigeria, the group journeyed onto Rwanda.⁷² Clinton began his visit on this occasion at Kicukiro Health Centre and then had lunch with the President of Rwanda, H.E. Paul Kagame and First Lady Mrs. Jeanette Kagame at State House, Kigali. Clinton also visited the Gisozi Genocide Memorial site and Ndera village, where villagers were reportedly receiving support from the Clinton Foundation.

At Kicukiro Health Centre, President Clinton had signed an agreement between the Clinton Foundation and the Government of Rwanda to “to help Rwanda provide drugs and care to HIV /AIDS patients, train health workers and develop health services.” Speaking at the health center, President Clinton stated that, “I believe reversing the AIDS (pandemic) is the most important issue that is facing the whole world. It should unite all people.”⁷³

Again, on this leg of the trip it was reported that Clinton was “accompanied by actors Kevin Spacey and Chris Tucker” and that Clinton was “in Africa to promote efforts to fight AIDS and encourage economic development.”⁷⁴ The former-president and his entourage left Rwanda for their next leg of their journey, arriving in Maputo, Mozambique, on Wednesday evening. Clinton’s visit to Mozambique was a two-day event and the group disembarked at Maputo International Airport, where they were greeted by President Joaquim Chissano.⁷⁵ Clinton gave another speech, pledging to help attract further US investment to Mozambique. Clinton and the then-Prime Minister of Mozambique, Pascoal Manuel Mocumbi, then signed a joint-memorandum on HIV/AIDS.

The last leg of the group’s journey saw them travel to South Africa, where President Clinton delivered an address on the future of Africa and the role of the international community. He also joined Nelson Mandela in an event to recognize the importance of a project called “loveLife” as a model for global HIV/AIDS prevention.⁷⁶ “loveLife” was a project largely financed by the Henry J. Kaiser Family Foundation in partnership with the South African Government and the Bill and Melinda Gates Foundation and was created with the goal of reducing South Africa’s youth HIV/AIDS infection rate by 50 percent in five years.⁷⁷

Per Clinton, this mission to promote specific HIV and AIDS solutions in Africa had been formed with key input from Jeffrey Epstein. This is significant as Clinton's AIDS work closely intersected with that of another man of influence whose philanthropy was also intimately tied to Epstein: Bill Gates (see chapter 20). In addition, well after this visit, in 2012, Epstein claimed that he does "lots of work in Africa" and further described Africa as "a fertile ground for experimentation because it has been so underdeveloped."⁷⁸ At the time, Epstein had no formal presence or organization in Africa, suggesting that his claims of doing "lots of work in Africa" may have been based around his continued involvement in Africa-focused initiatives of the Clinton and/or Gates "philanthropies," potentially with a focus on HIV/AIDS, well after this trip in 2002.

After the Africa trip, the group flew to the United Kingdom, where Prince Andrew arranged for Maxwell, Epstein, Bill Clinton, and Kevin Spacey to visit Buckingham Palace in September 2002. Maxwell and Spacey were photographed sitting in the palace's throne room.⁷⁹

In his apparent role in helping plan and lending his jet to Clinton's fledgling "philanthropies," Epstein had, perhaps unexpectedly, gained the media's attention due to his increasingly public globetrotting with the former president. Epstein, in 2002, suggested that the raising of his public profile had created unintended consequences: "If my ultimate goal was to stay private, traveling with Clinton was a bad move on the chessboard. I recognize that now. But you know what? Even Kasparov makes them. You move on."⁸⁰

Indeed, prior to the Africa trip, Epstein only appeared in reports, mainly in the British press, that focused on (and speculated about) the nature of his relationship with Ghislaine Maxwell as well as his relationship with Prince Andrew. When Epstein's relationship with Clinton began to garner press attention, it was one of the first times that Epstein was scrutinized by the American press.

However, Maxwell herself apparently cultivated a relationship with Clinton during the period in which Epstein was involved with the Clinton philanthropies. For instance, Maxwell reportedly accompanied Clinton on Ron Burkle's private jet to India in November 2003.⁸¹ That trip was also associated with Clinton's philanthropic endeavors, but – notably – Epstein was not present. In addition, Maxwell accompanied Clinton, alongside billionaire philanthropist Ted Waitt – a

former tech mogul and then-boyfriend of Ghislaine's, on another trip to Asia in 2005 that included visits to Taiwan, Japan, and China.⁸²

Vicky Ward has reported that Maxwell, at the time, was considered by Clinton's staff as "just as important as Jeffrey – if not more so" in terms of fundraising for the Clinton Foundation and was deemed as the "go-to person for 'financial asks' for Jeffrey's money by the Clinton Foundation and then the Global Initiative."⁸³ Some of Epstein's donations to Clinton's philanthropies included a "high six-figure sum" in 2005 to become founding members of the CGI. As a result, Maxwell was "constantly being asked" to attend VIP events associated with the Clinton Foundation and the CGI.

At that time, and shortly after the alleged trip of Epstein's and Clinton's to China in 2005, Maxwell and Clinton were reported to have grown closer and Epstein "seemed to be completely left behind." This can be seen in Maxwell being a guest to Chelsea Clinton's wedding in 2010 and the involvement of her subsequent philanthropy, TerraMar, with the CGI. Some authors have since alleged that Clinton and Maxwell began having an affair at this time because Clinton visited Maxwell's New York residence numerous times and they were seen dining together.⁸⁴ However, as previously mentioned, Maxwell also engaged in the same behavior with Prince Andrew and this was likely just part of the behaviors that Maxwell used to enthrall and manipulate powerful men.

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CHAPTER 20

EPSTEIN, EDGE, AND BIG TECH

MICROSOFT AND THE MAXWELLS

The 2001 article by Nigel Rosser that was published in the *Evening Standard*, discussed at length in the previous chapter, also contained other, telling revelations about Epstein and his activities aside from his connections to Prince Andrew and allegations of his ties to US and Israeli intelligence.

One of the most interesting lines in that article provides perhaps the first major clue toward demystifying the true origin of Epstein's relationship with another powerful man of influence, Microsoft co-founder and billionaire "philanthropist" Bill Gates.

In his article, shortly after introducing Epstein as an "immensely powerful New York property developer and financier," Rosser states that Epstein "has made many millions out of his business links with the likes of Bill Gates, Donald Trump, and Ohio billionaire Leslie Wexner, whose trust he runs."¹ Both Wexner's and Trump's relationships with Epstein prior to 2001 have already been discussed at length in this book and date back to around 1985 and 1987, respectively. Mainstream media, however, continue to report that Gates and Epstein first met in 2011 and have declined to follow the leads laid out by Nigel Rosser. I am personally aware of this withholding of information to a degree as a BBC reporter contacted me in 2019 for details about this 2001 *Evening Standard* article, which I provided. To date, the BBC has never reported on the contents of that article. Notably, the BBC has received millions in funding over many years from the Bill & Melinda Gates Foundation.²

Some may argue that the addition of Gates's name here may have been in error. However, Rosser's article was never retracted or even challenged. In addition, Gates, Trump, and Wexner never – collectively or separately – disputed the claims made in the article at the time, which was published well before Epstein became notorious. In addition, given that Gates is named alongside two known close Epstein associates at the time – Donald Trump and Leslie Wexner – it further suggests that Gates's ties to Epstein prior to 2001 were considerable enough to warrant his mention alongside these two other men.

In addition to the *Evening Standard* article, there is evidence from Maria Farmer, an Epstein victim who was employed by Epstein and Maxwell from 1995 to 1996. She has stated that she recalled hearing Epstein mention Bill Gates in

such a way as to imply they were close friends and which gave her the impression that the Microsoft cofounder might soon be visiting one of Epstein's residences.³

Beyond these two key pieces of evidence, there is also the fact that, prior to the *Evening Standard* article, Gates's Microsoft, which he still led at the time, already had a documented connection to a business run by Ghislaine Maxwell's sisters in which Ghislaine had a financial stake. This may offer a clue as to the nature of the "business links" alluded to by Nigel Rosser. Furthermore, the odd nature of Gates's relationship with Isabel Maxwell, who has ties to the PROMIS software espionage scandal (see chapter 9) and to Israeli intelligence, is documented in a 2000 article from the *Guardian*.

As previously noted in chapter 15, twin sisters Christine and Isabel Maxwell, along with their husbands at the time, created the McKinley Group in January 1992. Christine and Isabel had both previously worked for the front company Information on Demand used by their father Robert Maxwell to sell the compromised PROMIS software to the US government (see chapter 9).⁴ After Robert Maxwell's death, Christine and Isabel had "wanted to circle the wagons and rebuild" and saw McKinley as "a chance to recreate a bit of their father's legacy."⁵ The McKinley Group, however, was not solely a venture of Isabel, Christine, and their husbands, as Ghislaine Maxwell also had "a substantial interest" in the company, according to a *Sunday Times* article published in November 2000.⁶

That same article also noted that Ghislaine, throughout the 1990s, had "been discreetly building up a business empire as opaque as her father's" and that "she is secretive to the point of paranoia and her business affairs are deeply mysterious." She chose to describe "herself as an 'internet operator'" during this period, even though "her office in Manhattan refuses to confirm even the name or the nature of her business." Another article, appearing in *The Scotsman* from 2001, separately notes that Ghislaine "is extremely secretive about her affairs and describes herself as an internet operator."⁷

It is unclear how involved Ghislaine actually was in the McKinley Group's affairs. McKinley created what became known as the Magellan Internet Directory, remembered as "the first site to publish lengthy reviews and ratings of websites." Magellan's "value-added content" approach attracted several large corporations, resulting in "major alliances" with AT&T, Time-Warner, IBM, Netcom, and the Microsoft Network (MSN) that were all negotiated by Isabel Maxwell.⁸

Microsoft's major alliance with McKinley came in late 1995, when Microsoft announced that Magellan would power the search option for the company's MSN service.⁹

McKinley's fortunes fell, as its effort to become the first search engine to go public failed, igniting a stand-off between Christine Maxwell and Isabel's then husband that also resulted in the company essentially falling behind other market leaders.¹⁰ As a result, McKinley missed the window for a second IPO attempt and continued to lag behind in adding ad revenue to their business model. Excite, which was later acquired by AskJeeves, ultimately bought the McKinley Group and Magellan for 1.2 million shares of Excite in 1996, which was then valued at \$18 million.¹¹ It was said that it was Isabel Maxwell who made the deal possible, with Excite's CEO at the time, George Bell, claiming she alone salvaged their purchase of McKinley.¹²

Despite McKinley's lackluster end, the Maxwell twins and other stakeholders in the company, Ghislaine Maxwell among them, not only obtained a multimillion-dollar payout from the deal but also forged close connections with Silicon Valley high rollers. It is unclear if the money Ghislaine received from the sale was used to further the sexual trafficking and influence operations she was then conducting alongside Jeffrey Epstein.

After the sale of McKinley/Magellan, the overt ties of Christine and Isabel Maxwell to intelligence in both the US and Israel grew considerably. Isabel's ties to Microsoft also persisted following the sale of the McKinley Group. She became president of the Israeli tech company CommTouch, the funding of which was linked to individuals and groups involved in the Jonathan Pollard nuclear spying affair.¹³

COMMTOUCH AND ISABEL MAXWELL

In 1992, Israel's government created the Yozma Program at the urging of the Chief Scientist of Israel's Ministry of Industry and Trade, Yigal Erlich, as Erlich moved to leave that position.¹⁴ The Yozma Program sought to "incentivize venture investment" by creating state-linked venture capital funds, which would spawn a myriad of Israeli hi-tech startups with the goal of merging them with major, foreign technology companies.¹⁵ According to Erlich's website, he had lobbied Israel's government to launch Yozma because he had "identified a market failure and a huge need in Israel to establish for the first time a professionally-managed venture capital industry that will fund the exponential growth of high tech ventures coming out of Israel."¹⁶ He then "convinced the Israeli government to allocate \$100 million for his venture capital vision."

Erlich's vision would also result in the fusion of Israel's hi-tech sector, which he helped to create, with Israel's intelligence apparatus, specifically Israel's signal intelligence agency, Unit 8200. This also resulted in numerous Israeli hi-tech conglomerates that were created with funding from the Yozma program, and their successors, doubling as tools of Israeli espionage.¹⁷

By 2012, the use of Israeli tech companies as fronts for intelligence would become an open secret. As reported by the Israeli media outlet *Calcalist Tech*, the Israeli government by 2012 embarked on a formal policy that saw "cyber-related and intelligence projects that were previously carried out in-house in the Israeli military and Israel's main intelligence arms [be] transferred to companies that, in some cases, were built for this exact purpose."¹⁸ One of the front companies named in that particular article is Black Cube, which Epstein associate Ehud Barak would later recommend to movie mogul Harvey Weinstein as a company he could utilize to harass women who accused him of sexual abuse. Weinstein later invited Barak and the president of Black Cube to a fundraiser for Hillary Clinton.¹⁹

Notably, not long before Erlich convinced Israel to place \$100 million into this program, Israeli intelligence, thanks largely to the work of infamous spymaster Rafi Eitan, had learned the benefits of placing backdoors for their intelligence services into commercial software through the theft and subversion of the PROMIS software. As noted in chapter 9, Israel's bugged version of PROMIS was largely marketed by Robert Maxwell.²⁰

After the Yozma program was established, the first venture capital fund it created was called Gemini Israel Ventures and Israel's government chose a man named Ed Mlavsky to lead it.²¹ Mlavsky, at the time, was the Executive Director of the Israel-U.S. Bi-national Industrial Research and Development Foundation (BIRD), where Erlich was Chairman of the Executive Committee. Mlavsky states that, while heading the BIRD foundation, "he was responsible for investments of \$100 million in more than 300 joint projects between U.S. and Israeli high-tech companies."²²

BIRD's connections to Gemini Israel Ventures and the Yozma Program in general are interesting, given that just a few years prior it had come under scrutiny for its role in the one of the worst spy cases in US history – the Jonathan Pollard affair. Jonathan Pollard had been a naval intelligence analyst turned Israeli spy who passed troves of documents regarding US military technology (specifically nuclear technology) as well as clandestine US intelligence operations to Israeli intelligence, specifically to the now defunct spy agency Lekem. Pollard's handler was none other than Rafi Eitan, who had also engineered Israel's outsized role in the PROMIS software scandal.²³

In the indictment of Pollard for espionage, it was noted that Pollard delivered documents to agents of Israel at two locations, one of which was an apartment owned by Harold Katz, the then-legal counsel to the BIRD foundation and an adviser to Israel's military, which oversaw Lekem. Government officials told the *New York Times* at the time that they believed Katz "has detailed knowledge about the [Pollard] spy ring and could implicate senior Israeli officials."²⁴

Journalist Claudia Wright, writing in 1987, openly speculated about whether the close ties between Katz and Pollard's handlers meant that BIRD itself had been used to pass funds to Pollard or that BIRD funds, most of which were financed by US taxpayers despite public claims of "joint" funding, had been used to pay Pollard for his "services" to Israel.²⁵ In her article, she notes that Mlavsky had considerable discretion over the use of those funds while the US official in charge of overseeing the US's interests in BIRD did "not know how investment is regulated" by the foundation. In addition, no US official had access to any audit of the foundation. Audits were supposedly conducted by an Israel-based accounting firm, yet that firm had no US offices. The *New York Times* noted at the time that Katz specifically "may have knowledge of the method used to pay Mr. Pollard, who received tens of thousands of dollars from his Israeli handlers."²⁶

After BIRD's Mlavsky was chosen to head Gemini Israel Ventures, one of the first companies the firm invested in was called CommTouch (now known as Cyren and majority owned by Warburg-Pincus).²⁷ Founded in 1991 by Gideon Mantel, a former officer in a "special bomb-squad unit" of the Israel Defense Forces (IDF), alongside Amir Lev and Nahum Sharfman, CommTouch was initially focused "on selling, maintaining, and servicing stand-alone email client software products for mainframe and personal computers."²⁸ They specifically courted Original Equipment Manufacturers (OEMs), meaning companies whose products are used as components in the products of another company that are then sold to end users.²⁹ Integration of its products into those of major software and hardware developers would allow CommTouch's products to be widely used but unseen.³⁰ A *Wired* article discussing CommTouch noted as much, stating that CommTouch products are meant "to be as seamless and unnoticeable as the copper is to a phone caller."³¹

However, from their founding through early 1997, CommTouch struggled to stay afloat, unable to turn a profit and unable to secure any notable deals or to expand the size of the company beyond 25 employees.³² Yet, thanks to Gemini Israel Ventures and grants from Israel's government, which were used to finance the research and development of its products, CommTouch managed to stay solvent.³³ As late as 2006, CommTouch noted in official documents that the company "has a history of losses and may never achieve profitability," further noting that they repeatedly hemorrhaged millions of dollars a year in net losses.³⁴ Clearly, the decision by Gemini Israel Ventures and Israel's government to continue to pour money into a decidedly unprofitable company for several years was motivated by something other than profits.

At some point in early 1997, CommTouch decided to enter the US market and began seeking out a new President for the firm who had "local clout." "We knew exactly what we were looking for," Gideon Mantel later told *Wired* of CommTouch's search.... "Someone who knows her way around the Valley."³⁵ They found their woman in Isabel Maxwell, one of the daughters of Israeli intelligence asset and PROMIS salesman *par excellence*, Robert Maxwell. Mantel and CommTouch allegedly chose to court Isabel Maxwell for their company's presidency through an unspecified placement company and were "attracted to her expertise and insight in Silicon Valley when it sought her out."³⁶ The Israeli outlet *Globes* states that Gideon Mantel "went to Isabel Maxwell as soon as he arrived in

Silicon Valley and realized that in order to progress, an e-mail solutions company like CommTouch needed help from someone who knew the rules of the game.”³⁷ *Wired* offers a similar portrayal, further adding that it was “Gideon Mantel [who] got Isabel Maxwell to take the job.”³⁸

Mantel told *Jewish Weekly* that while Maxwell’s pedigree, i.e. being Robert Maxwell’s daughter, “was very intriguing at the beginning ... it wasn’t her name that made the decision for us.”³⁹ However, Mantel, in separate reports, compares Isabel to her father on numerous occasions when praising her professional abilities. For example, he told *Haaretz* that Isabel “is not cowed by anyone, and she never gives in She got all that at home. They taught her to go after things and not give up.”⁴⁰ Similarly, he told *Wired* that “Like her father, she is a fighter,” later adding that “She always charges. She has no fear. Of course, it is from her father. It is in her blood.”⁴¹ Given that Robert Maxwell is rarely posthumously remembered (in media anyway) as “a fighter” and “fearless,” it goes without saying that Mantel views him with a degree of reverence, which he also associates with his daughter Isabel.

Isabel, notably, has herself stated on several occasions that her acceptance of Mantel’s offer to be CommTouch’s President was largely informed by her father’s controversial ties to Israel. She told *Haaretz* that her reasons for accepting the CommTouch presidency had come “from the heart” because it was “a chance to continue her father’s involvement in Israel,” leading her to reject other more lucrative job offers from actually established companies that she had received at the time.⁴² It goes without saying that Robert Maxwell’s “involvement in Israel” was intimately linked to Israeli intelligence operations. Isabel similarly described her reasons for joining CommTouch to *Jewish Weekly* as “an affair of the heart,” adding that “it had to do with my father and my history.”⁴³ The *New York Times* quoted her as saying that she had “considered other California-based Internet start-ups [in 1997], but felt a pull toward CommTouch and the Israeli connection.”⁴⁴

Isabel has some interesting views on her father, whom she has described as the “ultimate survivor,” as well as his involvement in Israel.⁴⁵ She describes her father as “highly complex,” adding that she doesn’t “have rose-coloured glasses about him,” but nonetheless says she is “proud” of his controversial legacy and that “if he were alive today that he would be proud of us, too.”⁴⁶ She said something similar to *The Guardian* in 2002, stating that “I’m sure [my father would] be thrilled to

know what I'm doing now,'... throwing back her head and laughing loudly."⁴⁷ In addition, when asked who the most influential person in her life had been, Isabel responded "My father was most influential in my life. He was a very accomplished man and achieved many of his goals during his life. I learned very much from him and have made many of his ways my own."⁴⁸ Isabel told *Haaretz* around that same time that "When I was with him [her father], I felt power. Like being at the White House.... Beyond that, it was a collective power, not my personal power. I was part of this unit," apparently referring to her other siblings, Ghislaine and Christine among them, and suggesting that they were all collectively extensions of their father's power.⁴⁹

However, Isabel stands out from her other siblings, and even Ghislaine, in terms of a sense of loyalty to her father and to the state of Israel. According to Elizabeth "Betty" Maxwell, Isabel's mother, Isabel "is also loyal to the memory of her father, and to what Judaism represents in her life. All my children were brought up as Anglicans, but Isabel was very taken by the Jewish faith and the politics in Israel," even when compared to her other children, including Ghislaine.⁵⁰

Indeed, Isabel developed close relationships to several prominent former Mossad officials and Israeli heads of state, with several of those relationships having been first "forged by her father."⁵¹ A now deleted report published by the *Jerusalem Post* in 2003, entitled "Isabel Maxwell Fights Back," notes that "Maxwell travels in the same circles as her father, but she is more comfortable behind the camera, not in front of it ... she is carrying on her father's legacy in Israel, albeit in her own way."⁵² It also noted that, by 2003, Isabel was visiting Israel every month, visiting her father's grave on the Mount of Olives at least once every visit.

Arguably the most interesting part of this particular *Jerusalem Post* article is the way in which Isabel views her father's legacy. In discussing the book by Gordon Thomas and Martin Dillon, *Robert Maxwell, Israel's Superspy: The Life and Death of a Media Mogul*, Isabel – even though she participated in interviews for the book – rejected its premise that her father was a "spy" and went on a private smear campaign against the book and its authors prior to its publication.⁵³ Tellingly, she does not object to the book's contents regarding her father's activities on Israel's behalf, including his role in the PROMIS software scandal or Iran-Contra, but merely objects to the use of the word "spy" to describe those activities. "My father was certainly a 'patriot' and helped in back business and

political channels between governments,” Isabel told the *Jerusalem Post*, “But that did not and does not make him a ‘spy.’”⁵⁴

It could be said, then, that Isabel would view her subsequent career “in back business and political channels” within the “same circles as her father” as similarly “patriotic.” Yet, for those that consider her father a “spy” for his activities, they could logically state the same of Isabel, who notably self-identifies as Israeli.⁵⁵

Aside from these connections, it is worth briefly revisiting Isabel’s own history. As previously detailed in chapter 9, Isabel, as well as her twin sister Christine, became involved in working for the Israeli intelligence front company used by her father to sell bugged PROMIS software in the US, Information on Demand. Isabel’s past with Information on Demand must have been known to CommTouch at the time of Isabel’s hiring. It’s also worth noting that, on several occasions, Isabel asserts that CommTouch owes much of its success to the ties of its Israeli employees to the Israeli military and Israeli military intelligence, resulting in a “dogged work ethic” and a “trained mind-set” among its Israeli workforce.⁵⁶

MICROSOFT PUTS COMMTOUCH “ON THE MAP”

Upon taking the job at the Israeli tech firm, Maxwell’s promotion of the company was described as “almost messianic” even though her enthusiasm was also described as “hard to fathom” given the lackluster performance of the company and its products.⁵⁷ However, soon after becoming CommTouch’s president, her personal connections to prominent figures in Silicon Valley – forged through her past work at Magellan – paid off and the company announced new partnerships with Sun Microsystems, Cisco, and Nippon Telephone and Telegraph, among others.⁵⁸ At CommTouch, Maxwell managed “all sales and marketing activities for CommTouch and co-direct[ed] strategic business development.”⁵⁹

Some reports have noted that Maxwell’s connections with prominent Silicon Valley figures were the key to her professional success, with Globes noting that “Everyone who has worked closely with Maxwell says that her advantage lies in her ability to help penetrate the market with a new product by opening the right doors,” an “advantage” also ascribed to her father while he sold bugged PROMIS software on behalf of Israeli intelligence.⁶⁰ Yet, despite Isabel’s penchant for “opening the right doors,” reports well after Maxwell joined the company still referred to the firm as “an obscure software developer.”⁶¹

However, out of all the alliances and partnerships Isabel negotiated early on during her time at CommTouch, it was her dealings with Microsoft co-founders Bill Gates and Paul Allen that would put CommTouch “on the map.”⁶² Maxwell had previously negotiated a major deal with Microsoft’s Bill Gates during her time as the McKinley Group/Magellan’s Executive Vice President, resulting in Microsoft announcing that the Maxwell-owned Magellan would power the search option for the company’s MSN service.⁶³

Microsoft’s cofounders did much more than put CommTouch “on the map,” however, as they essentially intervened to prevent the collapse of its initial public offering, a fate that had befallen Isabel Maxwell’s previous company, the McKinley Group, not long before. Indeed, CommTouch kept pushing back its IPO until a massive investment miraculously arrived from firms tied to Microsoft co-founder

Paul Allen, which was announced in July 1999.⁶⁴ The investments from Allen's Vulcan and Go2Net resulted in a jump in "interest in the stock sale and in CommTouch, until now an obscure software developer," according to a *Bloomberg* report. The news also inflated the company's stock price immediately prior to their going public.⁶⁵ The money from the Allen-linked companies was specifically used by CommTouch "to expand sales and marketing and build its presence in international markets."

Allen's decision to invest in CommTouch seems odd from a financial perspective, given that the company had never turned a profit and had over \$4 million in losses just the year before. Yet, thanks to Allen's timely investment and his apparent coordination with the company's repeated delays of its IPO, CommTouch was valued at over \$230 million when it went public, as opposed to a \$150 million valuation just weeks before Allen's investment.⁶⁶ Thus, it is not exactly clear why Paul Allen came to the rescue of CommTouch's IPO and what he expected to gain from his investment.

It is worth pointing out, however, that Allen later became among a member of an elite online community set up in 2004 called A Small World, whose membership also included Jeffrey Epstein and Epstein-linked figures such as Lynn Forester de Rothschild and Naomi Campbell, as well as Petrina Khashoggi, the daughter of Adnan Khashoggi.⁶⁷ A Small World's largest shareholder was Harvey Weinstein, the now-disgraced media mogul who was a business partner of Epstein and who has since been convicted of rape and sexual abuse.⁶⁸ In addition, around this same time, Paul Allen was photographed with Epstein associate Nicole Junkermann, herself an asset apparently utilized by Epstein to blackmail US senators during this same period, circa 2002 (see chapters 14 and 18).⁶⁹ Junkermann would later be placed on the board of an Israeli intelligence-linked tech company funded by Epstein and Ehud Barak, Carbyne911 (see the next chapter).

Less than three months after Allen's investments in CommTouch in October 1999, the company announced that it had struck a major deal with Microsoft whereby "Microsoft will utilize the CommTouch Custom Mail™ service to provide private label web-based email solutions for select MSN partners and international markets."⁷⁰ In addition, per the agreement, "CommTouch will provide MSN Messenger Service and Microsoft Passport to its customers while building upon its Windows NT expertise by supporting future MSN messaging

technologies.” “We are looking forward to further enhancing our relationship with Microsoft by integrating other state-of-the-art Microsoft products,” Gideon Mantel of CommTouch said at the time of the deal’s public announcement.

In December 1999, Microsoft announced that it had invested \$20 million in CommTouch by purchasing 4.7 percent of its shares.⁷¹ The announcement pushed CommTouch stock prices from \$11.63 a share to \$49.13 in just a few hours’ time. Part of that deal had been finalized by Richard Sorkin, a recently appointed CommTouch director. Sorkin had just become a multimillionaire following the sale of Zip2, Elon Musk’s first company of which Sorkin had been CEO. Musk’s ties to the broader Epstein network were discussed in chapter 12.

It further appears that Bill Gates, then head of Microsoft, made a personal investment in CommTouch at the behest of Isabel Maxwell. In an October 2000 article published in the *Guardian*, Isabel “jokes about persuading Bill Gates to make a personal investment” in CommTouch sometime during this period.⁷² The *Guardian* article then oddly notes, regarding Isabel Maxwell and Bill Gates:

In a faux southern belle accent, [Isabel] purrs: “He’s got to spend \$375m a year to keep his tax-free status, why not allow me to help him.’ She explodes with laughter.”⁷³

Given that individuals as wealthy as Gates cannot have “tax-free status” and that this article was published soon after the creation of the Bill & Melinda Gates Foundation, Isabel’s statements suggest that it was the Bill & Melinda Gates Foundation Trust, which manages the foundation’s endowment assets, that made this sizable investment in CommTouch.

Furthermore, it is worth highlighting the odd way in which Isabel speaks about her dealings with Gates (“purring,” speaking in a fake Southern accent), describing her interactions with him in a way not found in any of her numerous other interviews on a wide variety of topics. This odd behavior may be related to Isabel’s previous interactions with Gates and/or the mysterious relationship between Gates and Epstein that pre-dated Nigel Rosser’s article from January 2001.

After the year 2000, CommTouch’s business and clout expanded rapidly, with Isabel Maxwell subsequently crediting investments from Microsoft, Gates, and Allen for the company’s good fortune and the success of its effort to enter the US market. Maxwell, as quoted in the 2002 Lorraine Segil book *Fastalliances: Power Your E-Business*, states that Microsoft viewed CommTouch as a key “distribution network,” adding that “Microsoft’s investment in us put us on the map. It gave us instant credibility, validated our technology and service in the marketplace.”⁷⁴ By

this time, Microsoft's ties to CommTouch had deepened through new partnerships, including CommTouch's hosting of Microsoft Exchange.⁷⁵

Though Isabel Maxwell was able to secure lucrative investments and alliances for CommTouch and saw its products integrated into key software and hardware components produced and sold by Microsoft and other tech giants, she was unable to improve the company's dire financial situation, with CommTouch netting a loss of \$4.4 million in 1998 and similar losses well into the 2000s, with net losses totaling \$24 million in 2000 (just one year after the sizable investments from Microsoft, Paul Allen, and Gates).⁷⁶

The losses continued even after Isabel formally left the company and became president emeritus in 2001. By 2006, the company was over \$170 million in debt. Isabel Maxwell left her position at CommTouch in 2001 but for years retained a sizable amount of CommTouch stock valued at the time at around \$9.5 million.⁷⁷ While Maxwell remained honorary president, CommTouch added Yair Shamir, son of former Israeli Prime Minister and friend of Robert Maxwell, Yitzhak Shamir, to its board.⁷⁸ Yair Shamir, Chairman of the Israeli government owned corporation, IAI (Israeli Aerospace Industries) when he joined CommTouch's board, had previously managed Scitex when it was owned by Robert Maxwell.

After nearly collapsing due to its long-standing debt burden a few years later, CommTouch was rebranded as Cyren and, today, runs in the background of Microsoft, Google, Intel, McAfee, and Dell products, among many others.⁷⁹

Haaretz wrote in 2002 that Isabel, as CommTouch was in dire financial straits, had decided to "work only on things involving Israel."⁸⁰ Even the failure of CommTouch, the Israeli Internet company she headed, hasn't deterred her: She still believes in the medium, and she still believes in Israel." Maxwell would subsequently create "a unique niche for herself in high tech as a liaison between Israeli companies in the initial development stages and private angel investors in the US" as a private consultant, subsequently creating Maxwell Communications Network in 2006.⁸¹ That company offered "cross-border communications, funding, and market research to leading venture capitalists and hi-tech companies in the US and Israel."⁸² However, she notes that her "specialty" was in "helping Israeli high-tech companies."⁸³

During this period (2001-2006), Isabel would also head an Israeli tech company that "protects children online," at a time when her sister – Ghislaine Maxwell – was actively abusing and trafficking minors as part of an intelligence-

linked operation alongside Jeffrey Epstein.⁸⁴ Isabel took the job at iCognito (now Pure Sight) “because it [the company] is in Israel, and because of its technology.”⁸⁵ She also joined the board of the Israeli company Backweb alongside Gil Shwed, a famous alumnus of Unit 8200 (often likened to Israel’s NSA equivalent) and co-founder of Israeli tech giant Check Point, which is a long-time partner of CommTouch.⁸⁶

Isabel’s close involvement with former Israeli heads of state and heads of intelligence would only deepen after leaving CommTouch, particularly with former Israeli Prime Minister Shimon Peres.⁸⁷ The *Jerusalem Post* described the Peres-Isabel relationship as “close” and she, for many years, was governor of the board of the Peres Center for Peace and Innovation.⁸⁸ Today other members of the center’s international board of governors include Mega Group members Charles Bronfman and Lester Crown, Evelyn de Rothschild, Ronald Lauder, and Max Fisher’s daughter Jane Sherman, while its board of directors includes Shimon Peres’s son Chemi Peres and former Mossad director Tamir Pardo.⁸⁹ Isabel was also very close to former Mossad deputy director David Kimche until his death in 2010 as well as former head of Israeli military intelligence and Prime Minister Ehud Barak.⁹⁰

In the years that followed, Isabel Maxwell became, among other things, a “technology pioneer” of the World Economic Forum and a key fixture at the Israel Venture Network (IVN), a “venture philanthropy” organization partnered with the Edmond de Rothschild Foundation and other organizations discussed in chapters 13 and 14, such as the Jewish Agency.⁹¹ One of IVN’s funds bears the Yozma name and, like the Yozma program, is formally allied with Israel’s government. IVN’s manager of that particular fund, Itsik Danziger, is a former top executive at Comverse/Verint, another Israeli tech company tied to Israeli military intelligence that was discussed in chapter 14 in the context of allegations it spied on US institutions.⁹²

EPSTEIN AND MICROSOFT

While Isabel Maxwell and CommTouch offer one possible explanation for the Gates-Epstein “business ties” discussed by the *Evening Standard* in 2001, another clue regarding the early Gates-Epstein relationship can be found in Epstein’s cozy ties with Nathan Myhrvold, who joined Microsoft in the 1980s and became the company’s first chief technology officer in 1996. At the time, Myhrvold was one of Gates’s closest advisers, if not the closest, and co-wrote Gates’s 1996 book, *The Road Ahead*, which sought to explain how emerging technologies would impact life in the years and decades to come.

In December of the same year that he became Microsoft’s CTO, Myhrvold traveled on Epstein’s plane from Kentucky to New Jersey, and then again in January 1997 from New Jersey to Florida. Other passengers accompanying Myhrvold on these flights included Alan Dershowitz and “GM,” presumably Ghislaine Maxwell. It is worth keeping in mind that these flights took place during the same period that Gates had a documented relationship with Ghislaine’s sister Isabel.

In addition, in the 1990s, Myhrvold traveled with Epstein to Russia alongside Esther Dyson, a digital technology consultant who has been called “the most influential woman in all the computer world.”⁹³ She currently has close ties to Google as well as the DNA testing company 23and-me and is a member of and agenda contributor to the World Economic Forum.⁹⁴ Dyson later stated that the meeting with Epstein had been planned by Myhrvold. The meeting appears to have taken place in 1998, based on information posted on Dyson’s social media accounts.

One photo taken during the trip features Dyson and Epstein, with a time stamp indicating April 28, 1998, posing with Pavel Oleynikov, who appears to have been an employee of the Russian Federal Nuclear Center.⁹⁵ In that photo, they are standing in front of the house of the late Andrei Sakharov, the Soviet nuclear scientist and dissident, who is alleged to have had ties to US intelligence. Sakharov and his wife, Yelena Bonner, were supporters of Zionist causes.⁹⁶

The photos were taken in Sarov, where the Russian Federal Nuclear Center is based. That same day, another photo was taken that shows Epstein inside a classroom full of teens, apparently also in Sarov, given the time stamp.⁹⁷ Notably,

about a year before Epstein's visit, this particular nuclear research facility was a source of controversy in the US as it had imported four US-made supercomputers from the company Silicon Graphics, "setting off a US criminal investigation and attempts in Congress to reverse [a] Clinton administration decision that relaxed computer export controls."⁹⁸ The company had not obtained the required export license before the sale and (somewhat unbelievably) claimed they didn't know that their customer was affiliated with Russia's nuclear weapons program.⁹⁹

Notably, prior to the scandal's emergence, Silicon Graphics' CEO, Ed McCracken, had been "a White House regular, hobnobbing with Bill Clinton and Al Gore" and had co-chaired Clinton's National Information Infrastructure Advisory Council.¹⁰⁰ Silicon Graphics and Microsoft had worked in close partnership since 1991 and had deepened that relationship by forming a "strategic alliance" in December 1997, a few months before Epstein and Myhrvold visited Sarov in a trip affiliated with Microsoft Russia¹⁰¹.

As previously discussed in chapter 16, many of the covert and illicit activities behind FosterGate and Chinagate were related to efforts to alter US export controls as it related to sensitive technology being sent abroad, specifically to Russia and China. Those efforts specifically targeted the Commerce Department. In the case of Silicon Graphics, it was the Commerce Department, heavily targeted by foreign espionage activity, which was tasked with investigating the company's activities.¹⁰² Reporting at the time noted that the Commerce Department's export control system, by that point, amounted only to an "honor system."¹⁰³

Notably, Silicon Graphics had, shortly before the sale to the Russian Federal Nuclear Center in Sarov, acquired supercomputer firm Cray Research, whose founder, Seymour Cray, had previously worked for Control Data Corporation (CDC).¹⁰⁴ CDC's ties to Edwin Wilson, the Soviet Union, Robert Maxwell, and technology transfers were detailed mainly in chapter 9.

In addition, regarding supercomputers, it is worth noting that Epstein had many connections to the one-time main competitor to Cray Research – Thinking Machines Corporation. Thinking Machines had been a major contractor for the Pentagon's DARPA. Epstein was particularly close to Thinking Machines co-founder Danny Hillis as well as other key figures associated with the company, such as Artificial Intelligence expert Marvin Minsky, who Virginia Giuffre alleged was involved with abusing minors that Epstein trafficked, including herself.¹⁰⁵

Another Thinking Machines associate who would later have considerable ties to Epstein is geneticist Eric Lander.¹⁰⁶ Lander served as president Biden's top science adviser until he was forced to resign in early 2022 over harassment allegations and, prior to joining the Biden White House, Epstein had claimed to be a major patron of Lander's research.¹⁰⁷

Another photo taken by Dyson, one without a visible time stamp but with a caption stating the photo was taken "at Microsoft Russia in Moscow" in April 1998, shows Nathan Myhrvold. Dyson's caption further states, "This was the beginning of a three-week trip during which Nathan and a variety of hangers-on (including a bodyguard) explored the state of post-Soviet science."¹⁰⁸ Epstein appears to be one of the "hangers-on," given the photographs, dates, and the described purpose of the trip.

Myhrvold and Epstein apparently had more in common than an interest in Russian scientific advances. When Myhrvold left Microsoft to cofound Intellectual Ventures, *Vanity Fair* reported that he had received Epstein at the firm's office with "young girls" in tow who were described as "Russian models."¹⁰⁹ A source close to Myhrvold and cited by *Vanity Fair* claimed that Myhrvold spoke openly about borrowing Epstein's jet and staying at his residences in Florida and New York. *Vanity Fair* also noted that Myhrvold has been accused of having sex with minors trafficked by Epstein and is named in court documents in that regard alongside George Mitchell and Bill Richardson.¹¹⁰

In addition, a former colleague of Myhrvold's at Microsoft later developed her own ties to Epstein. Linda Stone, who joined Microsoft in 1993 and worked directly under Myhrvold, eventually became a Microsoft vice president.¹¹¹ She introduced Epstein to Joi Ito of the MIT Media Lab after Epstein's first arrest. "He has a tainted past, but Linda assures me that he's awesome," Ito later said in an email to three MIT staffers.¹¹² In Epstein's black book of contacts, there are several phone numbers for Stone, and her emergency contact is listed as Kelly Bovino, a former model and alleged Epstein co-conspirator. After Epstein's 2019 arrest, it emerged that Epstein had "directed" Bill Gates to donate \$2 million to the MIT Media Lab in 2014.¹¹³ Epstein also allegedly secured a \$5 million donation from his associate Leon Black for the lab. Ito was forced to resign his post as the lab's director shortly after Epstein's 2019 arrest.

EPSTEIN'S EDGE

One of Epstein's main entries into elite circles of scientific academia, and specifically Big Tech, was through the Edge Group, an exclusive organization of intellectuals "redefining who and what we are" that was created by John Brockman.¹¹⁴ Brockman, a self-described "cultural impresario" and noted literary agent, is best known for his deep ties to the art world in the late 1960s, though lesser known are his various "management consulting" gigs for the Pentagon and White House during that same period.¹¹⁵ Edge, which the *Guardian* once called "the world's smartest website," is an exclusive online symposium affiliated with what Brockman calls "the Third Culture."¹¹⁶

According to an entry on Edge's website written by Brockman, the "Third Culture" consists of scientists and other thinkers who "are taking the place of the traditional intellectual in rendering visible the deeper meaning of our lives, redefining who and what we are" as well as those "who have tremendous influence on the emerging communication revolution surrounding the growth of the Internet and the Web."¹¹⁷ "Emerging out of the third culture," Brockman writes, "is a new natural philosophy, founded on the realization of the import of complexity, of evolution."

Regarding Edge's membership, Brockman openly acknowledged to the *Guardian* that Edge was "elitist," but added that he meant elitist "in the good sense of an open elite, based on meritocracy."¹¹⁸ However, the validity of Edge's "meritocracy" is debatable given Epstein's long presence in the Edge community. When asked why Edge's membership was so exclusive and elite, Brockman stated the following: "The problem with a discussion that uses the word 'elites' is that the word is automatically perceived as a pejorative. But that's not how I feel about it at all. Elites are a problem if they're closed and exclusive. Elites that are open, inclusive and based on merit can be nurturing. Also, members of elites give one another permission to be great."

Brockman has long hobnobbed with the elite since his early career, when he was already "a master of serving up New York Bohemia in a palatable way for investors and businessmen."¹¹⁹ His ability to market "cutting-edge" art to not just the ultra-wealthy, but to corporations, established him "as a consultant who could sell his services to anyone."¹²⁰ He would float between the corporate and art

worlds, as well as to and from Washington, DC for consulting jobs with the US military and the White House, throughout the 1960s. In 1969, he would also publish the first of his own books, *By the late John Brockman*, which reflected on Brockman's interest in transhumanism and his interest in "cybernetics" and the "comparative study of brains and computer systems."¹²¹

He founded his eponymous literary agency in 1973, which flourished due to his vast array of contacts, knack for securing large advances, and his reputation as "a networker's networker."¹²² His style rubbed many in the industry the wrong way, with journalist James Gorman writing in 1997 that "Editors and other agents who deal with Mr. Brockman or compete with him, complain, off the record, about quickie book proposals, overblown advances and books that do not come in on time or in good shape."¹²³ Nonetheless, Brockman is credited with making scientists' books marketable to the masses and significantly raising how much money "celebrity" scientists make off of their book sales, regardless of whether they are represented by Brockman.

At the dawn of the 1980s, Brockman began to merge his business with interests in the nascent software industry. He declared himself the first "software agent" in anticipation of the "future gold rush" and sold the word processing program of his first client for \$1 million. His biggest break in this area came soon when, in 1983, he sold the Whole Earth Software Catalog for \$1.3 million. Just as in the literary world, he eventually angered major figures in tech like Bill Gates for "poaching" software authors, leading Brockman to remark that the Microsoft co-founder "is not a fan of mine," though he added that this was at "the beginning of the personal computer revolution and I've been at the center of it ever since."¹²⁴

In this milieu, Brockman began hosting an annual event, originally dubbed "the Millionaires' Dinner," in 1985, which matched some of the biggest names in Big Tech with potential benefactors. According to Brockman, major partnerships and deals in the tech world were being made at the event, stating that "In the beginning, it was very consequential; there was heavy stuff going down, alliances coming and going about browsers..."¹²⁵ However, "once people had their jets parked outside," meaning Silicon Valley leadership had become more showy with their quickly growing wealth, "it got upgraded to the Billionaires' Dinner."

Shortly before Brockman began hosting these annual events, Charles and Herbert Allen of Allen & Co. - linked to organized crime, Earl Brian, Leslie Wexner's mentors and others - began hosting the Allen & Co. Sun Valley

Conference in 1983, which has since been described as a “billionaire summer camp” that, like Brockman’s event, regularly attracts the elite of Silicon Valley.¹²⁶

In the early 1990s, Brockman played an interesting role in a 1994 FBI investigation into whether Soviet intelligence had recruited a Carter administration official that allegedly passed state secrets on to Moscow. The investigation was spurred by the accounts of a former Soviet spy in an unpublished manuscript that Brockman had obtained.

In February 1993, former senior KGB official Valentin Aksilenko met with American businesswoman Brenda Lipson, who had “befriended Mr. Aksilenko on one of his Washington tours when the KGB official was working under the cover of a commercial attaché to the Soviet Embassy,” according to the *New York Times*.¹²⁷ Lipson had sought Aksilenko out for an interview, which resulted in Aksilenko “abruptly” asking if she could help publish a novel “written by a friend.” Lipson agreed to help find the book a publisher and, through a mutual friend, passed the manuscript onto John Brockman. Brockman agreed to publish and, sometime between February and April, the manuscript “wound its way through the world of publishing to the Central Intelligence Agency.”

In April 1993, Aksilenko and his “friend,” former KGB agent Yuri Shvets, traveled to the US and spent a weekend at Brockman’s Connecticut farm and subsequently sold the book to Simon & Schuster. Right after concluding their meeting with Brockman, Aksilenko and Shvets traveled to Virginia, telling friends they wanted to “revisit some of their old haunts” in Virginia. In reality, they clandestinely met with FBI counterintelligence agents and became government informants. Soon after these meetings, the two former KGB agents returned to Moscow only to travel back to the US just months later, settling in suburban Virginia, a common destination for foreign assets of US intelligence.

The whole affair was obviously strange, with the *New York Times* noting that “the FBI’s willingness to allow its informers to undertake the writing project” was odd given that the FBI officials had publicly expressed their worry that “disclosures prompted by the book might compromise their investigation.”¹²⁸ However, the FBI did not interfere with or attempt to block the book’s publication. Also odd is the fact that the FBI admitted that it did “not know if these events actually happened, and some officials are skeptical.” In addition, Shvets’ previous comments about a separate incident had been deemed not credible by prominent former and current intelligence officials.

Brockman's role in this episode is notable, as it appears that his Washington connections (due to his past consulting for the US military and White House) were utilized to somehow pass the manuscript along to the CIA, which may have led to the FBI counterintelligence meeting with Aksilenko and Shvets immediately following their time with Brockman. Brockman's apparent passing of the manuscript to the CIA raises the possibility that Brockman may have done so in other instances, especially if he possessed a deeper relationship with the agency. It is true that some other espionage-linked figures explored in this book, specifically Robert Maxwell, were intimately involved in science-focused publishing, not unlike Brockman.

The potential CIA tie is also significant for another reason, as Brockman and the intelligence-linked Epstein became closely connected around this time. In 1995, Brockman was the literary agent of physicist Murray Gell-Mann and had originally sold Gell-Mann's book, *The Quark and the Jaguar*, to Bantam for \$550,000. Gell-Mann only managed to produce a partial manuscript, which Bantam rejected. Brockman scrambled to try and resell the book, which he eventually did to W.H. Freeman for \$50,000. While these sums are considerable alone, additional financing for the book was provided by Epstein. Gell-Mann's book thanks Epstein for his financial support.¹²⁹ Given the subsequent and close relationship between Epstein and Brockman/Edge, it is highly likely that Epstein's support of Gell-Mann, at a time when the future of his book hung in the balance, had been arranged between Brockman and Epstein.

That year, Brockman also released his treatise on the Third Culture and founded what was called the Reality Club soon after with physicist Heinz Pagels. Pagels died a year later in 1996 and their Reality Club then became known as Edge.¹³⁰

Three years later, in 1999, Brockman's Edge officially rebranded the Millionaires' Dinner to the Billionaires' Dinner, though it was formally known as the Edge Annual Dinner.¹³¹ The Edge website describes the dinner as offering an opportunity for conversation between the "leading third culture intellectuals of our time," the majority of whom are often Brockman's clients, as well as "the founders of Amazon, AOL, eBay, Facebook, Google, Microsoft, PayPal, Space X, Skype, and Twitter." Edge asserts that it is this "remarkable gathering of outstanding minds" who are "rewriting our global culture."

In writing about the dinner on the Edge website, Brockman divides many of its attendees into two categories first mentioned by physicist Freeman Dyson: the “computer wizards,” the tech billionaires who dominate Silicon Valley’s most successful companies, and the “biology wizards,” scientists and thinkers whom Brockman refers to as “a new generation of artists, writing genomes as fluently as Blake and Byron wrote verses.”¹³² As an active member of Edge, Jeffrey Epstein, beginning around the time Bill Clinton left office and picking up considerably after his first arrest, courted and financed (and potentially blackmailed) both varieties of Edge’s “wizards.”

Epstein’s ties to Edge, and to Brockman, are considerable, with Epstein having funded \$638,000 out of a total of \$857,000 donations raised by Edge from 2001 to 2017. During this period, there were several years where Epstein was Edge’s only donor.¹³³ Epstein stopped giving in 2015 and that was incidentally the same year that Edge decided to discontinue its annual Billionaires’ dinner tradition. In addition, the only award Edge has ever given out, the \$100,000 Edge of Computation prize, was awarded once in 2005 to Quantum computing pioneer David Deutsch and was funded entirely by Epstein.

While he bankrolled Edge and Brockman, Epstein was photographed at the first and second Billionaires’ dinners in 1999 and 2000 and was mentioned in a published summary of the 2004 dinner. BuzzFeed reported in 2019 that Epstein also attended Edge events after his first arrest and as recently as 2011. Epstein is likely to have been present at several other Billionaires’ dinners because his accomplice and Ghislaine Maxwell’s then-“assistant,” Sarah Kellen, was photographed with Brockman at Edge’s Billionaires’ dinner in 2002 and again in 2003 at Edge’s “science dinner,” which replaced the Billionaires’ dinner that year, alongside John Brockman’s son, Max.

On the heels of the first Billionaire’s dinner and just before he began heavily funding Edge, Jeffrey Epstein created the Jeffrey Epstein VI Foundation in 2000, which would be the main vehicle for his science-focused “philanthropy” that would lead him to fund prominent individual scientists and develop close ties with leading academic institutions, specifically MIT and Harvard. Most of those scientists were also clients of Brockman as well as members of the Edge community.

In addition, several individuals mentioned in this chapter in connection with Epstein - Nathan Myhrvold, Linda Stone, Joi Ito, Esther Dyson, and Bill Gates –

were all members of the Edge Foundation community (Edge.org website), alongside several other Silicon Valley icons.¹³⁴ Since the Epstein scandal, regular attendees of the Billionaires' Dinner (i.e. the Edge annual dinner), have referred to the event as an "influence operation." If one follows the money, it appears it was an influence operation largely benefitting one man, Jeffrey Epstein, and his network.

While this does not mean that everyone involved with Edge or with Brockman was targeted by Epstein, it certainly gave him the network and the cover to target and cultivate specific, prominent figures in Silicon Valley and in academia, and it should be considered a key component of Epstein's broader influence operations during this period. Indeed, it may have been through Edge that Epstein gained privileged access to the elite of "Big Tech."

Before his 2019 arrest, Epstein had attempted to re-brand as a tech investor/entrepreneur. Indeed, in the lead-up to his most recent arrest, Jeffrey Epstein appeared to have been attempting to rebrand as a "tech investor," as he had done interviews with several journalists about technology investing in the months before he was hit with federal sex trafficking charges.¹³⁵ Similarly, after Epstein's first arrest, Ghislaine Maxwell began to also schmoozing key networks in Silicon Valley, as seen by her attendance at the 2011 holiday party of Silicon Valley venture capital firm Kleiner Perkins.¹³⁶

For example, Jessica Lessin, editor-in-chief of *The Information*, told *Business Insider* that a journalist working for *The Information* had interviewed Epstein a month before his most recent arrest because "he was believed to be an investor in venture capital funds."¹³⁷ However, Lessin claimed that the interview was not "newsworthy" and said the site had no plans to publish its contents. *Business Insider* claimed that the way the interviews with Epstein had been arranged "suggests that someone in Silicon Valley may have been trying to help Epstein connect with reporters."¹³⁸

Around this same time, Epstein had also told journalist James Stewart that he had "potentially damaging or embarrassing" information on Silicon Valley's elite and told Stewart that these top figures in the American tech industry "were hedonistic and regular users of recreational drugs." Epstein also told Stewart that he had "witnessed prominent tech figures taking drugs and arranging for sex" and claimed to know "details about their supposed sexual proclivities."¹³⁹

Whether through Edge or another avenue, there is a strong case to be made that Epstein had blackmail on powerful Silicon Valley figures. Though it is

unknown exactly which Silicon Valley figures were most connected to Epstein and which tech executives were potentially being blackmailed by him, it is known that Epstein associated with several prominent tech executives, including founders of Big Tech's most important firms, such as Google, Tesla/SpaceX, Microsoft and Facebook.¹⁴⁰

For instance, in 2019, Epstein claimed to be advising Tesla and Elon Musk, who had been previously photographed with Epstein's alleged madam Ghislaine Maxwell. Epstein had also attended a dinner hosted by LinkedIn's Reid Hoffman, where Musk had allegedly introduced Epstein to Mark Zuckerberg of Facebook/Meta.¹⁴¹ Google's Sergey Brin is known to have attended a dinner hosted by Epstein at his New York residence where Donald Trump was also in attendance. In addition, Ghislaine Maxwell was reportedly close to Amazon's Jeff Bezos who she referred to as her "pal" and who invited Maxwell to exclusive events he hosted.¹⁴² Several of these companies whose founders had some Epstein-Maxwell connection, including Google, Microsoft, SpaceX, and Amazon, are also major contractors to the US government, the military, and/or the intelligence community.

Around the same time he began to cultivate the titans of Big Tech, Epstein's links to celebrity scientists also became obvious. In 2002, he flew cognitive psychologist Steven Pinker, evolutionary biologist Richard Dawkins, and "philosopher of the mind" Daniel Dennett to that year's TED conference. The trip in Epstein's private jet, which also included Brockman and his wife Katinka Matson, was ritzy enough to receive a mention in the *New York Times*' summary of the 2002 TED conference, which spoke of the "mink and sable throws" that adorned the plane as well as the group's "high-altitude lunch catered by Le Cirque 2000."¹⁴³ The article refers to Epstein as a "financial adviser to billionaires."

Some scientists that Epstein began to cultivate after the creation of his Jeffrey Epstein VI Foundation have courted controversy for their ties to eugenics or eugenicists. For instance, Epstein was a long-time patron of George Church, a Harvard geneticist who was also connected to Edge. Church has been accused of promoting eugenics as well as unethical human experimentation, such as using human women as surrogates for "resurrected" embryos of extinct species.¹⁴⁴ In addition, another scientist allegedly funded by Epstein, Eric Lander, controversially praised James Watson, a geneticist and a notorious eugenicist who had stated his belief that people of African descent have genetically inferior

intelligence on numerous occasions prior to Lander's complimentary statements.¹⁴⁵

Epstein's own interest in eugenics was the subject of several mainstream reports after his death. In the early 2000s, around the same time he began to court these top "celebrity" scientists including Church, Epstein began to tell friends and scientists that he wanted to impregnate 20 women at a time at his Zorro Ranch property.¹⁴⁶ Some prominent scientists later told the *New York Times* that Epstein's social events and outings may have been an opportunity for Epstein "to screen attractive women with impressive academic credentials as potential mothers for his children."¹⁴⁷ Using the Zorro property, Epstein reportedly sought to "seed the human race with his DNA" due to his interest in controlled breeding and eugenics.

Some Epstein accusers, like Virginia Giuffre, have alleged that Epstein and Maxwell had asked her to serve as a "surrogate" for what they said would be their child.¹⁴⁸ In addition, another victim who testified under the name Carolyn (see chapter 18), reported seeing pictures of Ghislaine Maxwell nude and pregnant.¹⁴⁹ It is unknown what became of the pregnancy, but Epstein's apparent interest in impregnating women with his DNA as well as his interest in genetics and eugenics suggest that these episodes, as well as his ambitions at the Zorro Ranch property, deserve greater scrutiny.

A TALE OF TWO BILLS

While he courted top scientists and tech moguls, including a few alleged eugenicists, Epstein – as discussed in the previous chapter – had become intimately involved in planning key aspects of major “philanthropies” that would later become major drivers of global health policy in the developing world: the Clinton Foundation and, later, the Bill & Melinda Gates Foundation.

It is worth exploring the ties between the “philanthropic” endeavors of Bill Gates and Bill Clinton in the early 2000s, given Epstein’s and Ghislaine Maxwell’s ties to the Clinton Foundation and the Clinton Global Initiative during that period.

Despite tensions arising from the Clinton administration’s pursuit of Microsoft’s monopoly in the late 1990s, the Gates and Clinton relationship had thawed by April 2000, when Gates attended the White House “Conference on the New Economy.”¹⁵⁰ Attendees besides Gates included close Epstein associate Lynn Forester (now Lynn Forester de Rothschild) and then Treasury Secretary Larry Summers, whose ties to Epstein were discussed in chapter 14.¹⁵¹ Another attendee was White House chief of staff Thomas “Mack” McLarty, whose special assistant Mark Middleton had met with Epstein numerous times at the Clinton White House.¹⁵² Another participant in the conference was Janet Yellen, Biden’s current Secretary of the Treasury.

Gates spoke at a conference panel entitled “Closing the Global Divide: Health, Education and Technology.” He discussed how the mapping of the human genome would result in a new era of technological breakthroughs and discussed the need to offer internet access to everyone to close the digital divide and allow the “new” internet-based economy to take shape. At the time, Gates was backing a company, along with American Telecom billionaire Craig McCaw, that hoped to establish a global internet service provider monopoly through a network of low-orbit satellites.¹⁵³ That company, Teledesic, shut down between 2002 and 2003 and is credited as being the inspiration for Elon Musk’s Starlink.¹⁵⁴

Bill Clinton and Bill Gates entered the world of philanthropy around the same time, with the Bill & Melinda Gates Foundation launching in 2000 and the Clinton Foundation following in 2001. Not only that, but *Wired* described the two foundations as being “at the forefront of a new era in philanthropy, in which

decisions – often referred to as investments – are made with the strategic precision demanded of business and government, then painstakingly tracked to gauge their success.”¹⁵⁵

Yet, critics and supporters alike, as noted in the previous chapter, challenged that these foundations engaged in “philanthropy” and asserted that calling them such was causing “the rapid deconstruction of the accepted term.”¹⁵⁶ The *Huffington Post* further noted that the Clinton Global Initiative (part of the Clinton Foundation), the Gates Foundation, and a few similar organizations “all point in the direction of blurring the boundaries between philanthropy, business, and non-profits.” It is worth noting that several of Epstein’s own “philanthropic” vehicles, such as the Jeffrey Epstein VI Foundation, were also created just as this new era in philanthropy was beginning.

Years after creating their foundations, Gates and Clinton have discussed how they have “long bonded over their shared mission” of normalizing this new model of philanthropy. Gates spoke to *Wired* in 2013 about “their forays into developing regions” and “cites the close partnerships between their organizations.”¹⁵⁷ In that interview, Gates revealed that he had met Clinton before he had become president, stating, “I knew him before he was president, I knew him when he was president, and I know him now that he’s not president.”

Also in that interview, Clinton stated that after he left the White House he sought to focus on two specific things. The first is the Clinton Health Access Initiative (CHAI), which he stated exists “thanks largely to funding from the Gates Foundation,” and the second is the Clinton Global Initiative (CGI), “where I try to build a global network of people to do their own thing.” Ira Magaziner, who flew on Epstein’s plane alongside Clinton and Doug Band, was the key figure behind the creation of CHAI and served as its CEO.

The Clinton Health Access Initiative first received an \$11 million donation from the Gates Foundation in 2009.¹⁵⁸ Since then, the Gates Foundation has donated more than \$497 million to CHAI. CHAI was initially founded in 2002 with the mission of tackling HIV/AIDS globally through “strong government relationships” and addressing “market inefficiencies.”¹⁵⁹ As mentioned in the previous chapter, Epstein was credited with helping shape Clinton’s HIV/AIDS policies during that period, suggesting he was involved with the creation of CHAI, as well as the Clinton Global Initiative. Notably, the Gates Foundation’s significant donations began not long after CHAI’s expansion into malaria diagnostics and

treatments.¹⁶⁰ In 2011, Tachi Yamada, the former president of the Gates Foundation's Global Health program, joined CHAI's board alongside Chelsea Clinton.

As previously noted in the last chapter, Epstein's defense lawyers argued in court in 2007 that Epstein had been "part of the original group that conceived of the Clinton Global Initiative," which was first launched in 2005.¹⁶¹ The Gates Foundation gave the CGI a total of \$2.5 million between 2012 and 2013 in addition to its massive donations to the CHAI and an additional \$35 million to the Clinton Foundation itself.¹⁶² In addition to the Gates Foundation donations, Gates's Microsoft has been intimately involved in other "philanthropic" projects backed by Clinton.¹⁶³

In addition to these ties, Hillary Clinton established a partnership between the Clinton Foundation and the Gates Foundation in 2014 as part of the Clintons' "No Ceilings" initiative.¹⁶⁴ That partnership sought to "gather and analyze data about the status of women and girls' participation around the world" and involved the two foundations working "with leading technology partners to collect these data and compile them." Months before the partnership was announced, Gates and Epstein met for dinner and discussed the Gates Foundation and philanthropy, according to the *New York Times*.¹⁶⁵ During Hillary Clinton's unsuccessful run for president in 2016, both Bill and Melinda Gates were on her short list as potential options for vice president.¹⁶⁶

In addition, Epstein attempted to become involved in the Gates Foundation directly, as seen by his efforts to convince the Gates Foundation to partner with JPMorgan on a multibillion-dollar "global health charitable fund" that would have resulted in hefty fees paid out to Epstein, who was very involved with JPMorgan at the time.¹⁶⁷ Though that fund never materialized, Epstein and Gates did discuss Epstein becoming involved in Gates's philanthropic efforts. Prior to this proposal of a more direct role for Epstein, he had previously worked indirectly through Gates, as he had "directed" Gates to donate to at least one organization – \$2 million in 2014 to the MIT Media Lab.

Other Gates and Epstein meetings that took place between 2013 and 2014 have further underscored the importance Epstein apparently held in the world of billionaire "philanthropy," with Gates reportedly claiming that Epstein was his "ticket" to winning a Nobel Prize.¹⁶⁸ Norwegian media, however, reported in October 2020 that Gates and Epstein had met the Nobel Committee chair, which

failed to make a splash in international media at the time.¹⁶⁹ It is worth asking if Epstein managed to arrange such meetings with other individuals who also coveted Nobel Prizes and if any such individuals later received those prizes. If Epstein had such connections, it is unlikely that he would have used them only once in the case of Bill Gates, given the vastness of his network, particularly in the tech and science worlds.

The year 2013 is also when Bill and Melinda Gates together met with Epstein at his New York residence, after which Melinda allegedly began asking her then-husband to distance himself from Epstein.¹⁷⁰ While the stated reason for this, in the wake of their divorce announcement in 2021, was that Melinda was put off by Epstein's past and his persona, it could potentially be related to other concerns about Melinda's reputation and that of the foundation that shares her name.

Indeed, 2013 was also the year that the Gates' mansion systems engineer, Rick Allen Jones, began to be investigated by Seattle police for his child porn and child rape video collection, which contained over six thousand images and videos. Despite the gravity of his crimes, when Jones was arrested at the Gates' mansion a year later, he was not jailed after his arrest but was merely ordered "to stay away from children," according to local media reports.¹⁷¹ From Melinda's perspective, this scandal, combined with Bill Gates's growing association with then-convicted pedophile Jeffrey Epstein may have posed a major threat to the Bill & Melinda Gates Foundation's reputation, well before Epstein's 2019 arrest.

Around this same time, Ghislaine Maxwell's TerraMar Project, which officially supported UN Sustainable Development Goals as they relate to the world's oceans, made a \$1.25 million commitment to the Clinton Global Initiative as part of an effort to form a Sustainable Oceans Alliance.¹⁷² TerraMar shut down shortly after Epstein's 2019 arrest.

Notably, Ghislaine's TerraMar Project was in many ways the successor to Isabel Maxwell's failed Blue World Alliance, which was also ostensibly focused on the world's oceans.¹⁷³ Blue World Alliance was set up by Isabel and her now deceased husband Al Seckel, who had hosted a "scientific conference" on Epstein's island. The Blue World Alliance also went under the name the Globalsolver Foundation, and Xavier Malina, Christine Maxwell's son, was listed as Globalsolver's liaison to the Clinton Foundation.¹⁷⁴ He was previously an intern at the Clinton Global Initiative.

Malina later worked in the Obama administration at the Office of White House Personnel.¹⁷⁵ He now works for Google. It is also worth noting that during this same period, Isabel Maxwell's son, Alexander Djerassi, was chief of staff at the Bureau of Near Eastern Affairs in the Hillary Clinton-run State Department, where he would have overseen key policies of interest to Israel.¹⁷⁶

GATES SCIENCE AND EPSTEIN SCIENCE

While the Gates Foundation and the Clinton Foundation intermingled and shared ties to Epstein and Maxwell, it also appears that Epstein had significant influence over two of the most prominent science advisers to Bill Gates over the last fifteen years – Melanie Walker and Boris Nikolic.

As detailed in chapter 18, Melanie Walker, now a celebrated neurosurgeon, met Jeffrey Epstein in 1992 soon after she graduated from college, when he offered her a Victoria's Secret modeling job.¹⁷⁷ She then stayed at a New York apartment building associated with Epstein's trafficking operations during visits to New York, but it is unclear how long she stayed there or at other Epstein-owned properties. After she graduated from medical school in 1998, she became Epstein's science adviser for at least a year. Shortly afterwards, she grew close to Prince Andrew and was reportedly "given" to him when he visited Epstein's Zorro Ranch property.

After leaving Epstein's employ as his science adviser (and as an apparent occasional companion for Prince Andrew), Walker moved to Seattle and began living with then Microsoft executive Steven Sinofsky, who now serves as a board partner at the venture capital firm Andreessen Horowitz.¹⁷⁸ Andreessen Horowitz notably backs Carbyne911, the Israel intelligence-linked pre-crime start-up funded by Epstein and his close associate, former prime minister of Israel Ehud Barak.¹⁷⁹ It is unclear when, how, and under what circumstances Walker met Sinofsky.

After moving to Seattle to be with Sinofsky and after a brief stint as a "practitioner in the developing world" in China with the World Health Organization, Walker was hired as a senior program officer by the Bill & Melinda Gates Foundation in 2006. Given that the main feature of Walker's resume at the time was having been a science adviser to another wealthy "philanthropist," Jeffrey Epstein, her hire by the Gates Foundation for this critical role further underscores how Bill Gates, at the very least, not only knew who Epstein was but knew enough about his scientific interests and investments to want to hire Walker at that time.

Walker went on to become deputy director for Global Development as well as a deputy director of Special Initiatives at the foundation.¹⁸⁰ According to the Rockefeller Foundation, where she is now a fellow, Walker later advised Gates on issues pertaining to neurotechnology and brain science for Gates's secretive

company bgC3, which Gates originally registered as a think tank under the name Carillon Holdings.¹⁸¹ According to federal filings, bgC3's focus areas were "scientific and technological services," "industrial analysis and research," and "design and development of computer hardware and software."¹⁸²

During her time at the Gates Foundation, Walker introduced Boris Nikolic, Gates's science adviser, to Epstein. Today, Melanie Walker is the co-chair of the World Economic Forum's Global Future Council on Neurotechnology and Brain Science, having previously been named a WEF Young Global Leader. She also advises the World Health Organization, which is heavily funded by and closely linked to Bill Gates's "philanthropy."

In 2016, while at the WEF, Walker wrote an article entitled "Healthcare in 2030: Goodbye Hospital, Hello Home-spital," in which she discusses how wearable devices, brain-machine interfaces, and injectable/swallowable robotic "medicines" will be the norm by 2030.¹⁸³ Years before efforts to change health care in just this way were as visible as they today, Walker wrote that, while the dystopian scenario she was painting "sounds crazy [,] most of these technologies are either almost ready for prime time, or in development."

In the case of Boris Nikolic, after being introduced to Epstein through Walker, he attended a 2011 meeting with Gates and Epstein where he was photographed alongside James Staley, then a senior JPMorgan executive, and Larry Summers.¹⁸⁴ Nikolic was chief adviser for science and technology to Bill Gates at the time, advising both the Gates Foundation and bgC3.¹⁸⁵ According to the mainstream narrative, this is supposed to be the first time that Gates and Epstein had ever met. In addition, this may have been the meeting where Epstein pitched the joint Gates Foundation-JP-Morgan "global health charitable fund."

In 2014, Nikolic "waxed enthusiastic" about Epstein's supposed penchant for financial advice ahead of a public offering for a gene-editing company that Nikolic had a \$42 million stake in.¹⁸⁶ Notably, both Nikolic and Epstein were clients of the same group of bankers at JPMorgan, with *Bloomberg* later reporting that Epstein regularly helped those bankers attract wealthy new clients.

In 2016, Nikolic co-founded Biomatics Capital, which invests in health-related companies at "the convergence of genomics and digital data" that are "enabling the development of superior therapeutics, diagnostics, and delivery models."¹⁸⁷ Nikolic founded Biomatics with Julie Sunderland, formerly the director of the Gates Foundation's Strategic Investment Fund.

At least three of the companies backed by Biomaterials – Qihan Biotech, eGenesis, and Editas – were co-founded by George Church, the Harvard geneticist with deep ties to Epstein and Edge.¹⁸⁸ Biomaterials’ investment in Qihan Biotech is no longer listed on the Biomaterials website.¹⁸⁹ Church’s Qihan Biotech seeks to produce human tissues and organs inside pigs for transplantation into humans, while eGenesis seeks to genetically modify pig organs for use in humans. Editas produces CRISPR gene-editing “medicines” and is also backed by the Gates Foundation as well as Google Ventures.¹⁹⁰

After Epstein’s death in 2019, it was revealed that Nikolic had been named the “successor executor” of Epstein’s estate, further suggesting he had very close ties to Epstein, despite Nikolic’s claims to the contrary. After details of Epstein’s will were made public, Nikolic declined to sign a form indicating his willingness to be executor and did not ultimately serve in that role.¹⁹¹

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John Poindexter

CHAPTER 21

FROM PROMIS TO PALANTIR: THE FUTURE OF BLACKMAIL

CARBYNE911

Carbyne911, formerly Reporty, is an Israeli tech-start-up founded in 2014 that promises to revolutionize how calls are handled by emergency service providers, as well as by governments, corporations, and educational institutions. Prior to Jeffrey Epstein's arrest in mid-2019, Carbyne had received high praise from US and Israeli media, with *Fox News* hailing the company's services as the answer to the "aging 911 systems" in the US and the *Jerusalem Post* writing that the company's platform offers "hi-tech protection to social workers and school principals" in the event of school shootings.¹ Other reports claimed that Carbyne's services result in "a 65% reduction in time-to-dispatch" for emergency services.²

Carbyne's call-handling/crisis management platform has already been implemented in several US counties and Latin American countries and the company now boasts offices in not only the US but also in Mexico, the UK, and Israel. Carbyne's expansion to more emergency service provider networks in the US is likely, given that federal legislation seeks to offer grants to upgrade 911 call centers throughout the country with the very technology of which Carbyne is the leading provider. One of the main lobby groups promoting this legislation, the National Emergency Number Association (NENA), has a "strong relationship" with Carbyne, according to Carbyne's website.³

Yet, what seemed like the inevitability of Carbyne's widespread adoption in the US hit a snag following the 2019 arrest and subsequent death of Jeffrey Epstein. After his first arrest and light sentence for soliciting sex from a minor in 2007, Epstein had been tapped by former Israeli Prime Minister and former head of Israeli military intelligence Ehud Barak to become a key financial backer of Carbyne.

As a result of increased scrutiny into Epstein's business activities and his ties to Israel, particularly to Barak, Epstein's connection to Carbyne was revealed and extensively reported on by the independent media outlet *Narativ*, whose exposé on Carbyne revealed not only some of the key intelligence connections of the start-up company but also how the architecture of Carbyne's product itself raises "serious privacy concerns."⁴

After media scrutiny of Carbyne in the wake of Epstein's death, its board and executive team were shaken up dramatically, with the apparent goal of obfuscating its intimate ties to Israel and Barak specifically. This is likely because the intelligence links of Carbyne's leadership at the time of Epstein's arrest and death, were considerable.⁵ In addition to Barak – a former Israeli prime minister and former head of Israeli military intelligence – who was then serving as Carbyne's chairman, the company's executive team were mainly former members of Israeli intelligence, including the elite military intelligence group, Unit 8200. Also on the board at the time was Nicole Junkermann, whose ties to Epstein have been discussed in chapters 14 and 18.

Carbyne's founding and current CEO, Amir Elichai, served in Unit 8200 and had tapped former Unit 8200 commander and board member of AIPAC Pinchas Buchris to serve as the company's director and on its board.⁶ In addition to Elichai, another Carbyne co-founder, Lital Leshem, also served in Unit 8200 and later worked for Israeli private spy company Black Cube. As previously mentioned in the last chapter, Black Cube is a known front for Israeli intelligence. The only Carbyne co-founder that didn't serve in Unit 8200 is Alex Dizengoff, who previously worked for the office of Israel's Prime Minister.⁷

Unit 8200 is an elite unit of the Israeli Intelligence corps that is part of the IDF's Directorate of Military Intelligence and is involved mainly in signal intelligence (i.e., surveillance), cyberwarfare, and code decryption. It is frequently described as the Israeli equivalent of the NSA, and Peter Roberts, senior research fellow at Britain's Royal United Services Institute, characterized the unit in an interview with the *Financial Times* as “probably the foremost technical intelligence agency in the world and stand[ing] on a par with the NSA in everything except scale.”⁸

Notably, the NSA and Unit 8200 have collaborated on numerous projects, most infamously on the Stuxnet virus as well as the Duqu malware.⁹ In addition, the NSA is known to work with veterans of Unit 8200 in the private sector, such as when the NSA hired two Israeli companies to create backdoors into all the major U.S. telecommunications systems and major tech companies, including Facebook, Microsoft, and Google.¹⁰ Both of those companies, Verint and Narus, have top executives with ties to Israeli intelligence; one of those companies, Verint (formerly Converse Infosys), has a history of aggressively spying on US government facilities and was previously discussed in chapter 14.¹¹ Unit 8200 is

also known for spying on civilians in the occupied Palestinian territories for “coercion purposes” – i.e., gathering info for blackmail – and also for spying on Palestinian-Americans via an intelligence-sharing agreement with the NSA.¹²

Unlike many other Unit 8200-linked start-ups at the time, Carbyne also boasted ties at the time to the Trump administration, including Palantir founder and Trump ally Peter Thiel – another investor in Carbyne alongside Epstein and Barak.¹³ Thiel’s company Palantir, discussed later in this chapter, is a major contractor to US intelligence and law enforcement agencies in the US. In addition, Carbyne’s board of advisers at the time included former Palantir employee Trae Stephens, who was a member of the Trump transition team, as well as former Secretary of Homeland Security Michael Chertoff.¹⁴ Trump donor and New York real estate developer Eliot Tawill was also on Carbyne’s board, alongside Ehud Barak, Nicole Junkermann, and Pinchas Buchris.¹⁵ After the personnel shake-up, its board of advisers now includes former Secretary of Homeland Security under Trump, Kirstjen Nielsen.¹⁶

Privacy concerns with Carbyne go beyond the company’s ties to Israeli intelligence and US intelligence contractors like Peter Thiel’s Palantir. For instance, Carbyne’s smartphone app extracts the following information from the phones on which it is installed:

Device location, video live-streamed from the smartphone to the call center, text messages in a two-way chat window, any data from a user’s phone if they have the Carbyne app and ESI.net, and any information that comes over a data link, which Carbyne opens in case the caller’s voice link drops out.¹⁷

According to Carbyne’s website, this same information can also be obtained from any smartphone, even if it does not have Carbyne’s app installed, if that phone calls a 911 call center that uses Carbyne or merely any other number connected to Carbyne’s network.

Carbyne is a Next-Generation 9-11 (NG911) platform and the explicit goal of NG911 is for all 911 systems nationwide to become interconnected. Thus, even if Carbyne is not used by all 911 call centers using an NG911 platform, Carbyne will ostensibly have access to the data used by all emergency service providers and devices connected to those networks. This guiding principle of NG911 also makes it likely that one platform will be favored at the federal level to foster such interconnectivity and, given that it has already been adopted by several counties

and has ties to influential former US government officials, Carbyne is a logical choice.

Another cause for concern is how other countries have used platforms like Carbyne, which were first marketed as emergency response tools, for the purpose of mass surveillance. *Narativ* noted the following in its investigation of Carbyne:

In May, Human Rights Watch revealed Chinese authorities use a platform not unlike Carbyne to illegally surveil Uyghurs. China's Integrated Joint Operations Platform brings in a much bigger data-set and sources of video, which includes an app on people's phones. Like Carbyne, the platform was designed to report emergencies. Chinese authorities have turned it into a tool of mass surveillance.¹⁸

Human Rights Watch reverse-engineered the app and discovered that the app automatically profiles a user under 36 "person types" including "followers of Six Lines" which is the term used to identify Uyghurs. Another term refers to "Hajj," the annual Islamic pilgrimage to Mecca. The app monitors every aspect of a user's life, including personal conversations, power usage, and tracks a user's movement.¹⁹ Such technology is currently used by Israeli military intelligence and Israel's domestic intelligence agency Shin Bet to justify "pre-crime" detentions of Palestinians in the occupied West Bank.

Carbyne's platform has its own "pre-crime" elements, such as its c-Records component, which stores and analyzes information on past calls and events that pass through its network. This information "enables decision makers to accurately analyze the past and present behavior of their callers, react accordingly, and in time predict future patterns."²⁰ Notably, pre-crime, i.e. "predictive policing," has long been a key focus of Palantir, the company co-founded and closely tied to Peter Thiel, whose Founders Fund helped finance Carbyne.²¹

PROMIS, PALANTIR, AND PRE-CRIME

In general terms, Palantir was created to be the privatized panopticon of the national-security state, the newest rebranding of the big data approach of intelligence agencies to surveilling both foreign and domestic populations. The latter in particular has long been a key objective of US intelligence, having been pioneered by the CIA as far back as the Vietnam War.²² It was later covertly turned against the bulk of the US population by both US and Israel intelligence during the Iran-Contra and PROMIS software scandals of the 1980s, though efforts to use these big data approaches to target domestic protests and specific social movements had been ongoing for years.

The panopticon was originally an English philosopher's concept for a new, revolutionary prison design, but the idea was more fully developed by the French philosopher Michel Foucault. Foucault, in his book *Discipline and Punish*, noted that: "*The major effect of the panopticon is to induce in the inmate a state of consciousness and permanent visibility that assures the automatic functioning of power.*" Said differently, *the uncertainty that one may be under surveillance at any time and for any reason induces obedience in that individual, allowing a small number of people to control the masses.*²³ It is perhaps unsurprising that, for a 2020 profile on Palantir in the *New York Times*, the company's co-founder and CEO Alex Karp chose to pose with three Palantir employees under a large portrait of Foucault.²⁴

As previously detailed in chapter 9, in the 1980s, individuals at the heart of the Iran-Contra scandal began to develop a database called Main Core, which firmly placed the US national security state on its current, tech-fueled Foucauldian path.²⁵ A senior government official with a high-ranking security clearance and service in five presidential administrations told *Radar* in 2008 that Main Core was "a database of Americans, who, often for the slightest and most trivial reason, are considered unfriendly, and who, in a time of panic might be incarcerated. The database can identify and locate perceived 'enemies of the state' almost instantaneously."²⁶ It was expressly developed for use in "continuity of government" (COG) protocols by figures like Oliver North and was used to compile a list of US dissidents and "potential troublemakers" to be dealt with if the continuity of government protocol was ever invoked.

Main Core utilized PROMIS software, which was stolen from its owners at Inslaw Inc. by top Reagan and US intelligence officials as well as Israeli spymaster Rafi Eitan.²⁷ Also intimately involved in the PROMIS scandal was media baron and Israeli “super spy” Robert Maxwell.²⁸ Like PROMIS, Main Core involved both US and Israeli intelligence and was a big data approach to the surveillance of perceived domestic dissidents.²⁹

Meanwhile, Main Core persisted and continued to amass data. That data could not be fully tapped into and utilized by the intelligence community until after the events of September 11, 2001, which offered a golden opportunity for the use of such tools against the domestic US population, all under the guise of combating “terrorism.” For example, in the immediate aftermath of 9/11, government officials reportedly saw Main Core being accessed by White House computers.

September 11 was also used as an excuse to remove information “firewalls” within the national security state, expanding “information sharing” among agency databases and, by extension, also expanding the amount of data that could be accessed and analyzed by Main Core and its analogues.

As Alan Wade, then serving as the CIA’s chief information officer, pointed out soon after 9/11:

One of the post-September 11 themes is collaboration and information sharing. We’re looking at tools that facilitate communication in ways that we don’t have today.³⁰

In an attempt to build on these two post-9/11 objectives simultaneously, the US national security state attempted to institute a “public-private” surveillance program so invasive that Congress defunded it just months after its creation due to concerns it would completely eliminate the right to privacy in the US. Called Total Information Awareness (TIA), the program sought to develop an “all-seeing” surveillance apparatus managed by the Pentagon’s DARPA.³¹ The official agreement was that invasive surveillance of the entire US population was necessary to prevent terrorist attacks, bioterrorism events, and even naturally occurring disease outbreaks before they could take place.

The architect of TIA, and the man who led it during its relatively brief existence, was John Poindexter, best known for being Reagan’s National Security Advisor during Iran-Contra and being convicted of five felonies in relation to that

scandal.³² Poindexter, during the Iran-Contra hearings, had famously claimed that it was his duty to withhold information from Congress.³³

One of Poindexter's key allies at the time as it related to TIA was the chief information officer of the CIA, Alan Wade.³⁴ Wade met with Poindexter in relation to TIA numerous times and managed the participation of not just the CIA but all US intelligence agencies that had signed on to add their data as "nodes" to TIA in exchange for gaining access to its tools.

The TIA program, despite the best efforts of Poindexter and his allies such as Wade, was eventually forced to shut down after considerable criticism and public outrage. For instance, the American Civil Liberties Union claimed that the surveillance effort would "kill privacy in America" because "every aspect of our lives would be catalogued," while several mainstream media outlets warned that TIA was "fighting terror by terrifying US citizens."³⁵ Though the program was defunded, it later emerged that TIA was never *actually* shut down, with its various programs having been covertly divided among the web of military and intelligence agencies that make up the US national security state.³⁶ While some of those TIA programs went underground, the core panopticon software that TIA had hoped to wield began to be developed by the very company now known as Palantir, with considerable help from the CIA and Alan Wade, as well as Poindexter.

At the time it was formally launched in February 2003, the TIA program was immediately controversial, leading it to change its name in May 2003 to Terrorism Information Awareness in an apparent attempt to sound less like an all-encompassing domestic surveillance system and more like a tool specifically aimed at "terrorists." Nevertheless, the TIA program was shuttered by the end of 2003.

The same month as the TIA name change and amid the growing backlash against the program, Peter Thiel incorporated Palantir.³⁷ Thiel, however, had begun creating the software behind Palantir months in advance, though he claims he can't recall exactly when. Thiel, Karp, and other Palantir co-founders claimed for years that the company had been founded in 2004, despite the paperwork of Palantir's incorporation by Thiel directly contradicting this claim.³⁸

Also, in 2003, apparently soon after Thiel formally created Palantir, none other than Richard Perle called Poindexter, saying that he wanted to introduce the architect of TIA to two Silicon Valley entrepreneurs, Peter Thiel and Alex Karp. According to a report in *New York Magazine*, Poindexter was told by Perle that he

“was precisely the person” who Thiel and Karp wanted to meet, mainly because “their new company was similar in ambition to what Poindexter had tried to create at the Pentagon,” that is, TIA.³⁹ During that meeting, Thiel and Karp sought “to pick the brain of the man now widely viewed as the godfather of modern surveillance.” Perle’s roles at Hollinger International, ties to Israeli espionage scandals and his lobbying on behalf of Bernard Schwartz’s Loral were discussed in chapters 14 and 17.

Soon after its incorporation, though the exact timing and details of the investment remain hidden from the public, the CIA’s In-Q-Tel became Palantir’s first backer, aside from Thiel himself, who invested an estimated \$2 million in the company.⁴⁰ In-Q-Tel’s stake in Palantir would not be publicly reported until mid-2006.⁴¹

Though the influx of cash was certainly useful, Palantir’s CEO Alex Karp later told the *New York Times* that “the real value of the In-Q-Tel investment was that it gave Palantir access to the CIA analysts who were its intended clients.”⁴² A key figure in the making of In-Q-Tel investments during this period, including Palantir, was the CIA’s chief information officer at the time, Alan Wade.⁴³

After the In-Q-Tel investment, the CIA would be Palantir’s only client until 2008. During that period, Palantir’s two top engineers – Aki Jain and Stephen Cohen—traveled to CIA headquarters at Langley, Virginia every two weeks.⁴⁴ Jain recalls making at least two hundred trips to CIA headquarters between 2005 and 2009. During those regular visits, CIA analysts “would test [Palantir’s software] out and offer feedback, and then Cohen and Jain would fly back to California to tweak it.” As with In-Q-Tel’s decision to invest in Palantir, the CIA’s chief information officer at the time, Alan Wade, played a key role in many of these meetings and subsequently in the “tweaking” of Palantir’s products.

It should come as no surprise, then, that there is a clear overlap between Palantir’s products and the vision that Wade and Poindexter had held for the failed TIA program. One can see the obvious parallels between Palantir and TIA by examining how the masterminds behind each describe their key functions.

Take, for instance, the following excerpt from Shane Harris’ book *The Watchers: The Rise of America’s Surveillance State* regarding Wade’s and Poindexter’s views of TIA’s “built-in privacy protections”:

Wade liked the idea, but he heard something even more intriguing in Poindexter’s pitch, a concept that he hadn’t heard in any of the tech briefings he’d sat through since 9/11: the words

“protect privacy.” Wade thought that Poindexter’s was the first ambitious information architecture that included privacy from the ground up.

He described his privacy appliance concept, in which a physical device would set between the use and the data, shielding the names and other identifying information of the millions of innocent people in the noise. The TIA system would employ “selective revelation,” Poindexter explained. The farther into the data a user wished to probe, the more outside authority he had to obtain.⁴⁵

Compare TIA’s “selective revelation” sales pitch with that more recently offered by Karp and Thiel to the *New York Times* about Palantir’s own supposed privacy safeguards:

Karp and Thiel say they had two overarching ambitions for Palantir early on. The first was to make software that could help keep the country safe from terrorism. The second was to prove that there was a technological solution to the challenge of balancing public safety and civil liberties – a “Hegelian” aspiration, as Karp puts it. Although political opposites, they both feared that personal privacy would be a casualty of the war on terrorism...

To that end, Palantir’s software was created with two primary security features: Users are able to access only information they are authorized to view, and the software generates an audit trail that, among other things, indicates if someone has tried to obtain material off-limits to them.⁴⁶

The explanation offered by Poindexter and Wade for TIA and the explanation presented by Karp and Thiel for Palantir are essentially analogous. Similarly, Palantir’s “immutable log” concept, whereby “everything a user does in Palantir creates a trail that can be audited,” was also a hallmark of the TIA system envisioned by Poindexter and Wade.⁴⁷

As noted in *The Watchers*:

Poindexter also proposed “an immutable audit trail,” a master record of every analyst who had used the TIA system, what data they’d touched, what they’d done with it. The system would be trained to spot suspicious patterns of use.... Poindexter wanted to use TIA to watch the watchers. The CIA team [including Alan Wade] liked what they heard.⁴⁸

The benefits in repurposing the “public-private” TIA into a completely private entity after TIA was publicly dismantled are obvious. For instance, given that Palantir is a private company as opposed to a government program, the way its software is used by its government and corporate clients benefits from “plausible deniability” and frees Palantir from constraints that would be present if it were instead a project tied to the military or public sector.

As noted in an October 2020 profile on the company in the *New York Times*:

The data, which is stored in various cloud services or on clients' premises, is controlled by the customer, and Palantir says it does not police the use of its products. Nor are the privacy controls foolproof; it is up to the customers to decide who gets to see what and how vigilant they wish to be.⁴⁹

CHRISTINE MAXWELL'S CHILIAD

While Wade was involved in operating the information technology infrastructure of US intelligence and in guiding the rise of Palantir, he was also intimately involved with another company known as Chiliad. Chiliad was a data analytics company founded in the late 1990s by Paul McOwen, Robert Maxwell's daughter Christine Maxwell, and an unnamed third individual.⁵⁰ However, sources such as *Bloomberg* lists Alan Wade as the "mysterious" third co-founder of Chiliad, meaning that Wade, as the third co-founder, was involved in creating Chiliad while also serving in a top post at the CIA.⁵¹ The company was founded with "\$3 million in angel investment" of unknown origin.⁵²

This is significant for two main reasons. First, Chiliad was developed to be the very tool that would be sought by US intelligence in the immediate aftermath of September 11, an event that notably took place shortly after Wade became the CIA's chief information officer.⁵³ The company had conveniently been set up well in advance, allowing it to score key contracts with the US government, including the FBI, thanks to the advanced stage of its product as well as its founders' intelligence connections. This, along with a glowing recommendation from the 9/11 Commission, benefited Chiliad's software, which was remarkably similar to the PROMIS software and early versions of Palantir.⁵⁴

Due to ongoing litigation in the PROMIS case, efforts were made by the US national security state to retool and tweak the PROMIS software sufficiently so that they could argue that the software then in use had become dissimilar to the original stolen product, according to the original PROMIS developer, Bill Hamilton of Inslaw Inc. To avoid further litigation with Inslaw, the authors of the theft of PROMIS, and other beneficiaries of that theft, likely saw a need to create analogous software, likely by further developing already modified versions of PROMIS, that appeared to have different origins.

Second, Wade, who was employed by the CIA at the time of Chiliad's founding, created the company with Christine Maxwell, sister of Ghislaine Maxwell and daughter of Robert Maxwell. As noted in chapter 9, Christine was intimately involved in and ended up leading the US-based front company that Robert Maxwell had used to sell versions of PROMIS that seriously compromised US national security.⁵⁵ Her subsequent effort, through the McKinley Group, was

an effort that involved several of her siblings (Isabel, Kevin and Ghislaine) and was aimed at “rebuilding” their father’s legacy. As was also noted in chapter 9, US intelligence, Israeli intelligence and figures tied to organized crime were all intimately involved in the PROMIS software scandal. Thus, the involvement of both Wade and Maxwell in creating Chiliad and the overlap between the PROMIS software and Chiliad’s software, suggests Chiliad was a successor to PROMIS produced by this same network.

In addition, Wade’s role in the rise of Palantir suggests that Palantir may be another successor to PROMIS, a possibility explored in greater detail in my past reporting at *MintPress News*.⁵⁶ Maxwell’s involvement with the company suggests that Chiliad could also have carried a back door, much like the original PROMIS, to give foreign intelligence agencies or other groups covert access to the electronic infrastructure of the FBI and US intelligence community.

Other notable and relevant aspects, in terms of the Maxwell connection to Chiliad include a key source of its early funding. According to reports, among Chiliad’s three early investors was Allied Commercial Exporters Ltd., which is based in London. Company records show that the company is part of the business empire of British real estate mogul, Jack Dellal.⁵⁷ As previously noted in chapter 4, Dellal was a member of the Clermont Club, whose early members included either individuals tied to the Profumo Affair or subsequent business associates of Robert Maxwell, such as James Goldsmith and Roland Walter “Tiny” Rowland.

Dellal was a noted gambler and a rather infamous banker who is alleged to have played a role in the collapse of Keyser Ullman due to fraudulent loans, many of which were tied to real estate markets and some of which were used to finance the foundations of Dellal’s subsequent real estate empire.⁵⁸ Keyser Ullman, prior to its collapse, was also intimately linked to the main business concern of Tiny Rowland, Lonrho (see chapter 6).

Another key source of funding for Chiliad was Hewlett-Packard. Hewlett-Packard has long had a very close relationship with US intelligence, which expanded dramatically in 2001 under the leadership of its then-CEO Carly Fiorina.⁵⁹

Notably, Palantir began its rise to prominence as the go-to counterterrorism software of the West, just as Chiliad began to pivot away from that sector. Chiliad eventually folded a few years later. Notably, in the years prior to its shutdown, Chiliad had begun moving into health-care data, a pivot that became very obvious

by 2012, when it began adding prominent health-care industry executives to its company board and getting involved in aiding “medical research.”⁶⁰

Not long after Chiliad was shut down, Wade, who had also been the chairman of its board for many years, was added to the board of a UK cybersecurity firm called Darktrace.⁶¹ Darktrace is the result of the joining of UK intelligence with a team of AI researchers at Cambridge who were seeking to develop the AI “singularity.”⁶² This attempt at “self-aware” AI was subsequently developed into “cybersecurity” software under the watchful eye and direction of UK intelligence. Darktrace’s intelligence-linked software now runs not only a large swath of the UK power grid and the computers of major corporations around the world but also cybersecurity for the UK’s National Health Service (NHS), giving it access to masses of patient-health data.

Not long after Darktrace’s foray into healthcare began, Palantir made its own pivot into healthcare, both for the NHS in the UK and the Department of Health and Human Services (HHS) in the US. The latter partnership has expanded considerably during the Covid-19 crisis, from the HHS Protect database to contact tracing to Operation Warp Speed. Palantir’s expansion into nearly every sector of government is set to continue, particularly with president Biden’s appointed leader of the US intelligence community—Avril Haines, who was a consultant to Palantir right up until she joined Biden’s 2020 campaign as an adviser.⁶³

Notably, Palantir’s expansion into the NHS was facilitated in part by the NHS Healthtech Advisory Board, which was created in 2018 to advise the UK’s then-Health and Social Care Secretary Matt Hancock. On that board was a familiar face, Nicole Junkermann. One of the other board members, and its alleged architect, is a military and intelligence-linked figure named Daniel Korski.⁶⁴ The same year the Healthtech Advisory Board was created, Korski co-founded the Govtech Summit, which has heavily promoted the products of Carbyne911 and related companies.

That these very networks would converge around valuable stores of personal health data is no accident, as the intelligence-linked Epstein was also seeking to move into this space. Around the same time he sought to rebrand as a tech investor, Epstein was also working to build up a company focused around “DNA data-mining.” Created in 2012, Southern Trust was a “start-up” created by Epstein with the apparent goal of sequencing people’s genomes and selling that data to the

pharmaceutical industry.⁶⁵ Per reports, Southern Trust sought to create a “search engine capable of pinpointing genetic links to diseases.”⁶⁶

Epstein claimed that “what Southern Trust will do will be basically organizing mathematical algorithms so that if I want to know what my predisposition is for cancer we can now have my genes specifically sequenced.”⁶⁷ Epstein was reportedly working with at least one US scientist on the project who was affiliated with Harvard, though their identity remains unknown.⁶⁸ As previously mentioned, Epstein had funded the work of several prominent scientists and Epstein likely had recruited one of them to the project. Of the scientists Epstein funded, Harvard’s Martin Nowak fits the description of the scientist that Epstein gave in testimony. Epstein had previously donated \$6.5 million in 2003 to Harvard’s Program for Evolutionary Dynamics, which Nowak led.⁶⁹ In 2012, the year Southern Trust was created, Nowak had developed mathematical models that described the behavior of colon cancer cells.⁷⁰

Southern Trust specifically sought to gather DNA from residents of the US Virgin Islands, where Southern Trust was based. This DNA collection would then be used to “create a catalog of population-level genetics data.” Then, Southern Trust’s team would develop a search engine to assess that data for links to diseases that Epstein once called a “biomedical Google.”⁷¹ The company then planned to create a “virtual laboratory” to conduct experiments via computer models as well as to produce “computer generated solutions for medical problems.”⁷²

The company also, oddly, planned to amass data for its proprietary search engine that would allow it “to search things on an individual basis both in the medical field and the financial field.” Southern Trust was also described as planning to provide “cutting edge consulting services to companies around the world lying in part upon the use of biomedical and financial information.”⁷³ Was Southern Trust seeking to correlate people’s genetic data with their financial data?

Epstein also said of his vision for the company that “I would like to have young people – I’m a teacher by heart – engaged early on” in his project.⁷⁴ Epstein also spoke at length in testimony saying that he wanted to train young people to program and develop his company’s algorithms, training them in the Virgin Islands. He also implied that he would one day would be able to tailor educational programs for those young people based on their sequenced genome.⁷⁵

Despite being a sex offender and having suffered a financial decline due to his past controversies the 2008 financial crash, Epstein’s Southern Trust netted him

\$200 million in a few short years and was a key part of what the *New York Times* described as Epstein's "financial rebound."⁷⁶

THE FUTURE OF BLACKMAIL

In 2012, Epstein seemed to know something that those guiding other, more prominent “data mining” firms like Chiliad and Palantir also knew – that, soon, data would become the world’s most valuable commodity. This would become a common public talking point in the years that followed. For instance, in 2017, *The Economist* declared that the world’s most valuable resource was no longer oil, but data. Referring to data as “the oil of the digital era,” it notes that this new “data economy” runs on masses of data generated by billions of devices as well as algorithms, particularly Artificial Intelligence algorithms. It also notes that the “data economy” is intimately linked to Big Tech’s “surveillance systems,” which gives these powerful companies a “God’s eye view” of both markets and citizen behavior.⁷⁷

Epstein’s decision to court and gather “dirt” on Big Tech scions, while also rebranding as a tech investor and entrepreneur, was carefully calculated. Indeed, he and the Maxwells were intimately aware of how the digital revolution was drastically reshaping the face of blackmail and influence operations. Arguably beginning with the PROMIS software scandal, which intimately involved the Maxwells, the utility of bugged software to intelligence agencies quickly became obvious. With a few lines of surreptitious code, intelligence agencies could gain access to troves of sensitive data in real-time, which previously would have required scores of highly embedded and sophisticated spies. Yet, those spies could be caught if just one in their network slipped up. However, with a few lines hidden among thousands and thousands lines of code, a software program’s “treachery” is much more difficult to detect.

By the time computers and mobile phones began to become increasingly commonplace, the more communication that took place in the digital world. People, including powerful businessmen and politicians, began conducting much of their most sensitive communications, both personally and professionally, on electronic devices. Leaks from Hillary Clinton’s email server and, more recently, Hunter Biden’s laptop, are important reminders of this. The more dependent people became on digital platforms and software, the more that their data could reveal about their preferences (whether “normal”, embarrassing or abnormal) and their activities (whether legal or criminal).

While Jeffrey Epstein and Ghislaine Maxwell, throughout the 1990s and beyond, blackmailed powerful people using trafficked women and girls, the digital revolution offered them, and their benefactors, a new opportunity to fulfill the same operational goals, but with much less risk. For example, if a Congressman's phone or computer logs attempts to access pornography websites, one needs only obtain the electronic proof of those searches or website visits to blackmail that Congressman. There is no longer a need to spend significant sums of money on maintaining remote locations with pinhole cameras or on maintaining a harem of trafficked women and girls. Instead one only needs to gain access to the data on the person they are targeting in order to find their darkest and most damaging secrets.

Some of Epstein's own interest in technology appears to have been informed by his obsessions with genetics and eugenics, as well as his interest in the merging of man and technology (i.e. transhumanism).⁷⁸ However, it appears that his targeting of top leaders of Big Tech, via Edge and other means beginning in the late 1990s and early 2000s, was based on a belief that, if he could exert influence over those who controlled Big Tech (influence which he claimed to have due to his knowledge of their sexual proclivities), he could gain privileged access to the masses of data they harvest and control. Given the intersections of Epstein and the Maxwell to the tech sector over the years, and how their involvement with Big Tech grew precipitously after Epstein's sex trafficking operation first came under scrutiny and fell apart, it appears that Epstein and Maxwell moved away from sexual forms of blackmail to electronic forms of blackmail, from sex trafficking to data trafficking.

While this shift may have provided new opportunities for Epstein and Maxwell, it also made them irrelevant. If software can be exploited to extract and compile secrets and artificial intelligence can then analyze that information, then human operators of previous varieties of blackmail schemes become increasingly unnecessary. In a world where blackmail is overwhelmingly electronic, people like Jeffrey Epstein and Ghislaine Maxwell become liabilities to be silenced, rather than assets to protect.

Another critical consequence of the advent of electronic blackmail is that the very same systems that enable that blackmail to occur are intimately enmeshed with the infrastructure of mass surveillance. This is the core idea behind the panopticon model. As noted earlier in this chapter, if an individual is under the

impression that they may be being watched at any given time for any given reason, the perpetual possibility of surveillance induces obedience. Such a model allows for the masses to be controlled much more easily. The ultimate goal of blackmail is also control, albeit of a different variety. Yet, with mass surveillance and the ability to harvest the digitally logged secrets of anyone with a digital profile, this allows forms of control, like blackmail, to be used on a mass scale.

No longer must intelligence assets develop and execute sophisticated operations to obtain damaging information on a person – that information now likely lies in their digital footprint. This is not just true for men and women of power and influence – today it is true for most of us in our increasingly digital world. In order to obtain damaging information on a person of interest, intelligence agencies and their allies in the corporate world or the world of organized crime, only need to search for that person in the right database. In a matter of seconds, your secrets are in their hands.

While the United States has long been “one nation under blackmail,” the perpetuation of this system and means of control is rapidly reaching its logical conclusion. Before, public officials, politicians and others of power and influence were targeted with blackmail. Now, blackmail is more readily accessible and more easily obtained on any American than ever before in history. We now live in a reality where our communications are monitored and stored, where many willingly surround themselves with audio and video recording devices that intelligence agencies have known access to.⁷⁹

The more we live our lives on our phones and our computers, the more we can be exploited if and when certain groups and networks with access to our data decide that they want something from us. Yet, now that these corrupt power structures have grown so accustomed to our digital dependence, we now have the chance to disrupt the empire that they have built on a foundation of blackmail, bribes and bullets. By taking ownership of our data, and depriving intelligence-linked Big Tech their monopoly of control over it, we can start to rupture a system that would enslave us if allowed to advance. Main Core, Total Information Awareness and other such systems have never gone away and lie in wait, waiting to be weaponized against the civilian populace if and when demands for change become too great.

The power structures explored in this book represent generational networks of criminal activity. Those networks have only continued to grow and accumulate

power through their corruption of institutions, including the government and the media. Also key to their success has been our compliance. However, our compliance is born out of the belief that our institutions are not corrupt or, at least, not *that* corrupt.

When one realizes where power really lies and how it really functions, it becomes clear that the only way to deter a corrupt system of this magnitude, which has now merged public and private power into the hands of a very small few, is not to comply. The government is no longer capable of investigating itself and our institutions have long been too compromised to guarantee American well-being or the American way of life. Instead quite the opposite has taken place. The US, after being used by these networks to loot countries around the world, has itself been looted and hung out to dry to benefit families and groups who trace their origins back to when organized crime first merged with intelligence.

Upon realizing the reality of the situation, as this book has endeavored to show, non-compliance is a must when facing a system that, among other crimes, is willing to enable and engage in the unconscionable exploitation and abuse of children to further its stranglehold over the country, and ultimately over us.

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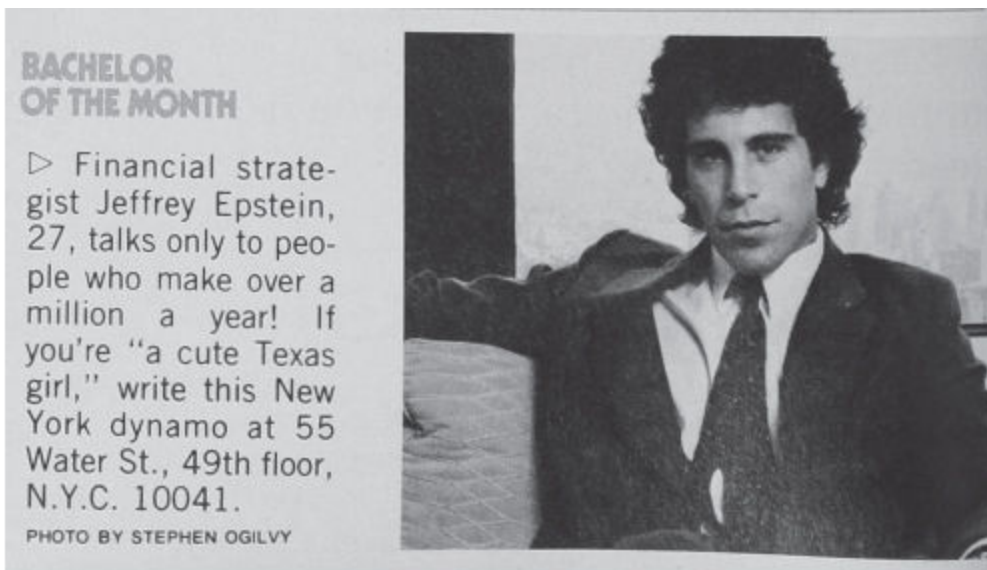
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PHOTOGRAPHS & DOCUMENTS



1967 0506A High School Boys Cabin 1

Jeffrey Epstein (1st on the left, top row) at the Interlochen Center for the Arts Summer School in 1967.



**BACHELOR
OF THE MONTH**

▷ Financial strategist Jeffrey Epstein, 27, talks only to people who make over a million a year! If you're "a cute Texas girl," write this New York dynamo at 55 Water St., 49th floor, N.Y.C. 10041.

PHOTO BY STEPHEN OGILVY

Jeffrey Epstein was featured as "bachelor of the month" in the July 1980 issue of *Cosmopolitan*. He was then working for Bear Stearns.
Source: *Cosmopolitan*, July 1980, Photo by Stephen Ogilvy.



Ghislaine Maxwell and Joe Kennedy at a reception following Kerry Kennedy's wedding to Andrew Cuomo in 1990. The caption for the photo from *Star Magazine* suggested that their interactions at the wedding were flirtatious.



Esther Dyson, Jeffrey Epstein, and Russian Federal Nuclear Center employee Pavel Oleynikov pose in front of Andrei Sakharov's house in Sarov, Russia in April 1998. <https://www.flickr.com/photos/edyson/9209120/>.



Nathan Myhrvold and Jeffrey Epstein chat at the 2000 Edge Billionaires' Dinner.

Source: <https://www.edge.org/igd/1200>.



Microsoft's Paul Allen poses for a photo with Nicole Junkermann at the Cinema Against AIDS Cannes event in Cannes, France. Getty Images.



Leslie Wexner and Rabbi Maurice Corson in an undated photo.
<https://www.wexnerfoundation.org/wp-content/uploads/Wexner-22-1670x1077.jpeg>.



Jeffrey Epstein and Ghislaine Maxwell greet then-President Bill Clinton at a September 1993 Donor Reception at the White House. Source: William J. Clinton Presidential Library.



Bill Clinton meets with Chinese weapons dealer Wang Jun in February 1996.
Source: White House Communications Agency.



The Clintons photographed with Ng Lap Seng at a DNC event, date unknown. Source: DNC.



Charlie Trie testifies before the House Government Reform and Oversight Committee on March 1, 2000. Source: C-SPAN.

April 27, 1995

President William T. Clinton
The White House
Washington, DC 20500

Dear Mr. President:

It was a pleasure to see you recently at Senator Kennedy's house. There was too much to discuss and too little time. Using my fifteen seconds of access to discuss Jeffrey Epstein and currency stabilization, I neglected to talk with you about a topic near and dear to my heart. Namely, affirmative action and the future. I am sending you a copy of a memo George Stephanopoulos asked me to prepare, and an article about my participation in an FCC set aside program.

I would very much like to continue my involvement with this issue. You deserve a lot of credit for many of your initiatives in this area. Let me know if I can help you in any way.

Sincerely,

A handwritten signature in black ink, appearing to read 'Lynn Forester'. The signature is stylized with a large, sweeping initial 'L' and a long horizontal stroke extending to the right.

Lynn Forester

A 1995 letter from Lynn Forester to President Clinton that discusses Jeffrey Epstein.

FORUM

Home / Forum / Old Message Board / Douglas Leese

Douglas Leese

Anonymous

Posted: Saturday, August 13, 2011

Posted: 2/2/2010 12:31:29 PM

By: Wrong email

Just for reference, my email is
hunter@alabamaagainstfraud.com

[Back to top](#)

Anonymous

Posted: Saturday, August 13, 2011

Posted: 2/2/2010 6:29:20 AM

By: Hunter - mentined in Tedder material

Back in my days of posting information on David Tedder, the name Douglas Leese showed up quite a bit. David Marchant wrote some stories on Tedder but I didn't search the KYC story library before making this post to check on Leese. Check the KYC story library, search this board, and google name -- maybe some of my old posts will show up.

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Internal Administrator

Posted: Saturday, August 13, 2011

Joined: 10/12/2010
Posts: 5779

Posted: 1/31/2010 7:00:58 PM

By: hm

where does he live now?
I have such unusual memories of him in the 70's when he had a house in Belgrave Mews 14, when he had bought Lord Long's Wraxhall Estates... and gave very unusual parties...

[Back to top](#)

The administrator of Offshore Alerts discusses his experiences with Douglas Leese, a mentor of Epstein's.

REPORT DATE 09/28/93
REPORT TIME 04:59PM

WHITE HOUSE DONORS RECEPTION - September 29, 1993

A A Hon. Clark M. Clifford, Esq. & Mrs. Margery K. Clifford
Washington, DC

A Ms. Trudy Connolly
Waverly Fabric

U Ms. Wendy Cooper
Curator of Decorative Arts, The Baltimore Museum of Art

A A Mrs. Dorothy M. Craig & Mr. Earle M. Craig
Midland, TX

R A Mrs. Ann Cummis

A Mr. James Cunningham
Medis, PA

A Ms. Angela Martinez

A A Mr. & Mrs. Mike Dugan (Barbara)
Hickory, NC

U U Mr. & Mrs. Kelly Duke
Little Rock, AR

A A Mrs. Cynthia East & Mr. Robert East
Cynthia East Fabrics, Inc.

A A Dr. & Mrs. G. Franklin Edwards (Peggy J.)
Washington, DC

A A Mr. & Mrs. George M. Eisey (Sally B.)
Washington, DC

R U Mrs. Jane Engelhard, Jr.

A A Mr Jeffrey Epstein & Ms. Ghislaine Maxwell
New York, NY

A A Mr. & Mrs. Jonathan Fairbanks (Louisa)
Katherine Lane Weems Curator of Decorative Arts and Sculpture,
Museum of Fine Arts

A A Mr. & Mrs. Lee Ficks (Joy)
Ficks Reed Company

A A Mr. & Mrs. Rod Fisher
Scarsdale, NY

A A Mr. & Mrs. Gordon Freeman (Norma)
Englewood Cliffs, NJ

A A Mr. & Mrs. Milton Friedman (Cynthia)
Chevy Chase, MD

A U Dr. & Mrs. Dana Allen Fuller

U Mr. Carson M. Glass, Esq.
Lubbock, TX

A A Mr. & Mrs. Stephen P. Gnad (Pat)
Country Life

A Mrs. Barbara Goldsmith
New York, NNY

A Ms. Elizabeth Robins

A Mr. C. Gerald Goldsmith
Palm Beach, FL

A Ms. Susan Lizes Green
New York, NY

The invitation list for the September 1993 Donors Reception at the White House that Jeffrey Epstein and Ghislaine Maxwell attended. Also listed as attending are Clark Clifford and C. Gerald Goldsmith.

<https://www.thedailybeast.com/jeffrey-epstein-visited-clinton-white-house-multiple-times-in-early-90s>.



WHITE HOUSE HISTORICAL ASSOCIATION
740 Jackson Place, N.W.
Washington, D.C. 20505
(202) 737-4292

October 4, 1993

Mr. Jeffrey Epstein
Villard House
457 Madison Avenue
New York, New York 10022

Dear Mr. Epstein:

This letter acknowledges the receipt, from Mr. A. Paul Properi, of your check, dated September 29, 1993, in the sum of \$10,000, made payable to this Association.

We thank you for this contribution which will be used solely for the benefit of the White House, primarily to assist in funding the cost of refurbishing the Oval Office in the West Wing and certain areas of the Executive Residence.

By copy of this letter, we are informing Mr. Properi as well as Ms. Margaret Williams of the White House of the receipt of this gift from you.

Sincerely,

A handwritten signature in cursive script that reads "Bernard R. Meyer".

Bernard R. Meyer
Executive Vice President

A letter to Jeffrey Epstein from Executive Vice President of the White House Historical Association, Bernard Meyer, thanking Epstein for his donation of \$10,000. The address listed for Epstein is his office at the Villard House he shared with Evangeline Gouletas-Carey.

<https://www.thedailybeast.com/jeffrey-epstein-visited-clinton-white-house-multiple-times-in-early-90s>.

MEMO TO: Curtis K. Marcum #2029, Commander, Organized Crime Bu:
FROM: Elizabeth A. Leupp, Analyst, Organized Crime Bureau
DATE: June 6, 1991
SUBJECT: SHAPIRO HOMICIDE INVESTIGATION

Sir:

An analytical project was opened in 1985 as a result of the mob-style murder of Arthur Shapiro, a local attorney in the law firm (then) of Schwartz, Shapiro, Kelm and Warren.

Because of the strong similarities between this homicide and a Mafia (L.C.N.) "hit", the analysis included an in-depth study of major L.C.N. groups having contact in/near the central Ohio area. These groups seem to include crime "families" in Chicago, Detroit, Cleveland, Pittsburg, and to some degree, the Genovese family in New York City.

There seems to be very little reliable investigative literature concerning the Chicago and Detroit groups. However, we do have access to reports from MAGLOCLEN, the Pennsylvania Crime Commission and the New Jersey Commission of Investigation with reference to groups in Ohio and areas to the east of us. The attached L.C.N. information was lifted (and in many cases, blatantly plagiarized) from those sources.

Over time, the analysis of the Shapiro homicide became greatly expanded and more complex with the development of unusual interactive relationships between the following business organizations:

- (a) The Major Chord Jazz Club and its parent/investment groups (now defunct),
- (b) The Limited and its investment interests,
- (c) The Walsh Trucking Company and the alleged relationship between owner Frank Walsh and the Genovese crime family,
- (d) The law firm now known as Schwartz, Kelm, Warren and Rubenstein (homicide detectives report that the name was changed within hours of Shapiro's homicide),
- (e) Omni Oil Company (dba Omni Petroleum, Omni Exploration),
- (f) The Edward DeBartolo Corporation, of Youngstown, Ohio, and the alleged relationship between owner Edward DeBartolo and the Genovese crime family;
- (g) John W. Kessler, local developer.

The attached link diagram illustrates these apparer relationships.

The full text of the Columbus police document written by Elisabeth Leupp, an analyst with the Organized Crime Bureau, entitled "Shapiro Homicide Investigation: Analysis and Hypothesis." The document examines the murder of the lawyer Arthur Shapiro and focuses extensively on Leslie Wexner and his associates.

<https://archive.org/details/shapiromurderfilecomplete1>.

The primary source(s) of our information are intelligence summaries from investigators in our bureau, intelligence from MAGLOCLLEN, the Pennsylvania Crime Commission, and the New Jersey Commission of Investigation, and published reports from major media (newspapers, periodicals). Copies of relevant reports are available for reference.

I. Historical Data (does not necessarily reflect current conditions):

A. The Major Chord Jazz Club and Jesry II Limited Partnership (now defunct).

1. Jesry II Limited Partnership was formed to own and manage the jazz club. This partnership is operated by Jesry II Corporation, of which Jerry Hammond was president. Mr. Hammond was also president of Columbus City Council at the time.
2. SNJC Holding, Inc. is named as an investor in the jazz club. It was incorporated August 6, 1987 by James H. Balthaser, attorney with Schwartz, Kelm, Warren and Rubenstein. This law firm is/was legal counsel for The Limited.

The address for SNJC Holding is Suite 3710, Huntington Center, the same address as Wexner Investment Company.

3. W & K Partnership was not registered and its owners could not be positively identified, but it is listed as an investor in the jazz club.

It is noted, however, that Wexner and Kessler are co-developers of "Wexley", and there was an annexion dispute involving the city of Columbus and "Wexley" land. It is possible that W & K Partnership was the forerunner of the New Albany Company through which Wexner and Kessler developed "Wexley".

4. The Smith-Hale Partnership was the investment of Ben W. Hale, Jr., and Constance Smith in the jazz club. Mr. Hale and Mrs. Smith's husband, Harrison W. Smith, are partners in the law firm of Smith and Hale, who represented "Wexley" developers Wexner and Kessler in the land annexation dispute.

COPY

The full text of the Columbus police document written by Elisabeth Leupp, an analyst with the Organized Crime Bureau, entitled "Shapiro Homicide Investigation: Analysis and Hypothesis." The document examines the murder of the lawyer Arthur Shapiro and focuses extensively on Leslie Wexner and his associates.

<https://archive.org/details/shapiromurderfilecomplete1>.

B. Other Related Entities:

1. The law firm now known as Schwartz, Kelm, Warren & Rubenstein represented The Limited. Prior to his death, Arthur Shapiro managed this account for the law firm; Stanley Schwartz, senior partner, took over the account when Shapiro died.
2. Wexner Investment Company was incorporated December 31, 1987 by Stanley Schwartz as agent.
3. Samax Trading Corporation, a company Wexner controls, was incorporated in July 1985 by Stanley Schwartz who described the purpose: "the privately held company is engaged in business liquidation."
4. Through Samax, Wexner acquired 70 percent of Omni Exploration (dba Omni Oil) in August 1985. Stanley Schwartz was elected to the board of directors with Wexner.
5. Walsh Trucking Company is/was the major trucking company for The Limited. Francis "Frank" Walsh, owner and president, allegedly has strong ties to the Genovese crime family.

In July 1984, National Westminster Bank of New York notified Frank Walsh Financial Resources (Company) that the New York Department of Law Organized Crime Task Force had issued a subpoena for Walsh's bank records. The notice was addressed to Frank Walsh Financial Resources at One Limited Parkway--the address of The Limited.

6. Leslie Wexner and the Youngstown, Ohio developer, Edward J. DeBartolo, have a long history of partnership in business dealings. Mr. DeBartolo allegedly has strong ties to the Genovese/LaRocca crime family.

C. Other Data Supporting Linkage:

1. Harold L. Levin, president of Wexner Investment Company, is also vice-president of P.F.I. Leasing Company. The two companies share a common telephone number on the 37th floor of the Huntington Center office building.
2. The 37th floor of the Huntington Center is also the address for the John W. Kessler Company and the New Albany Company.

COPY

The full text of the Columbus police document written by Elisabeth Leupp, an analyst with the Organized Crime Bureau, entitled "Shapiro Homicide Investigation: Analysis and Hypothesis." The document examines the murder of the lawyer Arthur Shapiro and focuses extensively on Leslie Wexner and his associates.

<https://archive.org/details/shapiromurderfilecomplete1>.

3. The Wexner Investment Company also has an office in Suite 1675 of the Huntington Center, as does First Intercontinental Realty and Omni Exploration. The 16th floor is also one of two offices for the law firm of Schwartz, Kelm, Warren & Rubenstein.
4. In April 1986, Richard W. Rubenstein (Schwartz, Kelm, Warren & Rubenstein) was cited for speed in a vehicle registered to F.F.I. Leasing Company.
5. In Bexley, Leslie Wexner and Stanley Schwartz are/were next door neighbors. Harold Levin lives across the street from them.

D. Robert Morosky

1. Arthur Shapiro was reportedly in direct contact with Vice-Chairman Robert Morosky ("Number Two") at The Limited.
2. It has been noted that Les Wexner and Edward DeBartolo have a long history of business partnerships.
3. In June 1987, Robert Morosky abruptly and inexplicably left his employment with The Limited amid rumors of friction with Les Wexner.
4. Morosky then appeared in the hierarchy of Campeau's Allied Stores amid rumors that Wexner had planned to acquire the stores.
5. DeBartolo had loaned financial backing to Campeau's investment in Allied and Federated.

II BASES FOR CONCLUSION

A.

Arthur Shapiro, a local attorney in the firm (then) Schwartz, Shapiro, Kelm & Warren, was murdered March 6, 1985 in a homicide having strong marks of a Mafia (L.C.N.) "hit". The homicide remains unsolved at this date.

While all alternatives remain open for investigation, the homicide is considered to be and is being treated as a "hit".

COPY

The full text of the Columbus police document written by Elisabeth Leupp, an analyst with the Organized Crime Bureau, entitled "Shapiro Homicide Investigation: Analysis and Hypothesis." The document examines the murder of the lawyer Arthur Shapiro and focuses extensively on Leslie Wexner and his associates.

<https://archive.org/details/shapiomurderfilecomplete1>.

The motive is unknown. Homicide Squad investigators interviewed a number of associates, including the immediate family of the victim. Consensus was that Shapiro was a quiet, shy, private, secretive person and tended to be a "loner". No one could suggest a reason for his murder.

It was learned that Shapiro was the subject of an investigation by the Internal Revenue Service because he had failed to file income tax returns for some seven years prior to his death, and he had invested in some questionable tax shelters.

The homicide occurred one day prior to Shapiro's scheduled appearance before a Grand Jury in the I.R.S. investigation, and there was some conjecture that Shapiro was in position to provide information to the Grand Jury that would have been damaging to some other party. The identity of that party and the nature of that information, however, could not be determined with any certainty.

Given the Mafia "hit", another question is the identity of an individual who had the necessary contacts in the L.C.N.--and the personal financial resources--to buy the contract.

Thus, while the motive remains unclear, the suspect is an individual who (a) knew Shapiro and had some personal/professional contact with him; (b) would benefit from his death or from ensuring his silence; (c) had close contact with L.C.N. figures or trusted L.C.N. associates; and (d) had the personal financial resources to afford the cost of the contract ("hit").

B.

Edward DeBartolo is a real estate developer out of Youngstown, Ohio, and is associated with Les Wexner of The Limited in Columbus. These subjects have a well-known history of business and investment partnerships, and in 1986, attempted jointly to acquire Carter-Hawley-Hale Department Stores.

Francis J. "Frank" Walsh is owner and chief executive officer of Walsh Trucking Company out of New Jersey. Walsh Trucking is/has been primary transporter for The Limited in Columbus. In July 1984, Walsh was being investigated by the New York Organized Crime Task Force; notices to this effect were addressed to Walsh at One Limited Parkway, Columbus.

COPY

The full text of the Columbus police document written by Elisabeth Leupp, an analyst with the Organized Crime Bureau, entitled "Shapiro Homicide Investigation: Analysis and Hypothesis." The document examines the murder of the lawyer Arthur Shapiro and focuses extensively on Leslie Wexner and his associates.

<https://archive.org/details/shapiro murder file complete 1>.

Both DeBartolo and Walsh have been identified as associates of the Genovese-LaRocca crime family in Pittsburgh (now called simply the Pittsburgh Family).

Thus, it can be determined that Les Wexner, through The Limited, is associated with at least two (2) organized crime figures who are associated with the Pittsburgh crime family.

C.

In 1990, a follow-up analytical study found that Mr. Hammond's jazz club and investment company were no longer doing business, and Mr. Hammond had retired from City Council. At Mr. Hammond's recommendation, the vice-president of his jazz club, Ms Les Wright, was seated in his vacancy in City Council.

DeBartolo and Walsh were still considered associates of the Genovese-LaRocca crime family, and Walsh was still providing truck transportation for The Limited. Robert Morosky had moved from The Limited to Allied Stores now owned by Robert Campeau with financial backing from DeBartolo.

All other entities in the original study had co-located in close proximity in the Huntington Center office building.

III CONCLUSION: HYPOTHESIS

From the predicate facts presented, it appears that Les Wexner had established contact with associates reputed to be organized crime figures, one of whom was a major investment partner and another was using The Limited headquarters as a mailing address.

It is not known whether there are other such figures among Wexner associates, but it can be hypothesized that the Genovese-LaRocca crime families might consider Wexner a friend.

Like Arthur Shapiro was, Wexner is considered a very secretive, very private person, and little is known about his business transactions that might raise questions of ethics and legality. For example, while it cannot be proved, it is hypothesized that W & K Partnership was an investment of Wexner and Kessler in Jerry Hammond's jazz club hoping to influence favorable zoning and annexation considerations for "Wexley". At the very least, there would be some question of ethics in this transaction.

COPY

The full text of the Columbus police document written by Elisabeth Leupp, an analyst with the Organized Crime Bureau, entitled "Shapiro Homicide Investigation: Analysis and Hypothesis." The document examines the murder of the lawyer Arthur Shapiro and focuses extensively on Leslie Wexner and his associates.

<https://archive.org/details/shapiromurderfilecomplete1>.

It was reported that Jerry Hammond purchased suite 405 in Waterford Tower in August 1988, and there was some question of whether Mr. Hammond's income at the time would support the mortgage payments. Within the next 18 to 24 months, Mr. Hammond left his position with City Council and with the gas company, and the jazz club closed. According to the 1991 Haines directory, Mr. Hammond still resides at Waterford Tower.

While transactions such as this would be questionable for homicide, it is transactions such as this--and business associates with organized crime ties--that lead to a question of ethics and legality of other unknown transactions and associates with which Wexner may be involved.

While there is no question of ethics or legality on the surface, it is noted that some business organizations and individuals have co-located and become submerged without merging with Wexner and his varied business interests. Most notable is Stanley Schwartz and the large Schwartz, Kelm, Warren and Rubenstein law firm. It is not clear, for example, why Stanley Schwartz would join the board of Omni Oil with Les Wexner whether or not the law firm represents The Limited. While The Limited would be an important client, the large law firm seems to remain independent of corporate bondage.

Thus, the concluding hypothesis is that Arthur Shapiro could have answered too many of these sorts of questions, and might have been forced to answer them in his impending Grand Jury hearing; Stanley Schwartz might now be able to answer some of the same questions for the same reason, but does not face a Grand Jury, is immersed in the pattern himself, and now has a powerful incentive to maintain discretion.

While the motive for the Shapiro homicide remains unclear, the suspect is an individual who (a) knew Shapiro and had some personal/professional contact with him; (b) would benefit from his death or by ensuring his silence; (c) had close contact with L.C.N. figures or trusted L.C.N. associates; and (d) had the personal financial resources to afford the cost of the L.C.N. contract ("hit").

COPY

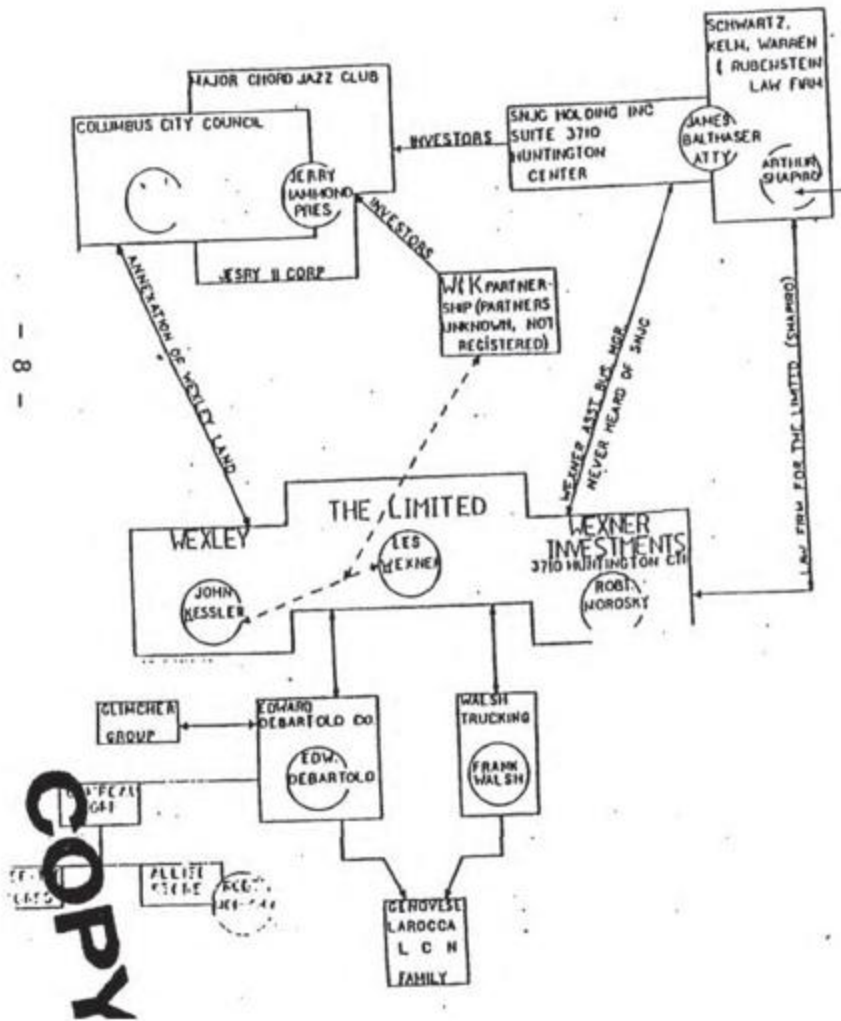
The full text of the Columbus police document written by Elisabeth Leupp, an analyst with the Organized Crime Bureau, entitled "Shapiro Homicide Investigation: Analysis and Hypothesis." The document examines the murder of the lawyer Arthur Shapiro and focuses extensively on Leslie Wexner and his associates.

<https://archive.org/details/shapiromurderfilecomplete1>.

SHAPIRO HOMICIDE INVESTIGATION

Link Diagram

1985 - 1990

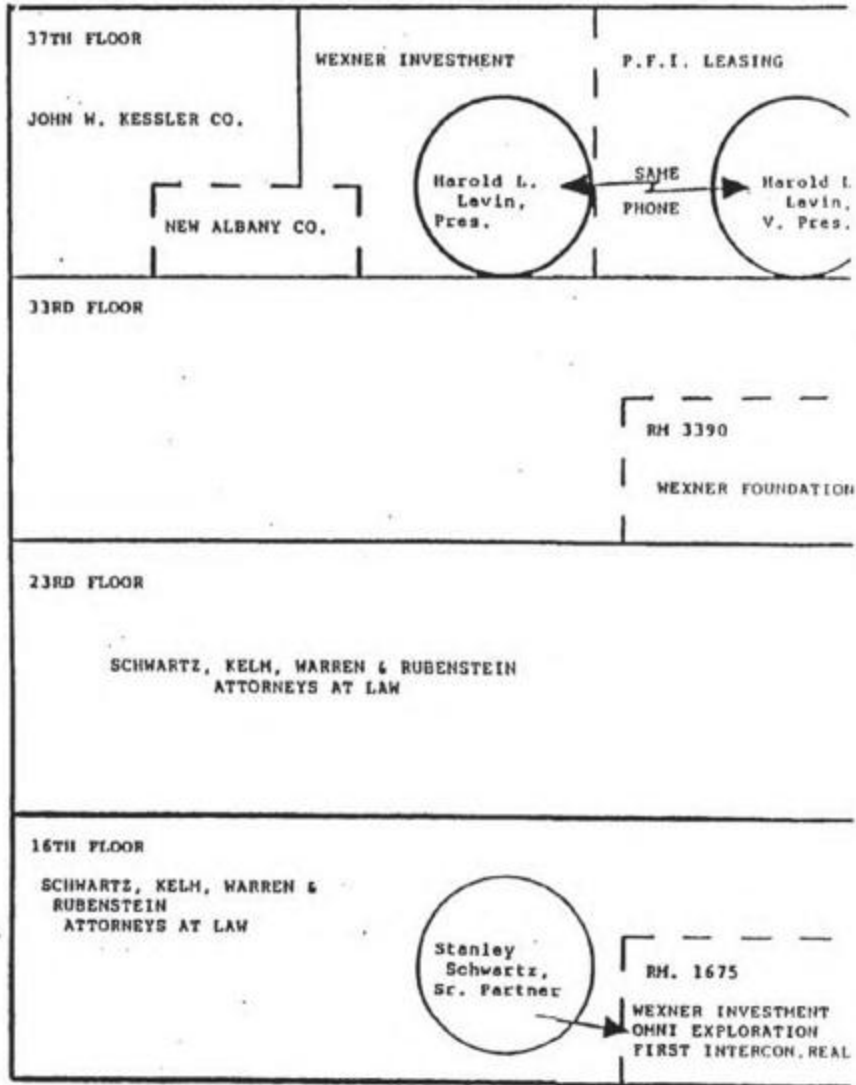


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<https://archive.org/details/shapiromurderfilecomplete1>

HUNTINGTON CENTER OFFICE BLDG.
41 SOUTH HIGH STREET

AUGUST, 1990



The full text of the Columbus police document written by Elisabeth Leupp, an analyst with the Organized Crime Bureau, entitled "Shapiro Homicide Investigation: Analysis and Hypothesis." The document examines the murder of the lawyer Arthur Shapiro and focuses extensively on Leslie Wexner and his associates.

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LIST OF ABBREVIATIONS

- ABC** – American Broadcasting Corporation
- AFIP** – Armed Forces Institute of Pathology
- AIPAC** – American Israel Public Affairs Committee
- AISI** – Automated Intelligence Systems Inc
- APAC** – Asian Pacific Advisory Council
- A.R. Corp** – Aeroflot/Rickenbacker
- BCCHK** – Bank of Credit and Commerce Hong Kong
- BCCI** – Bank of Credit and Commerce International
- BCCIHK** – Bank of Credit and Commerce International Hong Kong
- BONY** – Bank of New York
- CBS** – Columbia Broadcasting System
- CGI** – Clinton Global Initiative
- CJF** – Council of Jewish Federations and Welfare Funds
- COSCO** – China Ocean Shipping Company
- CPL** – Center for Public Leadership
- DEVCO** – Grand Bahama Development Corporation
- DNC** – Democratic National Committee
- ENESCO** – Energy Systems Company
- ERA** – Electronic Realty Associates Inc
- FBO** – fixed-based operators
- FDLE** – Florida Department of Law Enforcement
- GMT** – GeoMiliTech
- IDC** – Intercontinental Diversified Corp
- IPFCA** – International Police and Fire Chaplains Association
- ITA** – International Trade Administration
- ITM** – Integrated Transaction Management

MC/MPA – Mid-Career Master of Public Administration

NEC – National Economic Council

NED – National Endowment for Democracy

Norinco – North Industries Corporation

NYU – New York University

ONG – Oklahoma Natural Gas

PLA – People’s Liberation Army

PNAC – Project for a New American Century

RMO – Remote Mortgage Origination

TIP – The Israel Project

UAE – United Arab Emirates

UJA – United Jewish Appeal

WFC – World Finance Corporation

WHP – Wexner’s Heritage Program

WZO – World Zionist Organization

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ONE NATION UNDER BLACKMAIL

VOL. 2



WHITNEY WEBB

Exposes vastly under-explored topics compared to other media reports and books on Jeffrey Epstein

How did Jeffrey Epstein manage to evade justice for decades? Who enabled him and why? Why were legal officials told that Epstein “belonged to intelligence” and to back off during his first arrest in the mid-2000s?

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